CIO Office Morning Notes

17 December 2025

Markets remained hesitant on Tuesday with relatively low volumes. Stocks fell in Asia and Europe, while the US closed only slightly negative, recovering from the session's low. US Treasury yields shed -2 basis points on average across the curve to just below 3.5% for the 2-year, 3.7% for the 5-year and 4.15% for the 10-year. Gold was stable but the price of Brent crude oil lost another -2.7% to $59.

The US released the delayed NFP labor reports for both October and November, with respectively 105k job destructions followed by 64k creations. The unemployment rate rose to 4.6%. The take-away is that the labor market remains soft, even if some signs of stabilization show up in the private sector. Zooming out, flash PMIs for December painted a resilient yet pedestrian global activity. Composite levels are around 52 for Europe and 53 for the US, which are solid in absolute but slightly below median expectations, the exception being a rebound in the UK. Our very sophisticated analysis is: nothing new. Fed fund future markets agree as they didn't really move following all the data releases. In other news, the European Union, in a commendable moment of reason, proposed to abandon its plan to ban combustion engines, but also faces threats of retaliation from the US against their digital tax project. President Trump also ordered overnight a "complete blockade" of sanctioned oil tankers from and into Venezuela and labeled the Maduro regime a foreign terrorist organization. This label is another step towards potential military action on land. Finally, Amazon is reportedly in talks to invest at least $10bn in OpenAI which could start using their chips in return. $10bn would be around 2% of the current -stellar- valuation of OpenAI in private books.

Markets this morning

Moves are modest in Asia as we write, except for oil prices, up +1.5% on Venezuela. Stocks are up half a percentage point on average across Japan, China, Hong-Kong and Korea in sympathy with the benign close of Wall Street. Japan is also supported by a positive surprise in exports, up 6% in November on a year-on-year basis, with a surge in machine orders. Gold is also up +0.5% to $4,324, just $30 shy of its recent all-time high, which is good news as we are overweight and as the first ever bank-branded gold bar in the UAE was just launched by a remarkable group headquartered in the UAE). There is no notable move in both US Treasury yields and FX.

Upcoming key events/data

Today we will look at November CPI inflation reports for the UK and Eurozone, as well as at Germany's IFO business climate. We may also listen to various Fed officials and follow the official visit of India's Prime Minister to our neighbor Oman.

Have a great day.

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