CIO Office Morning Notes

19 December 2025

A positive surprise from US inflation in November gave markets a reason to rebound, after a negative first part of the week. Stocks gained +0.7% on average in developed markets, with the US and tech outperforming, the latter being helped by a solid outlook from Micron. Emerging regions were flat, due to Asia closing before the US good news. US Treasury yields shed a couple of basis points on average across the curve, to 3.66% for the 5-year and 4.13% for the 10-year. Gold was stable around $4,330 and so were oil prices, just below $60 for the Brent.

The US CPI inflation unexpectedly fell in November to 2.7% year-on-year, way below the median forecast of 3.1%. Core CPI stands at +2.6% year-on-year, also much better than expected. That is good news, but there is a serious nuance: due to the federal government shutdown, data collection was incomplete since September. As a result, the November CPI report may show some distortions that will only be dissipated with the December numbers to be released in January. Elsewhere, the Bank of England cut interest rates by 25 basis points, and the ECB kept them on hold and didn't say much, both in line with our expectations.

Markets this morning

All Asian stock indices gain as we write this (early) morning, but without euphoria, from +0.2% in Korea to +0.8% in Japan, where the just released November CPI was slightly below forecast. Other asset classes are very quiet with no notable move in yields, currencies, or major commodities. Bitcoin trades just below $86,000.

Upcoming key events/data

The Bank of Japan will meet today and most probably hike its main policy rate, currently at 0.5%. We will also have a look at retail sales in the UK and at the US sentiment indicator from the University of Michigan.

This was our last daily notes of 2025 with the upcoming holiday season. We wish you a wonderful end to what is so far a great year for investments and will come back at the beginning of 2026.

Have a great day.

Chief Investment Office
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