



Article MARKET COMMENTARY

Weekly round-up: 7th November – 14th November

Darren Ripton recaps the past week's events and looks ahead to the next.

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The week that was!

End of US Government Shutdown

After 43 days, the longest US government shutdown in history

ended late on 12 November 2025, when Congress passed a funding bill and President Trump signed it into law. The deal was brokered after eight moderate Senate Democrats broke ranks and joined Republicans to advance the measure. The agreement funds the government through January 30, 2026, avoiding an immediate crisis but leaving open the possibility of another showdown early next year.

The end of this shut down will see 800,000 furloughed federal workers return to their posts, with back pay, easing pressure on household spending and likely to improve consumer confidence data.

Key economic indicators like jobs and inflation reports, which were postponed during the shutdown, should now begin to be compiled and released, which will provide guidance to the Federal Reserve and more broadly market participants on the likely path of policy. Various Agencies can also resume operations, clearing backlogs in grants, loans, and permits which are very important for sectors like construction and energy.

Eurozone Growth Concerns Deepen

During this week, Eurozone data painted a worrying picture with the ZEW Indicator of Economic Sentiment for Germany coming in at 38.5 points, down from 39.3 in October and below expectations of 40. This suggests that optimism among financial experts is plateauing. The current conditions index improved marginally to -78.7, but still signals a very weak real economy. Industrial production in Germany also posted another decline, driven by weak global demand and structural challenges in its auto sector. This is the third consecutive monthly drop, reinforcing fears that Europe's largest economy is stuck in a low-growth phase.

These weaker macro-economic data points are likely to mean that the European Central Bank (ECB) will continue to hold rates at current levels, or even consider further rate cuts through 2026.

UK data shows further signs of weakness

Latest monthly GDP figures indicated that the UK economy stalled in October, following a modest contraction in September. Growth was flat, reflecting weak consumer spending and subdued business investment. Analysts attribute this to higher borrowing costs and uncertainty ahead of fiscal changes.

Retail sales also disappointed in October rising 1.5% on a year-on-year basis, easing from 2% in September which represented the weakest pace of growth in five months. There was anecdotal evidence that suggest consumers are delaying purchases ahead of Black Friday sales, with rumours of potential tax hikes in the upcoming budget.

Consumer confidence is also likely to be impacted by the weaker labour markets that are currently being experienced. The unemployment rate rose to 5.0% in September, up from 4.8% in August and ahead of the 4.9% expected by markets. There was also some softness shown in average weekly earnings numbers with a 4.8% rise in year on year numbers, falling short of the 5.0% expectations.

Industrial production also unexpectedly fell in September, with a 2% contraction being considerably worse than the -0.2% fall expected by economists. This marked the sharpest fall since January of 2021. The downturn was primarily driven by a significant drop in car production, as full month shutdown at Jaguar Land Rover hampered both output and its wider supply chain.

So what is on the slate in terms of data releases next week?

UK Inflation

The UK will publish its latest Consumer Price Index (CPI) data on 19th November 2025, and markets are paying close attention. The annual inflation rate is forecast to ease slightly to 3.6%, down from 3.8% in September, continuing a gradual decline from the

highs seen earlier in the year. Core inflation is expected to remain sticky at around 3.5%, reflecting persistent price pressures in services. Energy and transport costs are expected to have moderated, and food prices (which have been elevated over recent months) are also expected to cool. Services inflation though continues to remain a concern, with hospitality and healthcare wages keeping underlying inflation elevated.

Euro Zone Inflation

The Eurozone will publish its final October CPI figures on 19th November. Economists expect headline inflation to come in at 2.1% year-on-year, down from 2.2% in September, continuing the disinflation trend toward the European Central Bank's (ECB) 2% target. Month-on-month inflation is forecast at 0.2%, in line with preliminary estimates. Similar to the UK, energy price falls and slower food price inflation are likely to help moderate the headline level of inflation. There is also some evidence to suggest that softer demand for industrial good is likely to have weighed on pricing.

Services inflation though remains elevated with wage pressure in both hospitality and healthcare sectors.

UK Purchasing Managers Index (PMI)

The UK will release its flash Purchasing Managers' Index (PMI) readings for November on 21st November, covering manufacturing, services, and the composite measure. PMI is a leading indicator of economic health. Readings above 50 signal expansion, while below 50 indicate contraction. With UK GDP flat and retail sales weak, PMI data will provide critical insight into whether the economy is stabilising or slipping toward stagnation.

Economists expect the UK Composite PMI stood at 51.8 in November, down from 52.2 in October, signalling a modest slowdown in private-sector activity. The slowdown is expected to be driven by a softening in both Services (52.0) and continued contraction in manufacturing (49.4).

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[Back to top](#) ^

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