

The Monthly Edit

November 2025

We examine the markets daily, and our monthly update is a selection of key global stories explained through an investment lens.



Market headlines

Global equities stage late-month comeback

November was a month of two halves: risk assets sold off early in the month, then rebounded. US equities posted a seventh consecutive monthly gain despite initial jitters.

AI remains key market driver

Artificial intelligence (AI) optimism lifted selected technology stocks, although fears of a bubble persisted. Alphabet's Gemini 3 launch supported sentiment, but the Magnificent 7 lost ground for the first time since March.

US Federal Reserve (Fed) signals uncertainty ahead of December meeting

Markets priced in another rate cut after October's easing, but policymakers stressed caution. Treasury yields fell, supporting risk assets amid mixed economic data and delayed releases.

UK Autumn Budget sparks market volatility

Markets were jittery ahead of the Budget, but equities and gilts rallied on the announcement as fiscal clarity boosted sentiment. However, optimism faded later, with renewed weakness amid growth concerns.

The big topics

Shutdown resolution clears path for Fed pivot

The end of the record US government shutdown unlocked a flood of delayed economic data, revealing a cooling labour market and reinforcing expectations for monetary easing.

September payrolls beat ultra-low forecasts, but downward revisions and rising jobless claims point to labour market weakening. Markets now price an 80% probability of a December Fed rate cut, driving a rebound in risk assets and easing volatility.

However, policymakers remain cautious, emphasising data dependency amid lingering inflation risks. Upcoming inflation prints will be critical in determining whether this optimism proves durable or gives way to renewed uncertainty on policy direction.

AI boom faces growing scrutiny

November's tech volatility exposed cracks in the AI-driven rally that has dominated markets this year.

Nvidia's blowout earnings briefly lifted sentiment, but subsequent price action revealed mounting concerns over stretched valuations and concentrated exposure. Even blockbuster deals – such as Nvidia's partnership with Microsoft and Anthropic – failed to sustain momentum, underscoring investor unease.

Credit markets echoed caution, with widening spreads on AI-linked names suggesting rising default risk due to increasing leverage. While AI remains a powerful secular theme, recent swings highlight the need for disciplined positioning and diversification. The sector's trajectory will depend on earnings durability and the ability to justify lofty multiples.

UK Budget brings temporary relief amid structural challenges

The UK Autumn Budget delivered a positive surprise, revealing £22 billion of fiscal headroom and a supportive gilt issuance profile that initially boosted sentiment.

Sterling strengthened, gilt yields fell, and equities rallied as investors welcomed the near-term fiscal flexibility. However, optimism quickly gave way to caution as rating agencies highlighted unresolved structural pressures.

Backloaded tax hikes and ambitious deficit targets leave fiscal credibility vulnerable to growth and inflation shocks. While the Budget alleviates immediate concerns, its reliance on optimistic assumptions means UK assets remain sensitive to macroeconomic surprises. Longer-term sustainability will hinge on productivity gains and political resolve.

Geopolitical hopes tempered by diplomatic complexity

Early optimism around Ukraine-Russia peace proposals buoyed risk assets, with revised frameworks and high-profile talks signalling intent to de-escalate.

Ukrainian bonds rallied, and European defence stocks lagged as investors priced in progress. However, substantive agreements remain elusive. President Putin's guarded response and European pushback on territorial concessions underscore the complexity of negotiations.

Betting markets now assign less than a one-in-three chance of a ceasefire by Q1 2026, reflecting persistent scepticism. Energy prices have eased as risk premia decline, but geopolitical uncertainty continues to cast a shadow over European equities and global sentiment, leaving markets vulnerable to headline-driven swings.



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BM-2025-087-1225-001

