

November 10, 2025

# Weekly Investment Insights



*US tech stocks experienced their worst week since President Trump's "Liberation Day" last week, with investors growing increasingly concerned about high valuations and elevated artificial intelligence spending. However, stocks rallied and bonds fell on Monday as optimism about the potential end to the longest US government shutdown on record fuelled optimism. A group of Democratic lawmakers voted with Republicans to advance a deal to reopen and fund the government until the end of January. The plan would reverse shutdown-induced layoffs and ensure that furloughed workers receive back pay. It also includes a concession by the Democrats on healthcare credits, which has been a sticking point. The deal must now be passed by the Senate and signed off by the House of Representatives before the 41-day shutdown can come to an end. Each week that the federal government remains shut down costs the economy between \$10 billion and \$30 billion, and the private sector is beginning to feel the impact as well. On Friday, the Federal Aviation Administration instructed airlines to reduce flights by 4% amid air traffic control staffing concerns, a figure that could soon rise to 20% if the shutdown continues.*

## MACRO SNAPSHOT

### Europe

German factory orders rose by 1.1% month on month in September. This was driven by increases in the production of electrical equipment, aircraft, ships, trains, military vehicles and cars. It was the first increase since April, with foreign orders rising while domestic orders fell. With the US tariff on EU automobiles having been lowered to 15% at the end of September,

there is hope that foreign orders in the automotive industry can recover in the months ahead.



Source: Bloomberg, BIL

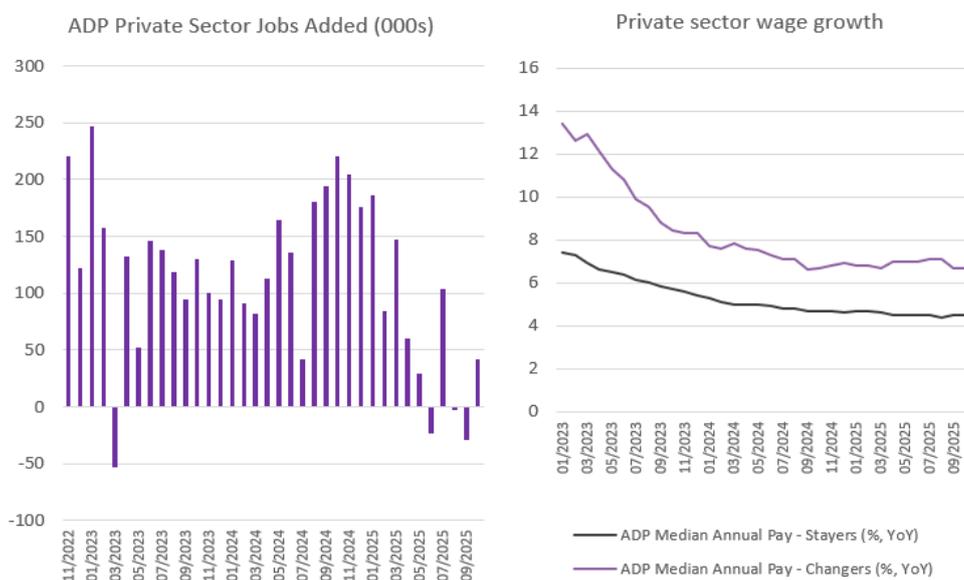
The **Bank of England** (BoE) held interest rates on hold at 4% on Thursday but signalled that another rate cut could come as soon as December amid weakening in the labour market. According to the central bank, inflation in the UK likely peaked at 3.8% in September and is now on a downward trajectory. Recent jobs data has also hinted at weakening price pressures. If this trend is confirmed in upcoming CPI and labour market data, the BoE looks poised to cut interest rates next month. It was a close vote, with five members of the monetary policy committee voting to keep rates unchanged, while four voted to cut rates by 25 basis points. "We still think rates are on a gradual path downwards, but we need to be sure that inflation is on track to return to our 2% target before we cut them again," said BoE Governor Andrew Bailey. The central bank expects inflation to remain above the 2% target until the fourth quarter of 2027. In terms of growth, the BoE predicts GDP growth to slow from of 1.5% this year, to 1.2% in 2026, before picking up again to 1.6% in 2027 and 1.8 per cent in 2028.

## US

With the longest government shutdown in US history creating a blackout of official data, private sources such as the ADP are being used to fill in the blanks. ADP is one of America's largest human resources technology companies. It processes payrolls for more than 500,000 US

employers covering some 26 million workers; that's roughly a fifth of the country's private sector workforce.

Rather encouragingly, private businesses added 42K jobs in October, rebounding after an upwardly revised 29K jobs cut in September, and above forecasts of 25K. The services sector added 33K jobs, led by trade, transportation & utilities (47K), education/health services (26K) and financial activities (11K). The goods producing sector added 9K jobs, driven by natural resources & mining (7K). Manufacturing lost 3K jobs. Annual pay growth remained steady in October from the month prior, at 4.5% for job-stayers and 6.7% for job-changers. ADP's Chief Economist Dr Nela Richardson commented: "Pay growth has been largely flat for more than a year, indicating that shifts in supply and demand are balanced."

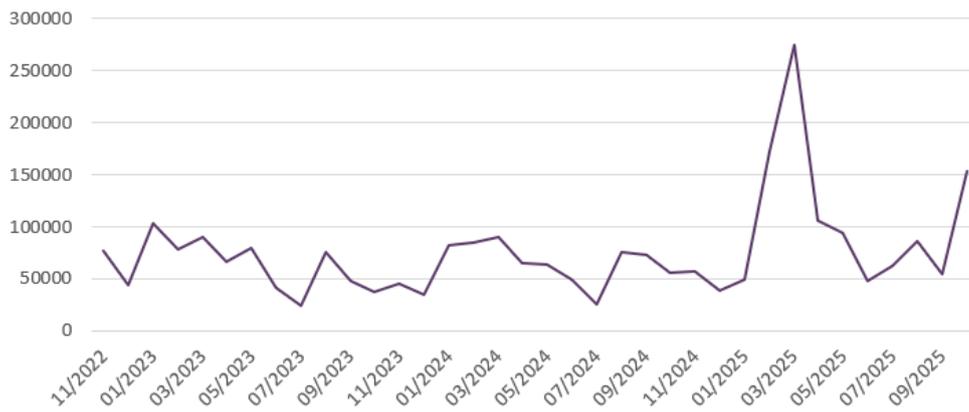


Source: Bloomberg, BIL

On a less optimistic note, it proved to be the worst October for layoffs since 2003. US-based employers announced 153,074 job cuts during the month, up from 54,064 in the prior month. Layoffs were concentrated in the warehousing (47,878), tech (33,281), food (10,662) and government (7,883) sectors. Andy Challenger, chief revenue officer for Challenger, Gray & Christmas who compile the data, said: "Some industries are correcting after the hiring boom of the pandemic, but this comes as AI adoption, softening consumer and corporate spending, and rising costs drive belt-tightening and hiring freezes. Those laid off now are finding it harder to quickly secure new roles, which could further loosen the labor market."

Data on job openings and weekly jobless claims are missing pieces of the puzzle needed to draw solid conclusions on the health of the job market...

### US Job Cuts (Challenger, Gray & Christmas)



Source: Bloomberg, BIL

Against the backdrop of a weaker labour market, and still-elevated prices, consumer confidence is taking a hit. According to preliminary data from the University of Michigan, consumer confidence fell in November to its second-lowest level on record, just above the low recorded in June 2022. The index dropped from 53.6 in October to 50.5, as consumers became more concerned about the government shutdown. Assessments of current personal finances dropped by 17%, while year-ahead business expectations fell by 11%, as sentiment weakened across different age groups and income brackets. However, there was one exception: households in the top third of stock ownership reported a rise in confidence, boosted by recent stock market strength.

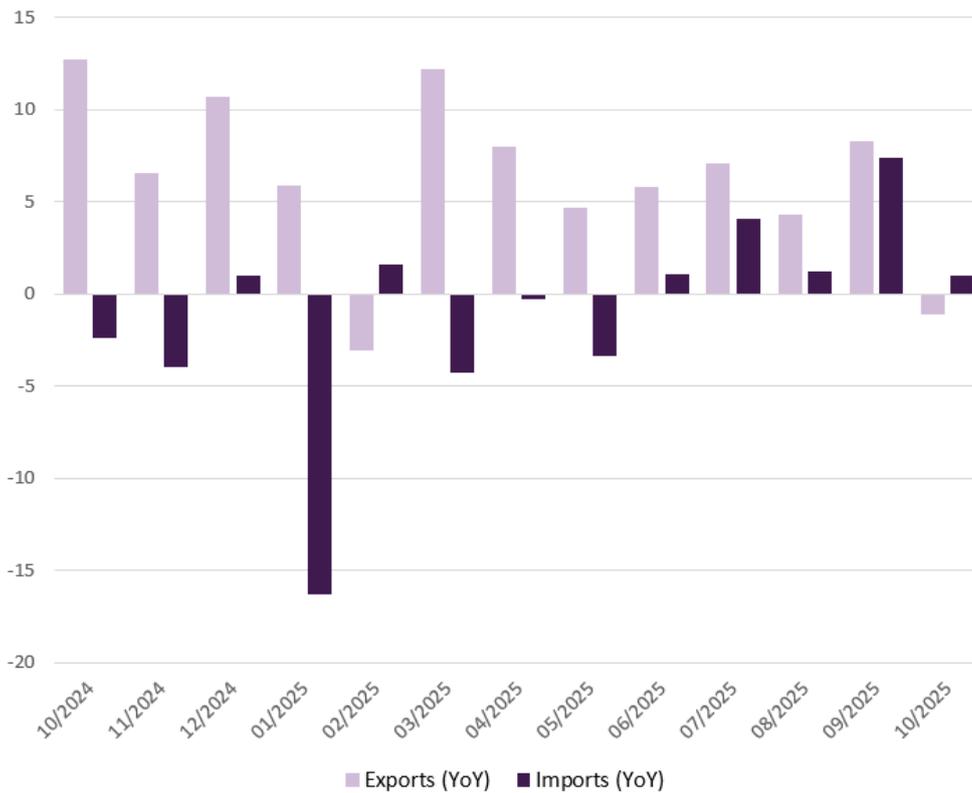
### Asia

China's exports unexpectedly fell for the first time since February, before the US announced "reciprocal" tariffs, dropping by 1.1% year on year in October. This decline follows strong export growth throughout most of the year, including an 8.3% increase in September, as tariff frontloading begins to fade. The Golden Week holiday, which resulted in fewer working days, along with a high base effect from last year, also contributed to the decline.

Exports to the US have fallen sharply since the "Liberation Day" in April, but the one-year trade truce agreed by Presidents Trump and Xi at the end of October should provide some relief going forward. The decline in exports to the US has been offset by increases in exports to other regions. However, in October, exports to both Europe and South East Asia rose at the slowest pace since February.

Imports grew by just 1% in October, slowing significantly from September's 7.4% rise. This weak growth highlights subdued domestic demand, despite holiday spending, and fears about the health of the jobs market.

## Chinese exports fell in October



Source: Bloomberg, BIL

The fall in exports raises concerns about Beijing's ability to achieve its "around 5%" growth target in the final quarter of the year, given that growth in the third quarter was largely driven by exports while domestic demand remained subdued. Last month, officials reiterated their commitment to significantly increasing the proportion of household consumption in GDP, but the specifics of how this will be achieved are still lacking.

## Calendar for the week ahead

**Monday** – Spain Consumer Confidence (October).

**Tuesday** – UK Unemployment Rate (September). Eurozone & Germany ZEW Economic Sentiment (November). US NFIB Business Optimism (October). China New Yuan Loans (October).

**Wednesday** – Italy Industrial Production (September).

**Thursday** – UK GDP Growth Rate (Prel, Q3), Balance of Trade (September), Industrial Production (September). Eurozone Industrial Production (September). US Inflation Rate (October), Jobless Claims.

**Friday – China House Price Index** (October), Industrial Production (October), **Retail Sales** (October), Unemployment Rate (October). Eurozone Balance of Trade (September), GDP Growth Rate (Q3, 2<sup>nd</sup> Est). **US PPI** (October), **Retail Sales** (October).

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