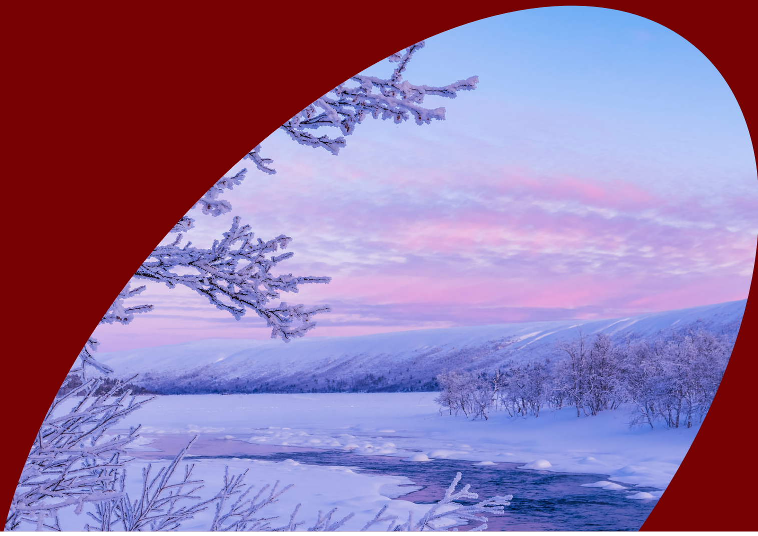
Storebrand

Market Commentary

December 2025



Key Points:

- **Despite a still-weak labour market, economic growth in the US may pick up again next quarter**
- **The Fed will likely cut rates again in December, but the focus on central-bank independence will probably continue**
- **NVIDIA met expectations with strong results, but the share price levelled off**

Market Outlook

Stock Market – Neutral Weight →
The global equity market rose for the seventh month in a row in November. Even though the shutdown is over, macro data is still lagging. No news is good news as long as the Fed continues cutting rates. We remain overweight in emerging-market equities but neutral in other regions.

Bonds – Neutral Weight →
Global government bonds rose slightly in November, the fourth month in a row. However, regional differences were large, with long-term government yields in Japan in particular rising over the past month and this year. We remain neutral in government-bond duration and overweight credit exposure.

Money Market –Neutral Weight →

The Allocation group notes that Trump has cut tariffs on more than 100 food products.

The allocation group in Storebrand Asset Management:
Søren Kærgaard Slipsager, *Senior Portfolio Manager*, **Olav Chen**, *Head of Allocation and Global Fixed Income*, **Tore Jørgen Rye**, *Senior Portfolio Manager*, **Dagfinn Norum**, *CIO*, **Lasse Theimann**, *Senior Portfolio Manager*, **Sigve Dagsønn Stabrun**, *Senior Portfolio Manager*

The fog is lifting

After a full 43 days – the longest shutdown in US history – parts of the federal government finally reopened in November. Many economists expect that the long shutdown has somewhat reduced growth and economic activity in the fourth quarter, especially when it comes to private consumption. However, so-called "pent-up consumption" is creating expectations of a re-acceleration, likely in the first half of next year. This also coincides with the period when Trump's One Big Beautiful Bill tax cuts are expected to start taking effect, allowing Trump to position himself ahead of the midterm elections.

On top of this, Trump announced in November the removal of tariffs on more than 100 imported food items to help support household purchasing power. As a result of the shutdown, there has been a significant lack of current macroeconomic data indicating the state of the economy, but the fog is gradually beginning to lift. Of the available figures, the labour market still appears to be on the weak side, and the new updated labour-market data to be released in mid-December for November will therefore be important for shaping the outlook.

Third rate cut on the way

The US Federal Reserve (Fed) has said it has been "navigating in the fog" due to the lack of macro data. Although the Fed appeared hawkish at the last rate meeting in October, without promising another rate cut, the market is now pricing in almost fully a new and third consecutive rate cut in December. Expectations for December have fluctuated quite a bit, but the projected interest-rate level in the US 9-12 months from now has remained relatively stable, about 0.75-1 percentage points lower than today's level.

In recent months, the focus on the Fed has been at least as much about independence and who will become the next Fed Chair after Powell. In recent weeks, Trump ally and economic adviser Kevin Hassett of the White House's National Economic Council has emerged as the most likely nominee. Hassett has aligned himself with Trump's desire to bring rates down more quickly and has been critical of some official macro data. Powell's term does not end until May next year, and the process of getting Hassett confirmed could also take some time. In any case, the market will be watching the process around Hassett and the Fed's independence closely going forward.

Earnings season completed

Another area the market is watching closely is AI investments and the results of the so-called Magnificent 7 companies in the US. In particular, results from the largest of them, NVIDIA, are being scrutinised, not least as a proxy for the AI boom that is driving investment growth in the US. NVIDIA met expectations with strong results, but its share price has moved largely sideways and slightly down since then. Since the peak in October, the stock is down 13 percent, although it is still up 34 percent year-to-date. Part of this may be due to Google's competing TPU chips, which Meta has indicated could be used more extensively in its AI initiatives. Part may also be due to general concerns that the massive AI investments may not ultimately pay off. In any case, the market will continue to monitor the AI boom closely as we move into 2026.

Market Outlook

Global Equities –Neutral Weight →

Global equities measured by MSCI World in local currency ended November slightly higher after major fluctuations, marking the seventh consecutive month of gains. The reporting season was in focus, and the major US tech giants overall delivered results in line with expectations. Even though the shutdown is over, delays and backlogs in US macro data are still evident. No news is good news, as long as the Fed continues cutting rates. We remain neutral weight in global equities.

Emerging Markets (EM) – Overweight ↗

Equity markets in EM, measured in local currency, fell by nearly 2 percent in November, the first negative month since April. Nevertheless, outperformance relative to developed markets is still nearly 10 percentage points year-to-date. Major Asian markets generally fell in November, with the exception of India. GDP growth expectations for China continue to rise and are now clearly higher than before the trade war, increased tariffs, and Liberation Day. We remain overweight in EM equities.

Global Bonds – Neutral Weight →

Global government bonds (JPM GBI) rose slightly in November, the fourth consecutive month of gains. The divergence between countries was more pronounced than usual, however. Long-dated government yields in Japan continued to rise for the fifth month in a row. Year-to-date, the return gap between Japan (negative) and the US (positive) is significant. In the US, a 10th December rate cut is now almost fully priced in (24 bps). We remain neutral in duration and global government bonds.

Key Figures as of 30.11.2025

(measured in local currencies)

Global Stocks (MSCI)	November	2025
All Countries	0,0 %	18,8 %
Developed Markets	0,2 %	17,8 %
Emerging Markets	-1,6 %	27,9 %
Regions (MSCI)		
North America	0,2 %	17,8 %
Europe	0,9 %	17,6 %
Asia and Oceania	-0,2 %	19,7 %
Nordic	0,2 %	1,4 %
Countries		
USA (S&P 500)	0,2 %	17,4 %
Japan (Nikkei 225)	-4,1 %	26,0 %
United Kingdom (FTSE 100)	0,0 %	18,9 %
Germany (GDAX)	-0,5 %	19,7 %
France (CAC)	0,0 %	10,1 %
Finland (HEX25)	-0,9 %	25,8 %
Denmark (OMXC25GI)	3,7 %	0,5 %
Sweden (OMXS30GI)	0,9 %	15,7 %
Norway (OSEBX)	-0,1 %	13,0 %
Currency (increase equals EUR appreciation)		
EUR pr USD	0,6 %	12,1 %
EUR pr GBP	-0,3 %	5,9 %
EUR pr JPY	1,9 %	11,3 %
Currency (increase equals USD appreciation)		
USD pr EUR	-0,5 %	-10,8 %
USD pr GBP	-0,8 %	-6,9 %
USD pr JPY	1,3 %	-2,2 %