

Eurozone: an autumn confirming the ECB's comfort

October and November data confirm an overall favorable economic momentum. November activity indices indicate acceleration in the main economies, while October banking statistics attest to a credit recovery, both for households and businesses. On the inflation front, it remains slightly above the 2% target in November. In this context, the ECB is expected to keep its key interest rate at 2% during the December meeting, reaffirming its comfort with the current orientation of its monetary policy.

Economic activity remains well oriented. Q4-25 activity data show that activity in the eurozone should end the year on a positive note. Indeed, in line with the PMI releases, the economic sentiment indices published by the European Commission indicate that activity is still following a positive trend, with southern economies remaining particularly dynamic. Specifically, Spain and Italy would register a notable acceleration, while activity in France continues a gradual recovery. Conversely, activity in Germany is expected to remain sluggish at the end of the year. The German IFO survey shows that although industrial outlooks are improving, the deterioration in the services sector continues, reflecting an uneven recovery.

At the same time, credit data also confirm the gradual recovery of activity. Indeed, the ECB's bank credit data for October show an acceleration in credit: loans to non-financial corporations increased by 2.2% year-on-year, with a significant contribution from long-term credit, while loans to

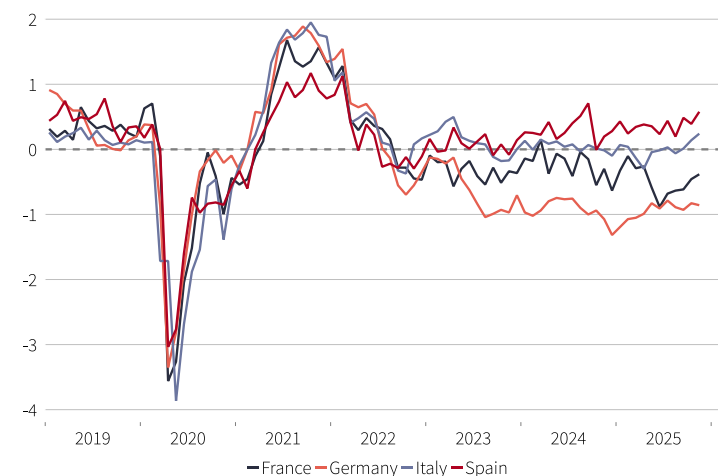
households rose by 2.4%, notably supported by mortgage lending. In France, the recovery remains more moderate, with household loan growth limited to +0.7%, while loans to non-financial corporations remain steady at +1.8%.

Inflation: marked contrasts between countries. November data confirm overall controlled inflation in the eurozone but with divergences between countries. In France, inflation stabilized at 0.8% year-on-year, unchanged from October according to INSEE, explained by a slowdown in service prices. Conversely, despite a slight slowdown, inflation in Spain remains high at 3.1%, well above the ECB's target and above consensus. Core inflation there reaches 2.6%, reflecting persistent pressures outside energy and food, in line with a more dynamic growth than in other economies of the monetary area. In Italy, inflation slows a little in November compared to October at 1.1%, below consensus. In Germany, inflation sharply accelerated to 2.6%, still driven by service inflation.

The ECB is expected to maintain its course in a controlled context. Supported by solid economic activity and inflation close to target on average, the ECB is expected to keep its key interest rate at 2% at the December meeting. The minutes of the October 30 meeting confirm this orientation: the decision to leave rates unchanged was made in a context of uncertainty, with the current level deemed sufficiently robust to absorb potential shocks. The ECB also reaffirms its prudence, ready to adjust its monetary policy depending on the evolution of economic indicators.

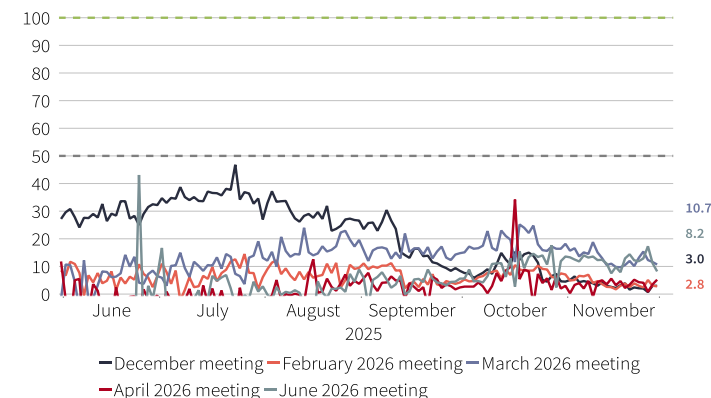
EURO AREA : ECONOMIC SENTIMENT INDEX

Z-score



ECB : PROBABILITY OF A 25 BP RATE CUT

In %



Past performance is not a guarantee of future performance. All data is from Bloomberg, Macrobond as of 11/28/2025, completion date of this publication. In accordance with the regulations in force, we inform the reader that this document is qualified as a promotional document

OUR MACRO COMMENTS

Events of the week

UNITED STATES

This week is marked by the publication of numerous data, providing better visibility for the Fed. The Fed's Beige Book, a report on the U.S. economy released this Wednesday, highlights overall resilient economic activity despite slowdowns in some sectors affected by tariffs and the federal shutdown. On the labor market, it notes a slight slowdown in November with weaker labor demand, as companies limit hiring to replacements and leverage productivity gains linked to AI.

Furthermore, the end of the shutdown allows for the gradual release of data, which show a slowdown in consumption. In September, retail sales increased by only 0.2% in value compared to the previous month, a figure below expectations. Considering September's inflation, retail sales contracted significantly in volume during the month. Consumer confidence also deteriorated, with the Conference Board index falling from 94.6 to 88.7, reflecting concerns about the labor market.

In light of these data and more dovish comments from some Fed members, investors now anticipate another rate cut in December, with the probability rising sharply from 40% to 80%.

EVENTS IN THE COMING MONTHS

December 10: Fed
monetary policy
meeting

December 18: ECB
monetary policy
meeting

December 18: BoE
monetary policy
meeting

December 19: BoJ
monetary policy
meeting

Source: Macrobond, November 28, 2025. The colors in the 'Actual' column correspond to the difference from the forecast

UNITED KINGDOM

The UK budget announced Wednesday by Rachel Reeves has helped restore some fiscal credibility and reassure investors, forecasting a gradual reduction of the public deficit to -1.9% by 2031. This budget would allow rebuilding fiscal headroom of £22 billion by 2029, well above the £9.9 billion initially planned in the spring. This fiscal capacity mainly relies on tax increases, such as extending the freeze on income tax thresholds, raising taxation on dividends, as well as targeted taxes. However, these tax increases will be accompanied by higher public spending, notably linked to the abandonment of certain budget cuts.

Overall, these measures should raise the tax burden to a record level of 38% of GDP, or £26 billion in 2031 according to the Office for Budget Responsibility (OBR). Furthermore, the OBR has revised down its growth forecasts for the UK to 1.4% in 2026, compared to 1.9% previously.

The major challenge now lies in the scale of these measures and the government's ability to get them approved by Parliament.

KEY EVENTS NEXT WEEK



Monday

United States ISM manufacturing index NOVEMBER

Tuesday

Japan Consumer confidence index NOVEMBER

Italy Unemployment rate OCTOBER

Euro area
- Inflation NOVEMBER
- Unemployment rate OCTOBER

Wednesday

United States
- ADP employment change NOVEMBER
- ISM services index NOVEMBER

Thursday

Euro area Retail sales OCTOBER

United States Balance of trade OCTOBER

Friday

France
- Balance of trade OCTOBER
- Industrial production OCTOBER

Spain Industrial production OCTOBER

Japan Indice Tankan DECEMBER

Italy Retail sales OCTOBER

United States Michigan consumer confidence index DECEMBER

MARKET PERFORMANCES

Interbank rates

%	26/11/2025	28/10/2025	28/08/2025	01/01/2024	28/11/2024
US SOFR	4,025	4,20	4,36	5,34	4,68
Euro area €ster	1,928	1,93	1,93	3,88	3,16
UK SONIA	3,969	3,97	3,97	5,19	4,70
Switzerland SARON	-0,038	-0,05	-0,04	1,70	0,96
Japan TONAR	0,478	0,48	0,48	-0,04	0,23

10Y Government rates

%	26/11/2025	28/10/2025	28/08/2025	01/01/2024	28/11/2024
US Treasuries	4,00	3,99	4,22	3,88	4,25
France OAT	3,40	3,41	3,48	2,55	2,95
Germany Bund	2,67	2,61	2,70	2,02	2,13
Italy BTP	3,39	3,39	3,54	3,70	3,35
Spain Bonos	3,16	3,14	3,29	2,98	2,84
Switzerland	0,18	0,17	0,29	0,66	0,31
UK Gilts	4,49	4,46	4,70	3,60	4,28
Japan JGB	1,79	1,67	1,62	0,62	1,04

Credit

%	27/11/2025	28/10/2025	28/08/2025	01/01/2024	28/11/2024
United States IG	4,74	4,68	4,89	5,06	5,11
United States HY	6,64	6,62	6,73	7,59	7,19
Europe IG	3,32	3,20	3,30	3,72	3,38
Europe HY	5,29	5,23	5,32	6,80	5,81
Emerging FX	5,52	5,51	5,76	6,77	6,21

Equity indices

27/11/2025 vs	-1w	-1m	-3m	01/01/2024	-1y
World	2,97	-0,676	5,49	41,9	16,530
United States	3,30	-1,096	4,74	44,4	13,241
Euro area	2,62	-0,645	4,31	33,1	24,199
France	1,53	-1,378	4,06	14,3	16,068
Germany	3,22	-2,231	-2,29	35,7	19,607
United Kingdom	1,84	0,281	5,53	32,6	20,493
Japan	2,22	2,647	10,47	49,3	28,655
Emerging	2,28	-1,265	9,29	44,2	27,761
China USD	2,54	-4,308	3,15	59,1	39,276
India USD	0,84	-0,670	4,02	17,6	0,399
Latin America USD	3,73	5,351	11,92	11,9	37,301

Foreign exchange rates

	27/11/2025	28/10/2025	28/08/2025	01/01/2024	28/11/2024
EUR/USD	1,16	1,17	1,17	1,11	1,06
GBP/USD	1,32	1,33	1,35	1,27	1,27
EUR/CHF	0,93	0,92	0,94	0,93	0,93
USD/JPY	156,34	152,19	147,04	141,03	151,57
USD/CNY	7,08	7,11	7,15	7,08	7,24

Commodity prices

	27/11/2025	28/10/2025	28/08/2025	01/01/2024	28/11/2024
Brent, USD/BL	63	64	68	77	73
Copper, USD/Metric ton	10934	10917	9704	8476	8851
Gold, USD/Troy oz	4157	3952	3417	2063	2638
Silver, USD/Troy oz	53	46	39	24	30
Palladium, USD/Troy oz	1423	1393	1102	1136	987
Platinum, USD/Troy oz	1604	1591	1345	1000	935

Source : Bloomberg on 28 November 2025, 1W = 1 week change, 3M = 3 month change, 12M = 12 month change, YTD = year to date change, Equities; total return in local currency . Government bonds = 10 year returns. Figures are rounded..



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Private Banking

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