WEEKLY UPDATE

United States: an economy that holds up despite the shutdown

The U.S. Congress reached an agreement this week on temporary funding for the federal government, ending the longest shutdown in U.S. history. The suspension of non-essential activities throughout October and early November is expected to weigh on growth in Q4 2025, but the impact should be offset as early as the first quarter of 2026. Meanwhile, surveys and private data confirm the economy's resilience, supporting the markets while encouraging the Federal Reserve (Fed) to remain cautious in its rate-cutting cycle.

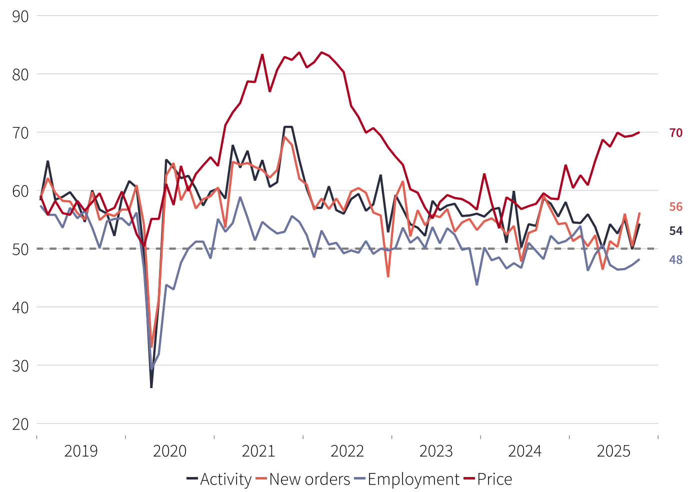
A historic shutdown, but a temporary impact. The agreement reached on November 12 funds the government until January 30, 2026, ending 42 days of paralysis. During this period, non-essential functions were suspended, federal salaries and payments to contractors were frozen—but these are expected to be paid retroactively. The effect on activity will therefore be temporary: a slowdown in Q4, followed by a rebound in Q1. According to the Congressional Budget Office, six weeks of closure would reduce Q4 GDP by 1.5 percentage points, before a 2-point rebound in Q1 2026.

The main economic consequence of the shutdown remains the absence of official statistics, notably the October employment and inflation reports.

Activity holds up well. Private indicators suggest positive momentum despite the partial paralysis of the administration. The October ISM services index shows robust sub-indices: activity at 54 and new orders at 56, levels indicative of expansion. Private consumption remains well oriented, with nominal growth above 5% in October. On the labor market, state data on new unemployment claims do not show a significant increase (although they exclude public sector employees). Finally, Q3 2025 corporate earnings confirm this strength: S&P 500 profits rose nearly 12% year-on-year, with still favorable outlooks.

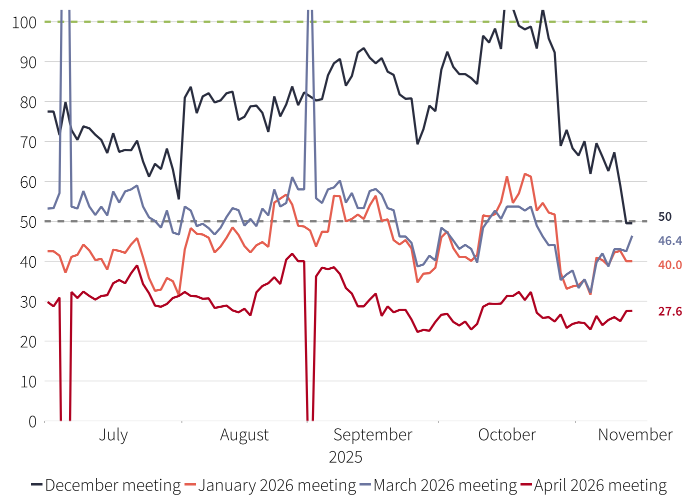
Supported markets, a more cautious Fed. This resilience and strong corporate results continue to drive equities higher: the S&P 500 has gained 2.3% since early October. Credit spreads remain contained, around 50 basis points for investment grade issuers and 335 basis points for high yield issuers, close to historic lows. Paradoxically, the shutdown has mainly changed the Fed's tone, now more cautious especially given uncertainties linked to the absence of official employment and inflation data. Indeed, several Fed members have indicated that, in the likely absence of employment and inflation reports before the Fed meeting on December 10, the best decision would be to "pause" the rate-cutting cycle. This caution adds to the restraint shown at the last Fed committee regarding the continuation of rate cuts, in a context where economic activity still appears resilient, the labor market shows no job losses, and core inflation remains above the 2% target. Markets have thus significantly lowered their probability of a rate cut at the December meeting. We continue to expect a final Fed rate cut at the end of this year or early next year before a prolonged pause.

UNITED STATES: ISM SERVICES INDEX



Sources: Société Générale Investment Solutions, Macrobond, ISM 10/2025

UNITED STATES: IMPLICIT PROBABILITIES OF INTEREST RATE CUTS



Sources: Société Générale Investment Solutions, Macrobond, 14/11/2025

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OUR MACRO COMMENTS

Events of the week

CHINA

October inflation data show a slight improvement after a long period of deflationary pressures. The consumer price index rose by +0.2%, compared to -0.3% in September. This increase, the first since June, is largely due to the Golden Week, a prolonged holiday period that boosted Chinese household spending, especially on discretionary goods and travel.

However, this rebound remains temporary. Household consumption remains sluggish, and the ongoing real estate crisis continues to weigh on price dynamics. On the producer side, the trend remains negative: the producer price index fell again by -2.1% in October, marking its 37th consecutive month of decline. The manufacturing sector still suffers from excess capacity amid weak domestic demand.

UNITED KINGDOM

In the third quarter, the UK economy slowed, with GDP growth limited to 0.1%, below expectations (0.2%) and less than the previous quarter (0.3%). This slowdown is mainly due to the ongoing effects of tariffs and a major cyberattack that disrupted industrial production. Over one year, growth is thus reduced to 1.3%.

Furthermore, labor market data published Tuesday confirm this weakness: the unemployment rate has steadily risen since the start of the year, reaching 5% in September, its highest level since 2021. At the same time, private sector wage growth is slowing.

In this context, the UK government is set to present its budget on November 26. Finance Minister Rachel Reeves must find a balance between debt reduction and growth stimulation, as the economic slowdown weighs on tax revenues.

EVENTS IN THE COMING MONTHS

- **November 23:** G20 meeting in Johannesburg
- **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 14, 2025. The colors in the 'Actual' column correspond to the difference from the forecast

KEY EVENTS NEXT WEEK

Monday

Japan	- GDP growth rate T3 - Industrial production SEPTEMBER
Italy	Inflation OCTOBER

Tuesday

United States	Industrial production SEPTEMBER

Wednesday

Japan	Balance of trade OCTOBER
United Kingdom **Euro area**	Inflation OCTOBER

Thursday

Spain	Balance of trade SEPTEMBER

Friday

Japan	Inflation OCTOBER
United Kingdom	- GfK Consumer Confidence NOVEMBER - Retail sales OCTOBER
France	Business confidence NOVEMBER
Euro area **France** **Germany** **United Kingdom** **United States** **Japan**	PMI manufacturing index NOVEMBER PMI services index NOVEMBER

MARKET PERFORMANCES

Interbank rates

%	12/11/2025	14/10/2025	14/08/2025	01/01/2024	14/11/2024
US SOFR	4,148	4,20	4,34	5,34	4,80
Euro area €ster	1,930	1,93	1,93	3,88	3,17
UK SONIA	3,969	3,97	3,97	5,19	4,70
Switzerland SARON	-0,039	-0,04	-0,04	1,70	0,96
Japan TONAR	0,479	0,48	0,48	-0,04	0,23

10Y Government rates

%	13/11/2025	14/10/2025	14/08/2025	01/01/2024	14/11/2024
US Treasuries	4,11	4,03	4,29	3,88	4,43
France OAT	3,41	3,40	3,36	2,55	3,09
Germany Bund	2,69	2,60	2,71	2,02	2,35
Italy BTP	3,42	3,42	3,48	3,70	3,56
Spain Bonos	3,18	3,14	3,26	2,98	3,06
Switzerland	0,17	0,18	0,26	0,66	0,41
UK Gilts	4,50	4,65	4,63	3,60	4,49
Japan JGB	1,69	1,69	1,51	0,62	1,05

Credit

%	13/11/2025	14/10/2025	14/08/2025	01/01/2024	14/11/2024
United States IG	4,87	4,73	4,94	5,06	5,25
United States HY	6,89	6,88	6,95	7,59	7,21
Europe IG	3,32	3,26	3,27	3,72	3,45
Europe HY	5,30	5,57	5,16	6,80	5,83
Emerging FX	5,54	5,72	5,74	6,77	6,28

Equity indices

13/11/2025 vs	-1w	-1m	-3m	01/01/2024	-1y
World	0,75	2,060	5,73	41,2	16,67
United States	-0,07	0,973	4,27	42,5	12,83
Euro area	3,01	3,065	4,73	34,8	26,29
France	3,46	3,506	4,04	16,0	17,35
Germany	2,10	-1,176	-2,69	37,0	22,36
United Kingdom	1,37	3,709	6,97	33,8	25,11
Japan	2,54	8,019	12,06	49,9	26,66
Emerging	1,94	5,210	11,64	47,5	29,22
China USD	2,86	4,735	9,38	67,9	40,09
India USD	1,23	3,017	3,88	17,9	1,93
Latin America USD	1,66	10,228	15,40	11,0	35,01

Foreign exchange rates

	13/11/2025	14/10/2025	14/08/2025	01/01/2024	14/11/2024
EUR/USD	1,16	1,16	1,17	1,11	1,06
GBP/USD	1,32	1,33	1,36	1,27	1,27
EUR/CHF	0,92	0,93	0,94	0,93	0,94
USD/JPY	154,23	151,86	147,55	141,03	155,95
USD/CNY	7,11	7,11	7,17	7,08	7,23

Commodity prices

	13/11/2025	14/10/2025	14/08/2025	01/01/2024	14/11/2024
Brent, USD/BL	63	62	67	77	72
Copper, USD/Metric ton	10 942	10 600	9 666	8 476	8 768
Gold, USD/Troy oz	4 171	4 143	3 335	2 063	2 565
Silver, USD/Troy oz	54	52	38	24	30
Palladium, USD/Troy oz	1 463	1 467	1 140	1 136	923
Platinium, USD/Troy oz	1 602	1 622	1 353	1 000	934

Source : Bloomberg on 14 November 2025, 1W = 1 week change, 3M = 3 month change, 12M = 12 mont change, YTD = year to date change, Equities; total return in local currency . Government bonds = 10 year returns. Figures are rounded..

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