

OUTLOOK

A generally favorable environment

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Market rebound, tech sector in transition, and emerging Fed consensus

After a period of nervousness marked by a slight correction in **equity markets**, they have **resumed their upward trend** and are now close to their annual highs. The uncertainty surrounding the “shutdown” is now partly behind us, and concerns **related to AI**, while **still present**, have not prevented markets from recovering.

This last point is particularly noteworthy, as it has been quite rare since the beginning of the year: the **S&P 500 ended November up 0.13%**, while the **technology sector as a whole was down 4.36%**. Nvidia, the company that has embodied the outperformance of American tech for the past three years, finished down 12.59%, while Google rose by more than 13%. After a period of continuous growth for the vast majority of the sector's constituents, we may be entering an **era of more pronounced differentiation within the technology sector itself**.

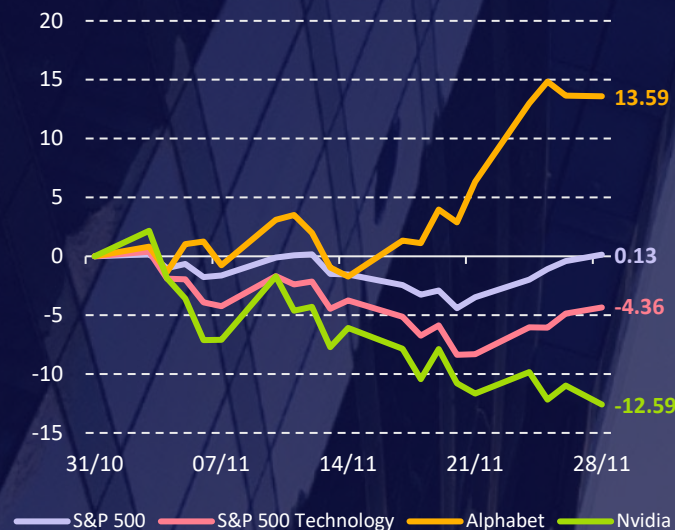
Historically, companies that dominated phases of technological innovation were not necessarily the first to market. **Competition exists in the U.S. but also abroad**, particularly from China, with Deepseek delivering results comparable to the best at a significantly lower cost. Europe is also in the game with Mistral's announcements and the release of its Mistral 3 models. **This competition extends beyond software to hardware**, with Amazon, Meta, and Google developing chips to rival Nvidia's.

The rebound was also supported by **accommodative signals from the Federal Reserve**. The comments from Williams and Daly following the release of the unemployment rate (0.1% above expectations) have indeed led to **a significant increase in the probability of the Fed cutting interest rates in December**, which, as very often, was taken positively. Beyond the final decision, which will most likely be to lower rates, it will be

interesting to analyze the disagreements within the committee before the announcement of the new Fed chairman early next year.

Kevin Hassett currently appears to be the frontrunner to replace Jerome Powell. Loyal to Trump, an early advocate for faster rate cuts, and credible in the eyes of markets thanks to his Republican experience (Bush, McCain) and Ph.D. in economics, he checks all the boxes Trump needs. While the Fed Chair ultimately represents only one vote, **this potential appointment has also contributed to lower U.S. yields**.

November performance



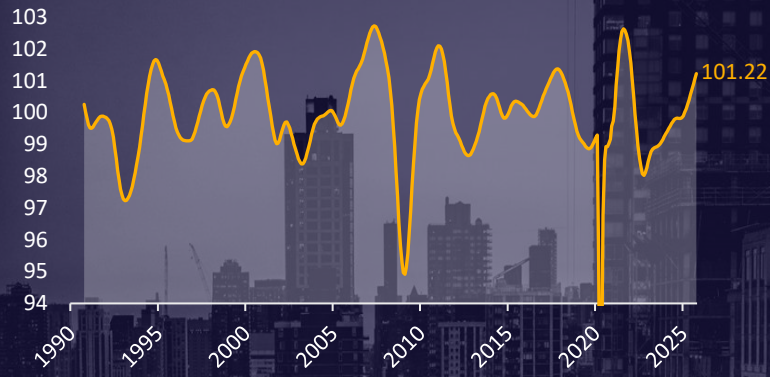
Sources: Crédit Mutuel Asset Management, Bloomberg, data as of 28/11/2025

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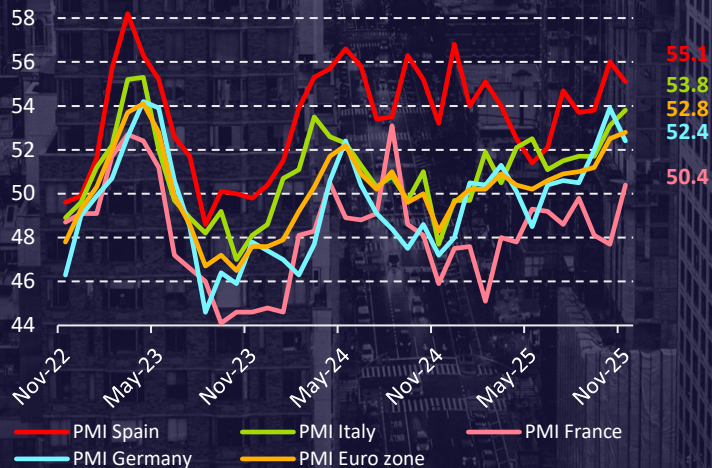
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OECD Leading Indicators of the 4 Main Economies of the European Area



Evolution of PMI in Europe



A positive dynamic in Europe despite some weaknesses

On the economic front, there's been few news across the Atlantic in this post-shutdown period. The few figures released (PMI, ISM, Consumption) remain consistent with a scenario of **solid growth over the next few months**.

In the Eurozone, the trend remains **positive**, with growth **once again revised slightly upward** for 2025. **Challenges persist** (sluggish consumption, weak productivity gains, competitiveness issues, strong euro), but leading indicators largely point to continued gradual improvement.

In France, political instability remains, but the economic picture is not so bleak, with **deficits smaller than expected in October and PMIs above 50 for the first time since August 2024**. Overall, the situation is evolving in a positive direction, and **the momentum remains favorable for risk assets**. We took advantage of the correction in November to **increase our exposure, primarily to US equities, but also to European ones**. Investor positioning doesn't appear to be widespread; central banks have the capacity to lower rates if necessary, and we don't foresee any imminent macroeconomic risks.

Regarding central banks, it seems to us that **pricing on the ECB is currently too restrictive: no further rate cuts are anticipated**, while base effects will put downward pressure on inflation in 2026, which should open the door to further cuts by the ECB. **Long positions on short and intermediate Eurozone bonds thus appear asymmetrical to us**.

Asset Class

Outlook

Strategic Vision

EQUITY



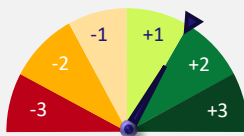
We took advantage of the slight correction in November to increase our exposures, both in the United States and in the Eurozone.

CREDIT



The environment remains unchanged: tight spreads but attractive all-in yields continue to drive strong demand, with corporates in solid financial health.

RATES



The market no longer prices any ECB cuts, which we view as overly restrictive. The probability of an ECB easing cycle resuming in Q2/Q3 2026 is not negligible.

December Outlook

The overall environment still appears favorable: solid growth, an accommodative Federal Reserve, and generally expansionary fiscal policies. The risk for 2026 is undoubtedly the possibility of the long-term portions of the yield curve starting to rise again in the United States, but we are still far from potentially dangerous levels (4.8-5% on the US 10-year Treasury).

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AGENDA



FED
December 10th



BCE
December 18th



Inflation US
December 18th



BOJ
December 19th



Supreme Court ruling tariffs
During December ?