

11 November 2025

# Our View in November

All's well that ends well?



# All's well that ends well?

**The longest government shutdown in US history will soon be over. The Senate has approved a bill to reopen the government, and the House of Representatives is likely to follow suit. President Trump will be back in charge and the civil servants get their pay.**

Another record for the president: Never before has the US government been paralysed for so long. The previous record holder? Also Donald Trump, in his first term of office. Probably not a surprise.

In economic terms, this can be seen as a relief: In the past, shutdowns rarely had a lasting economic impact. The end was usually followed by a catch-up effect - postponed is not the same as cancelled. But one question remains: How to continue with such deep rifts between political camps? When politics is just a permanent dispute, confidence suffers in the end and that is the currency that counts most for markets.

The US central bank, the Fed, is probably also relieved. It is currently flying without instruments due to a lack of data. Now it will soon receive data on inflation, the labour market and economic growth again. At its last meeting of the year at the beginning of December, it will therefore be able to rely on data again, not just forecasts. The futures markets currently expect an interest rate cut with a 64 per cent probability.

Our stance remains: we are invested in line with the investment strategy, i.e. broadly diversified. This has proven its worth in 2025, despite all the risks and records. Yet, we are now emphasising Chinese equities within emerging markets, as we see catch-up potential there after some disappointing years.

So an end with relief. But as is so often the case: after the shutdown is before the next showdown.

Dr. Felix Brill, **Chief Investment Officer**

# Our View on the Portfolio



- **Emerging market bonds** offer an attractive additional yield
- **Chinese equities** with positive momentum
- **Shutdown** comes to an end



- Concerns about a **bubble in artificial intelligence**
- **Political pressure** on the Fed
- **Swiss government bonds** with little yield but high Interest rate risk

- ● ● ● ● strong overweight
- ● ● ○ ○ neutral
- ○ ○ ○ ○ strong underweight

(Base: Mandate CHF balanced)

## Money Market



## Bonds



Government Bonds



Corporate Bonds



USD Bonds



Emerging Market Bonds



## Equities



Equities Switzerland



Equities Europe



Equities USA



Equities Japan



Equities Emerging Markets



Equities World and Themes



## Alternative Investments



Hedge Funds



Insurance-linked Securities



Gold



Industrial Metals



Real Estate



# Our View on the Economy



- Weaker economic environment enables **monetary easing**, particularly in the US
- **Infrastructure spending** in Germany is gradually providing domestic economic stimulus
- **Spain** shows high growth



- Global economy held back by **trade dispute**
- US consumers expect **real incomes to fall**

## Eurozone: Iberian peninsula flexes its muscles

Gross domestic product (GDP) in the eurozone increased by 0.2 % in the third quarter - slightly more than expected. The Spanish economy grew by 0.6 % and Portugal by a whopping 0.8 %. Both countries showed strong domestic demand and were able to defy the external economic adversities. Since the end of the Coronavirus pandemic, Spain's GDP has grown more than that of the USA. Spain proved that dynamic growth is possible even in a supposedly over-regulated Europe. France also surprised with a strong quarterly growth of 0.5 %. The German economy, on the other hand, stagnated and slowed down overall eurozone growth. To put it differently: without the weaker north, the economy in the eurozone would be doing much better right now. However, important leading indicators for Germany have improved. An economic recovery could therefore be imminent in the coming quarters. This means that the eurozone should grow somewhat more strongly in 2026.

# Our View on Monetary Policy



- It is uncertain whether the **Fed** will cut the key interest rate again in December
- **SNB** has one foot in negative interest rate territory and is now keeping rates at 0%
- **Tariffs** could dampen growth and thus inflation



- Higher **tariffs** have an inflationary effect
- **ECB** maintains its 2% deposit rate
- **Geopolitical conflicts** may push up energy prices and thus inflation rates

## The Fed lacks data

At its meeting in October, the US central bank reduced the key interest rate by 25 basis points as expected. The target corridor for the Fed Funds Rate is now in the range between 3.75 and 4%. Opinions diverge within the decision-making body. Fed governor Stephan Miran, a Trump ally, voted in favour of a rate cut of 50 basis points, while the president of the Fed's Kansas City branch voted in favour of no change. In the end, the arguments that the economy is weakening and that there is no price surge due to the tariffs so far prevailed. This gave the Fed the green light. The economy is only growing moderately. The number of new jobs is falling and the unemployment rate is rising slightly. Inflation remains elevated, even though the expected tariff shock has not materialised. Fed Chairman Jerome Powell pointed out that important data was missing due to the government shutdown. If in doubt, the Fed would rather refrain from cutting interest rates again than make a wrong decision based on incomplete data.

# Our View on Government Bonds

● ○ ○ ○ ○  
strong underweight



- Tariffs could harm the US economy and put pressure on **yields**
- **Political uncertainties** could trigger a flight into government bonds
- **Swiss government bonds** are fundamentally well supported due to low inflation



- Particularly high **interest rate risk** in Swiss bonds
- Uncertainty around a **Fed rate cut in December**

## Fed surprise causes yields to rise moderately

The US central bank surprised everyone at its October interest rate meeting beyond the rate decision: Fed Chairman Jerome Powell did not commit to an interest rate cut in December. On the one hand, there is a lack of data due to the US shutdown. On the other hand, it seems that the Fed is finding it increasingly difficult to find a common policy. The data situation will only become clearer when the statistics authorities resume their work.

The new data will probably show that the labour market is struggling. This is a point in favour of more rate cuts. In this case, yields on US government bonds could fall moderately again. Swiss government bonds remain well supported. Prices fell unexpectedly in October, fuelling speculation that the Swiss National Bank (SNB) will cut rates further. However, we assume that the SNB will keep its interest rate at 0% for a longer period of time.

# Our View on Corporate Bonds



- **Corporate profits** and margins on track
- Further **rate cuts by the Fed** in doubt



- **Low credit spreads** in a historical context
- Increased political and **geopolitical risks**

## No more cockroaches

The insolvency of the subprime car loan lender Tricolor clouded the mood on credit markets for a short while. This segment is regarded as a seismograph for the resilience of US consumers. However, Tricolor granted loans to migrants without visas who are currently being detained and deported. Many borrowers had neither a driving licence nor a credit rating, and the Department of Justice is investigating fraud.

After the largest bank in the US, J.P. Morgan, had to write off a loan to Tricolor, its CEO Jamie Dimon said "When you see one cockroach, there are probably more." However, markets quickly concluded that there was no systemic risk. The Fed's announcement that it would stop quantitative tightening, the selling of bond holdings to reduce money supply, at the end of the year also had a stabilising effect. This will increase liquidity in the banking system. The cockroach problem has vanished into thin air.

# Our View on Equities



- Intact **long-term upward trend**
- **Rapprochement in the trade dispute** between the USA and China
- Hope for **more US rate cuts** continues to drive share prices



- **High valuations**
- **Uncertainty** due to Supreme Court ruling on the legality of Trump's tariffs

## Between tariffs, interest rates and confidence

The upward trend on the global equity market, which has been in place for a good three years, remains intact despite setbacks such as the one following the US tariff announcement in spring. The markets recovered quickly and have reached record highs. However, new uncertainties are currently causing a breather: the head of the US Federal Reserve has dampened expectations that a third interest rate cut in 2025 could take place in December. The government shutdown in the US and the Supreme Court case on Trump's tariffs are additional burdens.

However, the hope of further more rate cuts remains a driving factor for share prices. The rapprochement in the trade dispute between the US and China is also supportive. The US economy remains robust and there are also increasing signs of an economic upturn in Europe. In Japan, investors are hoping for impetus from the political restart and expect the new government to pursue a clear course of reform.

# Our View on Equities Switzerland



- Prospect of **agreement in tariff dispute**
- Attractive for **dividend investors**
- Defensive market structure and **quality stocks**



- **Low tech exposure**
- **Weak performance** by defensive heavyweights
- **Conditions of trade deal** unknown

## Will US tariffs be lowered?

The Swiss equity market has been lethargic in recent months. The reasons for this are the low weighting of technology stocks, the generally subdued performance of defensive heavyweights and, last but not least, the high US tariffs. No breakthrough in talks with the US seems to be in the air. The US could reduce the tariff rate on Swiss imports from 39% to 15%. This would be a relief for export-orientated sectors. Further details and conditions associated with a possible deal are not yet known. However, the chances appear to be better than at the end of July, when a negotiated agreement failed due to Donald Trump's veto. Irrespective of this, the Swiss equity market is attractive for dividend investors and remains interesting for long-term investors who focus on quality and stability.

# Our View on Equities Emerging Markets



- **Attractive** valuations
- **China strives for technological sovereignty**
- **Temporary easing** of trade dispute with the US



- **Property crisis** not yet overcome in China
- Low **corporate profitability**

## China: Confidence returns

After years of weak performance, the Chinese stock market has made a comeback in 2025. Nevertheless, share prices are still trading well below their previous highs. Negative factors such as the property crisis, political intervention and capital outflows had made China "uninvestable" to many investors. Only economic policy easing, economic stimulus measures and opening up to capital from abroad led to a stabilisation from 2024. The two widespread misconceptions that China lacks innovative strength and is heavily dependent on US trade are outdated. China is investing heavily in artificial intelligence (AI), diversifying trade relations and using its leverage such as the dominant market position in rare earths. The government is also going after ruinous price competition at home. Despite the challenges, China is an attractive market with long-term potential.

# Our View on Insurance-linked Securities



- **Uncorrelated** to other asset classes
- Current yield of 9.5 % **higher than for high yield**



- Two almost claim-free years should reduce **premiums in the new year**
- **Falling interest rates** reduce the return on collateral

## The end of the season in sight

Although the Atlantic hurricane season does not officially end until 30 November, the last month usually remains calm. However, due to high seawater temperatures, things are different this year. Three category 5 hurricanes, the highest category there is, have been recorded so far - only 2005 had more. Fortunately, the first two did not make landfall.

Only Hurricane Melissa hit Jamaica with full force. With wind speeds of up to 300 km/h and rainfall of up to 1,000 litres per square metre, it was the strongest storm ever to hit the country. An insurance-linked bond from the World Bank for USD 150 million was triggered - the first loss of the season with a market share of 0.28%. The bond was parametric and allows for a quick payout, as the specified air pressure hurdle was hit.



- Trade and sanctions policy drive **central bank purchases**
- **Normalisation** of speculative positions
- Shutdown favours status as **safe haven**



- **Reduced expectations of rate cuts** in the US
- If the **US dollar** appreciates, this will reduce purchasing power
- **Conciliatory trade talks** between the US and China

## Healthy correction

Gold has reached more than 50 record highs so far in 2025, driven by strong inflows into listed gold funds and ongoing central bank purchases. According to technical indicators, the bull market had already been well advanced for some time, which is why a correction was almost unavoidable. This was partly triggered by diminishing expectations of interest rate cuts in the US and more conciliatory tones in the trade dispute between the US and China. A reduction in tax breaks for non-investment gold - i.e. jewellery and industrial gold - in China also contributed to this.

There are currently signs of stabilisation around USD 4,000 per troy ounce. We consider the recent correction to be healthy, as the environment remains attractive. Outflows from listed gold funds have been limited. Due to the US shutdown and the lack of data, we can only assume that speculative positions on the futures markets have been adjusted.

# Our View on Currencies



- **Dollar** remains in demand as a safe haven in uncertain times
- Interest rate advantage of the **USD** moves back into the foreground a little more



- Tariff debate weighs heavily on the **dollar**
- **Dollar weakness** is in line with Trump administration's policies
- **Current account deficit** remains a fundamental burden on the dollar

## Correction of the US dollar has begun

Since the beginning of October, the dollar has gained some ground against six major currencies. The prospect of a continued robust US economy, the cautious stance of the US central bank and the tech rally on the stock markets have contributed to this. These factors favour a stronger dollar in the coming weeks. There are also technical reasons: The dollar is considered oversold, as can be seen, for example, from the significant deviation from the 200-day line, which reflects the average for this time period.

A fall below 1.1505 in EUR/USD could take us to the 1.0980 area from a technical perspective. However, we see this development only as a correction within an overarching depreciation of the US currency. In the long term, the external imbalance and the significant overvaluation of the broader dollar index argue in favour of continued weakness. Also, the Trump administration favours a weaker dollar.

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Please note that this is a general investment recommendation and therefore does not take into account your personal circumstances.

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