PRIMIS® INVESTMENT

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WEEKLY MARKETS ROUND-UP

Executive Summary

8th December 2025

Top news: FED's rate decision on Wednesday and SNB meeting on Thursday– last week was very calm with VIX sliding lower and equity markets levitating slightly higher. The S&P500 is now back just a fraction below its highs made in late October. On the data front, recent releases were mixed, setting the stage for the FED's 25bps rate cut expected on Wednesday. Indeed, while US ISM Manufacturing PMIs came in slightly below expectations on Monday, the Services component surprised positively on Wednesday. Also on Wednesday, the ADP private job data was rather weak, while the Weekly Unemployment Claims came in lower than expected on Thursday. Finally, on Friday, Core PCE Inflation data (the delayed September one) posted at 0.2% MoM or 2.8% YoY, in line with expectations, Univ. of Michigan Consumer Sentiment nudged up slightly, while 12m US Inflation Expectations continued to normalize at 4.1% (from 4.5% last month). Going forward, this week will first feature a catch up of the JOLTs Job Opening data from Sept. and Oct. on Tuesday (expected soft yet stable). As mentioned above, the FED is then widely expected to cut -0.25% on Wednesday. Other measures to support liquidity and the short end of the Treasury market (some kind of QE focused on T-bills) may also be announced and expected to start from early next year. Finally, on Thursday, the SNB is widely expected to hold its short term rate at 0% considering the benign Swiss inflation outlook.

Equities: following +0.5-1% of further upside on most equity markets last week, some are getting slightly Overbought again on the table below. Seasonality would suggest a bit of softness until Christmas before further highs into January.

Fixed Income: 10Y US and Bunds yields bounced back last week and are approaching several months highs again. While we would still expect some softness into yearend / January, the trend is at risk of resuming higher in 2026.

Forex: the prospects of a FED cut this week and perhaps some QE down the line are putting USD under pressure. We expect most Majors to continue to recover into yearend and towards previous highs (ex JPY, which just rebounds).

Commodities: Brent bounced another +1% last week yet its downtrend probably remains in place with new lows into Q1. Gold retraced slightly last week following a strong previous week. We would still expect new highs into mid Q1.

	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %	YTD in %	last 6m[1]	OB / OS [2]
S&P500 Index	USD	6 870	Apr-25	4 983	37,9%	Oct-25	6 891	-0,3%	16,8%	up	neutral
Nasdaq100 Index	USD	25 692	Apr-25	17 090	50,3%	Oct-25	26 120	-1,6%	22,3%	up	neutral
Dow Jones Industrials Index	USD	47 955	Apr-25	37 646	27,4%	Nov-25	48 255	-0,6%	12,7%	up	slightly OB
EuroStoxx50	EUR	5 724	Apr-25	4 622	23,8%	Nov-25	5 787	-1,1%	16,9%	up	slightly OB
Swiss Market Index	CHF	12 936	Apr-25	10 888	18,8%	Mar-25	13 167	-1,7%	11,5%	up	slightly OB
Nikkei225	JPY	50 492	Apr-25	31 137	62,2%	Nov-25	52 411	-3,7%	26,6%	up	slightly OB
Shanghai Composite	CNY	3 903	Apr-25	3 097	26,0%	Nov-25	4 030	-3,2%	16,4%	up	neutral
US 10Y Treasury Yield	%	4,14%	Apr-25	3,89%	0,3%	Jan-25	4,79%	-0,7%	-0,4%	neutral	neutral
German 10Y Bund Yield	%	2,80%	Dec-24	2,12%	0,7%	Mar-25	2,89%	-0,1%	0,4%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	88	May-25	81	9,1%	Oct-25	90	-2,0%	5,1%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	111	Jan-25	101	10,1%	Oct-25	111	-0,3%	8,3%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	81	Apr-25	73	11,2%	Dec-25	81	0,0%	8,7%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	96	Apr-25	84	15,1%	Dec-25	97	-0,2%	14,0%	neutral	neutral
EUR/USD		1,16	Jan-25	1,02	13,7%	Sep-25	1,19	-1,8%	12,4%	neutral	neutral
GBP/USD		1,33	Jan-25	1,22	9,5%	Jul-25	1,37	-3,0%	6,5%	neutral	neutral
USD/JPY		155	Apr-25	141	10,3%	Jan-25	158	-1,9%	-1,2%	up	neutral
USD/CHF		0,80	Sep-25	0,79	2,3%	Jan-25	0,92	-12,3%	-11,3%	neutral	neutral
AUD/USD		0,66	Apr-25	0,60	11,6%	Sep-25	0,67	-0,7%	7,3%	neutral	neutral
Brent Oil (per Barrel)	USD	64	May-25	60	5,8%	Jan-25	82	-22,6%	-14,7%	down	neutral
Gold Spot (per Ounce)	USD	4 197	Dec-24	2 585	62,4%	Oct-25	4 378	-4,1%	59,9%	up	slightly OB

* These large fixed income ETFs are used as proxies to assess the state of duration trades as well as of credit markets

Source: Primis Investment (Suisse) SA

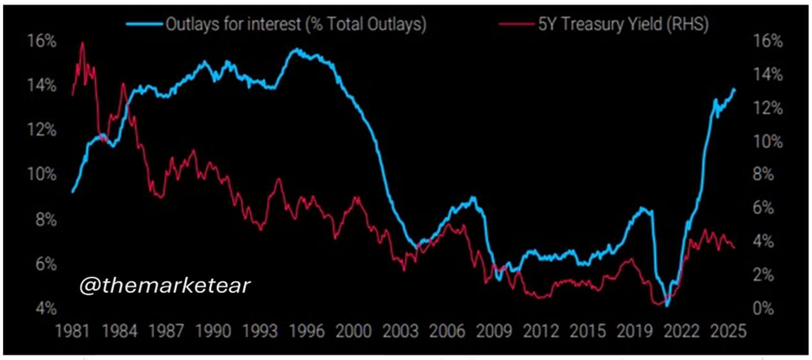
Monetary focus: as the FED is set to cut again, the long end isn't following lower

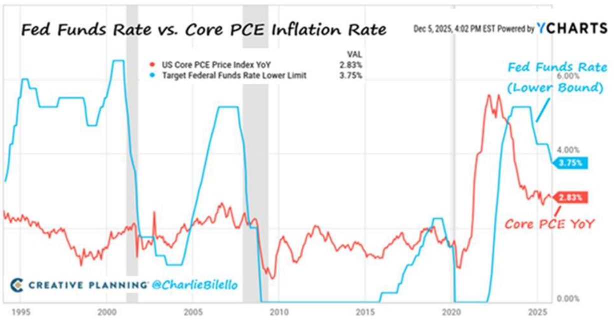
Historically the FED has always cut when market based probabilities have been above 60% (currently 86.21%, top-left graph). Hence, a further 25bps cut seems backed-in-the-cake for Wednesday's FOMC's decision. Interestingly, there are now 2 more rate cuts priced-in for 2026, bringing the final rate to 3-3.25%, or towards the lower end of what has been expected since the FED started to cut a year ago. Indeed, and despite the FED's independence, pressure is mounting to lower the Treasury's refinancing costs. Although not unprecedented, the % of total budgetary outlays dedicated to interest payments is now approaching 14% (top-right). Too much leniency however may spell dire consequences. On the one hand, Core PCE inflation is still well above the FED's stated 2% target (@2.8%, bot-left). Apart from the interest rate normalization following the early 1980s spike in inflation and rates, and an incidence during the Gulf war in the early 1990s, the FED has never cut with such high levels of inflation. While banks like Goldman Sachs do project Core PCE to drop below 2.4% by late next year, for now, however, the long end (US30Y yield) is reacting very hawkishly to the previous cuts, up >+80bps since Sept-24 (bot-right). As mentioned, a few weeks back, we don't' see how this is sustainable without some sort of QE on the long end, at some point.

CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES

MEETING DATE	275-300	300-325	325-350	350-375	375-400
10/12/2025	0,00 %	0,00 %	0,00 %	86,21 %	13,79 %
28/01/2026	0,00 %	0,00 %	15,00 %	85,00 %	0,00 %
18/03/2026	0,00 %	0,00 %	48,24 %	51,76 %	0,00 %
29/04/2026	0,00 %	0,00 %	71,00 %	29,00 %	0,00 %
17/06/2026	0,00 %	23,21 %	76,79 %	0,00 %	0,00 %
29/07/2026	0,00 %	51,00 %	49,00 %	0,00 %	0,00 %
16/09/2026	0,00 %	83,29 %	16,71 %	0,00 %	0,00 %
28/10/2026	1,00 %	99,00 %	0,00 %	0,00 %	0,00 %

The Fedwatch tool's "Aggregated" view compares the rates implied by CME's Fed Funds futures with the current target rate range as set by the Federal Reserve. As such, it provides a view into the cumulative number of hikes or cuts that the market is pricing by a certain point in the future. This is provided in addition to the traditional "Conditional" view of probabilities, familiar to long-term users of the FedWatch tool.





Notes:

1. **Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.08% the trend is then "up", below -0.08% then "down", otherwise it is "neutral".
2. **Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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