



"We expect the Bank of England to cut rates in the coming months, as tighter fiscal policy (tax hikes or spending cuts) may exacerbate a slowdown in economic growth. Softening inflation will also enable the bank to reduce rates."

Monica Defend

Head of Amundi Investment Institute

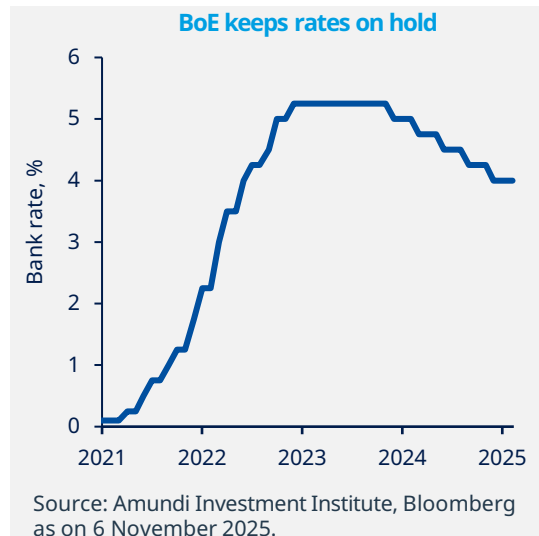
Trust must be earned

BoE stays on hold, all eyes on budget now

The BoE held rates steady in November, but we expect it to cut them in the coming months, as growth is likely to stay sluggish.

Markets are now looking towards the UK government's Autumn budget scheduled to be released later in the month.

The Autumn budget should provide details on the UK government's policy related to taxes, and how it aims to reduce debt and tackle the cost of living problem.

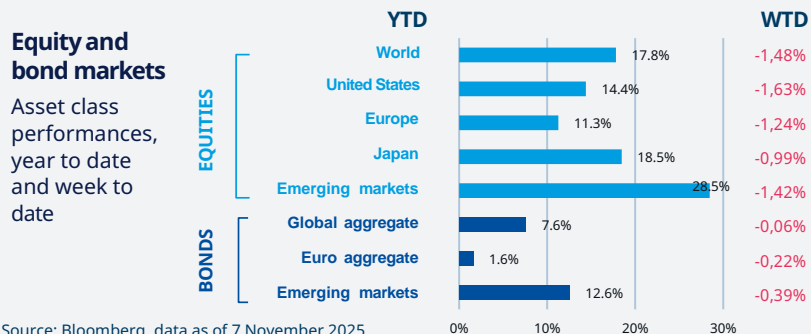


At its November meeting, the BoE kept its policy rates unchanged at 4%. Policymakers noted that a deceleration in overall inflation is underway, favoured by a restrictive policy stance, softening labour market, and easing services inflation. Risks around achieving the bank's 2% inflation target are more balanced, and downside risks from weak demand have grown. Looking ahead, we expect one rate cut in December and two more next year, although further actions may depend on incoming data. Additionally, we expect economic growth to moderate next year due to domestic pressures and fiscal tightening (efforts to decrease the gap between public expenditure and revenues by either raising taxes, cutting spending, or both). In her upcoming budget, we believe the Chancellor of the Exchequer, Rachel Reeves, could have a difficult task and may need to consider the government's high borrowing costs, lower productivity, and global economic pressures.



This week at a glance

Stocks declined over the week due to concerns over high valuations in the US technology sector, and mixed labour market data. Markets also re-assessed whether the Fed will raise rates in December, leading to an increase in bond yields in most countries. In commodities, oil prices fell owing to worries related to oversupply, whereas gold was almost flat.



Source: Bloomberg, data as of 7 November 2025.
Please refer to the last page for additional information on the indices.

Government bond yields

2 and 10-year government bond yields, and 1-week change

		2YR		10YR	
	US	3,56	▼	4,10	▲
	Germany	1,99	▲	2,67	▲
	France	2,22	▲	3,46	▲
	Italy	2,18	▲	3,43	▲
	UK	3,79	▲	4,46	▲
	Japan	0,94	▲	1,67	▲

Source: Bloomberg, data as of 7 November 2025.
Please refer to the last page for additional information on the indices. Trend represented refers to 1-week changes. Please refer to the last page for additional information.

Commodities, FX and short-term rates, levels and weekly changes

Gold	Crude Oil	EUR/USD	USD/JPY	GBP/USD	USD/RMB	Euribor 3M	T-Bill 3M
USD/oz	USD/barrel	USD	JPY	USD	RMB	3M	3M
4001,26	59,75	1,16	153,42	1,32	7,12	2,01	3,85
-0,0%	-2,0%	+0,3%	-0,4%	+0,1%	+0,0%		

Source: Bloomberg, data as of 7 November 2025.
Please refer to the last page for additional information on the indices.

Amundi Investment Institute Macro Focus

Americas



US private sector jobs data shows layoffs

A report by Challenger, Gray & Christmas showed a sharp rise in layoffs in October (vs September), with 153,074 job cuts. This surge is being linked to companies adjusting staffing amid the AI boom, signalling potential labour-market challenges. The government shutdown has paused official labour data releases, making this report especially important. We consider the report to be volatile, and importantly, despite rising layoffs, state jobless claims have not spiked.

Europe



Eurozone retail sales declined

Despite modest improvements in real wages and a rebound in consumer confidence, retail sales in the EZ slipped back into decline, falling 0.1% in both August and September. June marked the last month of growth. Although purchasing power has recovered and optimism has risen, we think consumers remain cautious with their spending. This indicates that even with greater confidence and improved finances, EZ shoppers are still holding back on spending.

Asia



Chinese exports fell in October

Exports in October fell by 1.1% — the first decline since February — driven by a continued fall in sales to the US. Exports to the rest of the world failed to offset the drop seen in the US. While the US-China trade deal may help reduce some uncertainty, ambiguity over the long-term trend persists as both countries continue their tense competition. This complicates the task facing policymakers grappling with weak domestic demand. Despite this, we expect economic growth to be close to the government's target this year.

NOTES

Page 2

Equity and bond markets (chart)

Source: Bloomberg. Markets are represented by the following indices: World Equities = MSCI AC World Index (USD) United States = S&P 500 (USD), Europe = Europe Stoxx 600 (EUR), Japan = TOPIX (YEN), Emerging Markets = MSCI Emerging (USD), Global Aggregate = Bloomberg Global Aggregate USD Euro Aggregate = Bloomberg Euro Aggregate (EUR), Emerging = JPM EMBI Global Diversified (USD).

All indices are calculated on spot prices and are gross of fees and taxation.

Government bond yields (table), Commodities, FX and short-term rates.

Source: Bloomberg, data as of **7 November 2025**. The chart shows the Bank of England's Bank Rate.

¹Diversification does not guarantee a profit or protect against a loss.

GLOSSARY

AI: Artificial Intelligence

BoE: Bank of England

Bond: A fixed-income investment issued by governments or corporations to raise funding

CPI: Consumer Price Index

EZ: Eurozone

Fed: Federal Reserve

GDP: Gross Domestic Product

PPI: Producer Price Index

YTD: Year-to-date

UK: United Kingdom

ZEW: Leibniz Centre for European Economic Research

Discover [more insights](#) from the Amundi Investment Institute.



IMPORTANT INFORMATION

This document is solely for informational purposes.

This document does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any security or any other product or service. Any securities, products, or services referenced may not be registered for sale with the relevant authority in your jurisdiction and may not be regulated or supervised by any governmental or similar authority in your jurisdiction.

Any information contained in this document may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

Furthermore, nothing in this document is intended to provide tax, legal, or investment advice.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management SAS and is as of **7 November 2025**. Diversification does not guarantee a profit or protect against a loss. This document is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management SAS and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product.

Investment involves risks, including market, political, liquidity and currency risks.

Furthermore, in no event shall any person involved in the production of this document have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Date of first use: **7 November 2025**.

Document ID: **4973698**.

The content of this document is approved by Amundi Asset Management, a French société par actions simplifiée, a portfolio management company approved by the “Autorité des marchés financiers” or “AMF” under the number GP 04000036 whose registered office is located 91-93 boulevard Pasteur, 75015 Paris – France –, under the Paris trade register number 437 574 452 RCS - www.amundi.com

Photo credit: ©iStock/Getty Images Plus

MSCI Disclaimer available [here](#)