Monthly Newsletter

November 2025

LIS
LISBON INVESTMENT SOCIETY

LIS Monthly Report

This report has been prepared by the Lisbon Investment Society (LIS) Global Markets Research team, an independent, student-led, non-profit organization based at ISEG – Lisbon School of Economics & Management. Please see important disclaimers at the end of this document.

LIS

LISBON INVESTMENT SOCIETY

Contents

6 Monthly Highlights

8 Developed markets



15 *Emerging markets* 22 *Cross-assets*

Monthly Highlights

U.S. Government shutdown
Fed chair speculation
OPEC+ extends output cuts
China announces new fiscal support

U.S. Government Shutdown Becomes the Longest in History

The United States entered a federal government shutdown on 1 October 2025 after Congress failed to approve new fiscal-year funding. Although the House passed a temporary funding bill, the legislation repeatedly stalled in the Senate, where 60 votes were required to advance it. Over several weeks, the Senate held fourteen unsuccessful cloture votes, leaving the government unfunded and pushing the shutdown into the longest on record.

The shutdown caused widespread operational disruptions. Hundreds of thousands of federal workers were furloughed or worked without pay, and non-essential agencies, including regulatory bodies, statistical offices, environmental services, and various administrative departments, were forced to suspend or significantly scale back operations. Essential functions such as defence, emergency response, and transportation continued uninterrupted, but many federal data releases, including employment, inflation, and GDP reports, were delayed. This created a temporary information vacuum for investors, economists, and policymakers.

A bipartisan compromise eventually passed the Senate on 10 November with a 60–40 vote, followed by approval in the House. The President signed the bill into law on 12 November, officially ending the shutdown. Markets responded with a relief rally as political uncertainty declined, and the flow of economic information was expected to normalise.

The standoff was rooted in disagreements over federal budget priorities, particularly the continuation of expanded health-insurance subsidies under the Affordable Care Act. House Republicans pushed to debate the subsidies separately, while Senate Democrats insisted on retaining them within the stop-gap bill. Without bipartisan cooperation, the Senate could not reach the 60-vote threshold required to advance funding legislation, resulting in a prolonged fiscal impasse.

Fed Chair Speculation

Speculation over the next Federal Reserve Chair added volatility in mid-November. Kevin Hassett, viewed as a leading candidate, stated that he would cut interest rates immediately if appointed. Markets interpreted this as a signal of a more dovish policy stance for 2025. Equities moved higher, Treasury yields edged lower, and the dollar weakened as investors reassessed the likely policy path. Although no final decision has been made, leadership uncertainty has become an important driver of short-term market sentiment.

OPEC+ Output Cuts Extension

OPEC+ announced the extension of voluntary production cuts into early 2025 to support prices amid weak global demand, particularly in Europe and China. Brent crude initially rose before stabilising as attention shifted to continued industrial softness. Energy equities lagged broader markets, and inflation expectations remained broadly unchanged. While the extension keeps supply tight, it does not materially alter the demand-driven outlook for oil.

China’s Fiscal Support Measures

China introduced new fiscal support measures in November aimed at strengthening local government finances, boosting infrastructure spending, and improving liquidity conditions. The policies followed soft credit and inflation data that signalled ongoing pressure on the economy. Industrial metals such as copper and iron ore saw modest gains, while equity markets reacted cautiously. The measures help stabilise near-term growth but do not yet point to a sustained recovery in domestic demand.

Developed Markets

U.S.
Euro Area
U.K
Japan

U.S.

The month of November was marked by the end of the longest government shutdown in the history of the USA. The measure had been in place since the 1st of October, when the US Congress failed to pass the appropriate bills for the fiscal year of 2026. Despite the strong presence of the GOP in the House of Representatives, all continuing resolutions until then were blocked by Senate Democrats. The resistance centred on the non-extension of the Affordable Care Act (commonly referred to as Obamacare), an income-based tax credit signed during the first Obama administration that subsidized the cost of health insurance for people with income under a certain threshold. In the end, GOP lawmakers opened the door for the extensions, ending the almost months-long shutdown.

Government Shutdown and the FOMC meeting

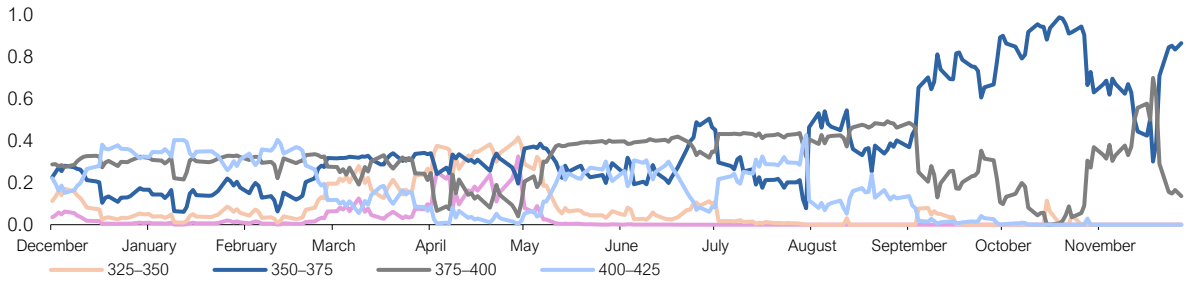
Following this political development, the impact throughout the economy begins to appear. The shutdown resulted in a furlough of 900,000 federal employees and another 2 million working without payment. Furthermore, many economic reports from different federal statistical bureaus were rescheduled or even cancelled. Among those cancelled and rescheduled were the Jobs Report for October (cancelled), Q3 Advanced Gross Domestic Product (cancelled), and the Preliminary Corporate Profits (to be rescheduled).

As a consequence of these reporting disruptions, Fed Chairman Jerome Powell announced at the end of October and afterward during interviews that future rate cuts should be approached with caution. Key inflation data, such as CPI and PPI for October, were also cancelled by the Bureau of Labor Statistics, which also restricts the market's ability to price different interest-rate probabilities, leading to a chaotic and highly sensitive scenario.

CME Federal Funds Futures predictions for the next Fed decision on the 10th of December have seen high volatility lately, as have projections for future decisions, showing uncertainty among overall market participants, but still pricing an 86.4% probability of a 25-basis point rate cut for the next meeting. Along with that, the next governor of the Fed is highly anticipated, with Trump stating he already has a candidate for the role, and the public nomination should happen soon.

Figure 1

Target Rate Probabilities for 10th December FOMC meeting



Source: CME Group

Exciting Employment Data

Shifting to the labor market, payroll employment data for September edged up by 119,000, with little change for the past 5 months, far exceeding the expected 50,000 and showing recovery from the previous 2 months of data. Most of this growth came from health care (+43,000), food services (+37,000), and social assistance (+14,000), which continued trending upward. Meanwhile, transportation and warehousing (-25,000) and the federal government (-3,000) showed losses for the same period. Following that, the unemployment rate changed little in September, at 4.4%, and is slightly higher than the homologous period of 2024. Furthermore, employment for July and August was revised down by 7,000 and 26,000, potentially signalling a deceleration in the economy during these two months.

Surprisingly Modest Inflation

Turning to inflation dynamics, the Producer Price Index (PPI) monthly change for September shows an increase in wholesale prices of 0.9%, a modest rise compared with market expectations; services were at 0.0% change for the month. Total PPI increased by only 0.3%. Food, together with energy, was among the components that had the biggest increases (1.1% and 3.5%, respectively), while trade services had the biggest drop, at -0.2%. Additionally, the steep increases seen in sub-components of goods, namely fruits and meats, which recorded a 7.1% increase each, were driven by different factors. Firstly, an increase in domestic demand, while limited domestic supply due to reduced herd size, matched with continued price differentials with international suppliers such as Canada, Mexico, and Australia, encouraged imports.

Tariffs Dynamics on Inflation

Tariffs applied in September on Brazil, one of the US's biggest fruit and meat exporters, over different products, also contributed to the limited supply and higher purchase prices. However, due to pressure among retailers and the public, the government suspended most of the tariffs on Brazilian products in mid-November, which should bring prices down or stabilize them at the current level.
Looking at consumer activity, advanced estimates on US Retail and Food Services reached USD 733.3 billion for September, a 0.2% increase from the previous month, and a 4.3% increase over the corresponding period of 2024.

While the increase is notable, it is still slightly below growth levels seen in previous months: 0.6% in August, 0.65% in July, and 0.97% in June. It was also a softer rise than the 0.3% forecast by specialists. Along with all this, the Nasdaq Composite closed November down 1.6% – the first negative return since Liberation Day in April this year. The S&P 500 was flat, and the Dow added only 0.3%. The movement comes after fears that the AI capex-hungry boom is beginning to face scrutiny, with many arguing that returns of the companies linked to the trend are a result of circular money movement with little actual economic value being generated. Furthermore, debt movements outside balance sheets, using SPEs, operating leases, and joint ventures, have also contributed to investor concerns.

Euro Area

Economic Sentiment Stabilizes as Inflation Targets Are Met

The Euro Area is nearing a "soft landing," with HICP inflation hovering around 2-2.2%. This allows the European Central Bank (ECB) to pause its easing cycle, even though growth in the industrial sector is slow.

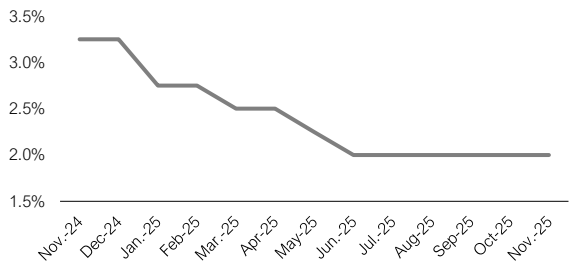
Monetary Policy (ECB Pause):

The European Central Bank kept its Deposit Facility Rate at 2.00%. With inflation approaching the 2% target, the ECB has shifted to a "neutral" stance. The policy is now less restrictive, aiming to help close the negative output gap.

Inflation (HICP & Disinflation)

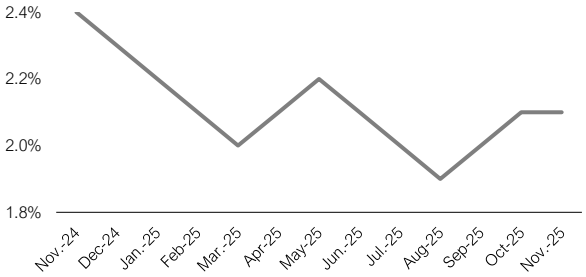
Annual HICP inflation stood at 2.2% in November. This indicates successful disinflation, meaning a slowing rate of inflation, not actual deflation. Energy prices have normalised, but services inflation remains high due to wage adjustments.

Figure 2
ECB Deposit Rate (%)



Source: European Central Bank

Figure 3
HICP YoY (%)



Source: European Commission

Economic Growth & Sentiment

Q3 GDP grew by a modest 0.2% QoQ. While this is positive, the growth is uneven. The Economic Sentiment Indicator (ESI) is below 100 at 97.0, highlighting a divide between a robust services sector and a struggling manufacturing sector, particularly in Germany.

Currency (EUR/USD):

The Euro slightly strengthened to 1.16 USD. As the US Federal Reserve hints at possible rate cuts, the smaller interest rate gap makes it less attractive for capital to flow only into USD. This boosts the Euro through the exchange rate.

The Euro Area has dodged a serious recession, but growth remains fragile. The current output gap is likely slightly negative, suggesting under-used capacity in the economy. We expect the ECB to maintain rates at 2.00% until the year's end. However, if the industrial slowdown persists, the ECB may need to cut rates further in 2026 to encourage investment and avoid disinflation turning into deflationary pressure.

U.K.

2025 Government Budget

The strategy for this year's budget is to increase the government's fiscal manoeuvrability as prevention against the tight balances and dependence on debt recently seen in the UK. To accomplish this, and under the constraint of political promises regarding income taxes, the process was largely influenced by alternative ways to generate public revenue, which brought the budget under controversy.

The Office for Budget Responsibility (OBR) is responsible for producing the official economic and fiscal forecasts and for assessing whether the government will meet its fiscal rules. One of these rules requires the current budget to be in balance by 2029–30, with an additional margin, known as “headroom”, to reassure markets. Although headroom has been becoming smaller each year the latest Budget increased this margin, helped by policy measures and strong nominal economic developments, and the accuracy of these reports is now more relevant than ever. Public investment could take fewer risks to prevent the budget from requiring increased direct taxes, which would lead the government to lose public trust.

In 2025, the OBR faced scrutiny after its Economic and Fiscal Outlook was accidentally made accessible before the official Budget announcement. During the forecasting rounds from September to late October, the OBR incorporated a 0.3-point downgrade to medium-term productivity, which initially raised concerns about reduced revenues and tighter fiscal headroom. However, later updates within the same process showed that stronger nominal GDP, wage growth and tax receipts would offset much of the impact, confirming by the end of October that the Budget would still meet the fiscal rules.

The clarity emerging from this process reduced speculation about emergency tax increases, helping stabilise market expectations. Following the Budget leak, which revealed higher projected headroom than anticipated, and the eventual confirmation of the government’s fiscal stance, gilt markets reacted favourably. Yields fell modestly, reflecting improved confidence in fiscal sustainability and reduced uncertainty, even if not reaching their lowest levels of the year. Given the UK’s elevated public debt, such episodes of premature disclosure, whether accidental or exploited, were significant: they shaped the narrative of fiscal discipline and contributed to a supportive market environment.

Regarding policy measures, although the main rates of income tax were kept unchanged, the Budget relied heavily on revenue-raising adjustments. The continued freeze of income tax thresholds, extended to 2030/31, tightens the tax burden through fiscal drag by pushing more taxpayers into higher brackets as incomes rise. Parallel changes to savings and investment taxation increase the effective burden on financial returns, making traditional cash savings relatively less advantageous. These measures diversify revenue sources while avoiding headline rate increases. Yet the political implications were substantial, culminating in the resignation of the OBR’s chair after the report’s premature release.

Bank of England Holds Interest Rates at 4%

As the country with the highest inflation rate in the G7, the decision to maintain interest rates at 4% is the Bank's way of sustainingly bringing down inflation to 2% soon. This policy, in combination with the assured tax increases implemented in the national budget, reinforces the lowering of demand needed for this target to be achievable. Households now face new tax burdens, and mortgages come with significantly higher payments.

Bailey has indicated that, if inflation continues to fall and the labour market weakens, rates are likely to follow a gradual downward path.

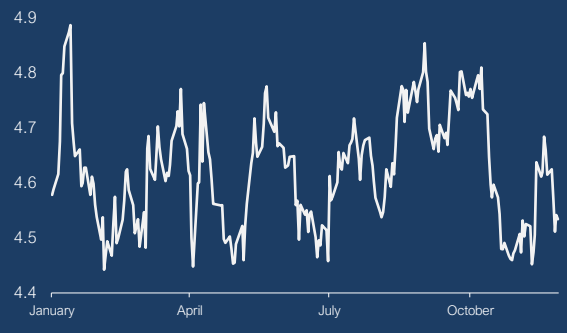
Through this mix of fiscal and monetary tightening, policymakers hope to restore confidence in the economy. However, the UK's weak productivity outlook continues to limit improvements in living standards: the OBR now expects real GDP per person to grow by only around 1.1% a year over the forecast period, leaving real income gains modest even once inflation returns to target.

Another variable connecting these factors is investment, or, for the current state of the UK, the lack of it. There has been a generational failure to consider a long-term vision for the economy's future. The UK is the country in the G7 with the lowest value for Gross Fixed Capital Formation, which certainly justifies its low productivity as it lacks efficient and up-to-date output levels.

Nevertheless, there is still hope. If the inflation plan succeeds, it could signal greater stability and restore confidence among investors and the public alike. By demonstrating that the government can make realistic forecasts, it can better control its borrowing and chart a path toward sustainable economic growth.

Figure 4

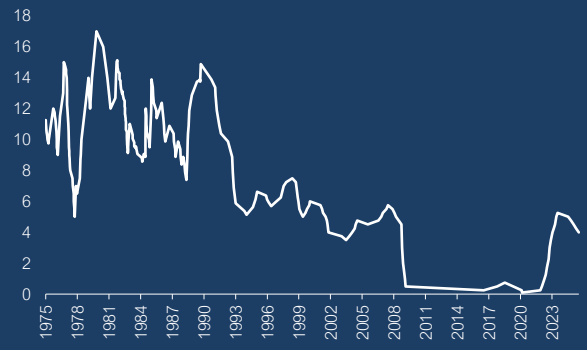
UK 10-Y Gilt Yield (%)



Source: Bloomberg

Figure 5

BoE Interest Rates (%)



Source: Bank of England

Japan

The Cost-Push Dilemma and the Yen's Persistent Weakness

Japan's inflation remains high at 3.0% because of rising import costs. This complicates the Bank of Japan's (BoJ) journey toward normalization while the Yen stays near multi-decade lows.

Monetary Policy (BoJ Pause)

The Bank of Japan held its short-term policy rate at 0.50% in November. Even with inflation above the target, the BoJ remains cautious. It appears to be weighing whether wage growth is sufficient to shift from "cost-push" inflation to sustainable demand-driven inflation. The central bank navigates the "Impossible Trinity" constraint, striving to keep an independent monetary policy while facing pressures from currency depreciation.

Production & Sentiment

Industrial production surprisingly rose by 1.4% month-over-month in October. However, forward-looking surveys show that manufacturers remain pessimistic about external demand.

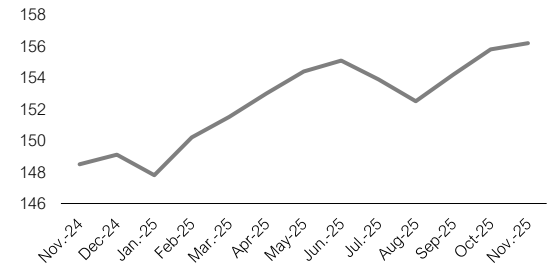
Currency Fluctuation

The Yen ended the month at a weak 156.20. This weakness largely results from the Uncovered Interest Parity (UIP) dynamic. The significant interest rate difference between Japan (0.50%) and the US (around 4.0%) encourages capital to move to higher-yielding assets, putting more pressure on the Yen.

Inflation Dynamics (CPI & Cost-Push)

The national headline CPI rose to 3.0% year-over-year in October (released in November). This persistence mainly stems from cost-push factors, like rising import costs due to the weak Yen and food supply issues, including rice. This situation decreases real wages, which are nominal wages adjusted for price levels, potentially hurting private consumption.

Figure 6
USD/JPY Exchange Rate



Source: Bloomberg

Figure 7
National CPI %YoY



Source: Statistics Bureau of Japan

Emerging Markets

China
Brazil
Mexico
MENA

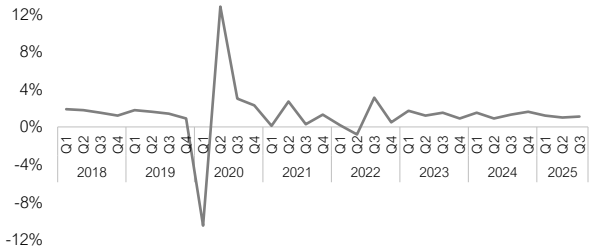
China

Chinese Mixed Momentum

China is gradually gathering momentum, although some challenges remain. PBOC left benchmark lending rates unchanged (3.0%) for the sixth consecutive month in November, matching market expectations. China Inflation Rate is at 0.20% (October), compared to -0.30% in the previous month and 0.30% in the homologous period. Predictions for China's inflation rate in December 2025 are low, with the International Monetary Fund forecasting 0.0% for the year.

The chart highlights China's resilient quarterly GDP trajectory, showing QoQ growth of 1.2% in Q1, 1.1% in Q2, and a strong 1.1% in Q3 2025, beating expectations of 0.8% and reflecting policy support amid trade tensions, translating to YoY rates of 5.4% in Q1, 5.2% in Q2, and 4.8% in Q3. A staggering 4.8% growth is predicted for 2025 (which implies Q4 3.8% growth), as the economy undergoes a challenging transition. Emerging sectors are expanding briskly: overall industrial value grew by 6.2% year-on-year in the first three quarters, with equipment manufacturing and high-tech manufacturing leading the way (9.7 and 9.6% growth in Q1-Q3, respectively). Currently, the country's manufacturing sector contributes for around 25% of GDP.

Figure 8
China's QoQ GDP Growth (%)



Source: National Bureau of Statistics China

China's trade surplus with the US rose to USD 24.76 billion in October, up from USD 22.82 billion in September. Year-to-date, China posted a total trade surplus of almost 1 trillion USD, with exports rising 5.3%, while imports fell 0.9%.

The Chinese yuan appreciated 3.07% against the USD from January 1 (¥7.299) to November 30 (¥7.07528). Also, China's surveyed urban unemployment rate in was 5.1% (October), a 0.1 pp decrease from September.

In terms of negative aspects, domestic demand remains constrained by the real estate sector downturn, the fading impact of early-year fiscal stimuli, low wage growth and the uncertain external environment. According to the IMF (Oct 14), "China must rebalance its economic growth model towards domestic demand, which has been weak for some time due to the country's property bust".

Overall, China is maintaining growth momentum through strong exports and weak domestic demand. Chinese leaders pledge to significantly increase share of household consumption in the economy over the next 5 years, to overcome this. Household consumption accounts for about 40% of GDP, far below nearly 70% in the United States. Beijing is planning to target a 5% growth for 2026, keeping its foot on the fiscal stimulus pedal to curb deflation and double its GDP per capita by 2035. It is important to note China's budget deficit target for this year is already at 4% compared to GDP.

Brazil

Recent economic outlook published by the Ministry of Finance projects 2.2% GDP growth for 2025, marking a steep deceleration from the 3.4% expansion observed in 2024. This weaker environment is mostly attributed to the elevated interest-rate seen until now, marked by two strong tightening cycles over the past four years - from 2% in mid-2020 to 13.75% in mid-2022, and subsequently from above 10% in mid-2024 to the current 15%. As a result, Brazil now holds one of the highest real interest rates in the world, at approximately 10.68% (calculated based on current policy rates and inflation projections for 2026). Besides monetary tightening, weaker domestic demand and a slowdown in bank credit further contributed to the weakened growth outlook. Looking forward, the Economic and Fiscal Bulletin forecasts a period of relative stability, with growth projected at 2.40% in 2026 and 2.20% in 2027 (OECD projections). For 2025, GDP expansion is being mostly driven by the Agricultural sector, which is projected to grow 9.50%, offsetting Industry (1.30%) and Services (1.9%) growth. Meanwhile, IBGE's Q3 2025 data show GDP up only 0.1% QoQ, with industry (+0.8%) and agriculture (+0.4%) outpacing the services sector (+0.1%), reflecting the broad impact of high interest rates on domestic demand.

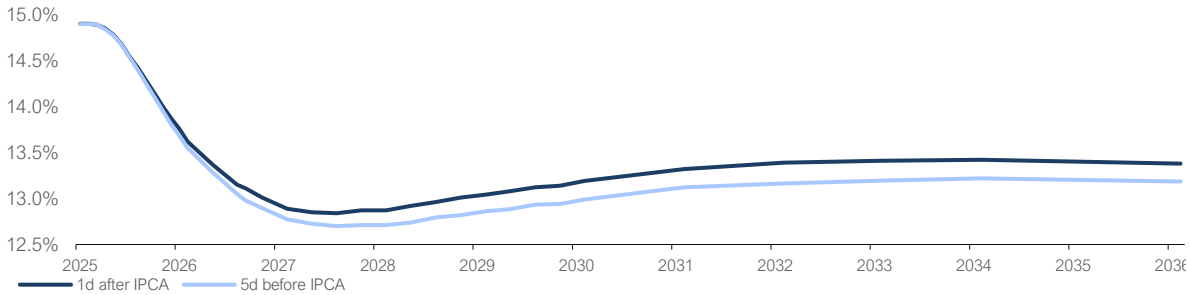
Interest Expectations Mismatch

A worrying problem in recent months has been the widening divergence between market expectations and official government guidance regarding interest-rate trajectories. DI Futures signal rates at 13.50% by the end of 2026 - a reduction of 150 basis points from current levels - and 13% in 2027. Government budget documents published in August, however, project 13% and 10% for the same periods. This persistent discrepancy has contributed to growing concerns over a loss of credibility in official macroeconomic forward guidance made by the government.

Despite that, IPCA-15 for the first half of November, inflation index of the prior 15 days, came out to be inline with expectations, moving up only 0.2% - the first sign that inflation might end the year at target levels. For that reason, BTG Pactual, the biggest Investment Bank in Brazil, reviewed its prediction for interest rate cuts, setting the first one for the next central bank meeting, in January. Since the data became available, DI futures have also shown markets' expectations of a rate cut in January.

Figure 9

DI Rate Futures Expectancy before and after IPCA



Sources: B3 and Bloomberg

Banco Master Fraud Fallout

The most relevant proof of the month, reinstating the weak credit market performance, is the bankruptcy of a mid-sized commercial bank in Brazil. On the 18th of November, Banco Master, an important commercial bank in Brazil, has filed for bankruptcy, having all its assets attained, under control of the Central Bank, for further extrajudicial sale of assets. For now, the assets sales will be managed by FGC (Credit Guarantee Fund), that will insure BRL 250,000 (approx. USD 45,000) per depositor. FGC also expects to provide over BRL 40 billion to cover the bankruptcy – most of it as bank deposit certificates.

The intervention follows Operation Compliance Zero, launched by the Federal Police to investigate financial fraud within the banking and capital-markets sectors. Seven people have been arrested so far, including Daniel Vorcaro, the bank's owner. Other institutions, such as BRB, which acquired part of Master's loan portfolio earlier this year, are also being investigated. Fictor Holding, which had submitted a BRL 3 billion offer to acquire Master's assets on the 17th of November, has since withdrawn and is not currently under investigation.

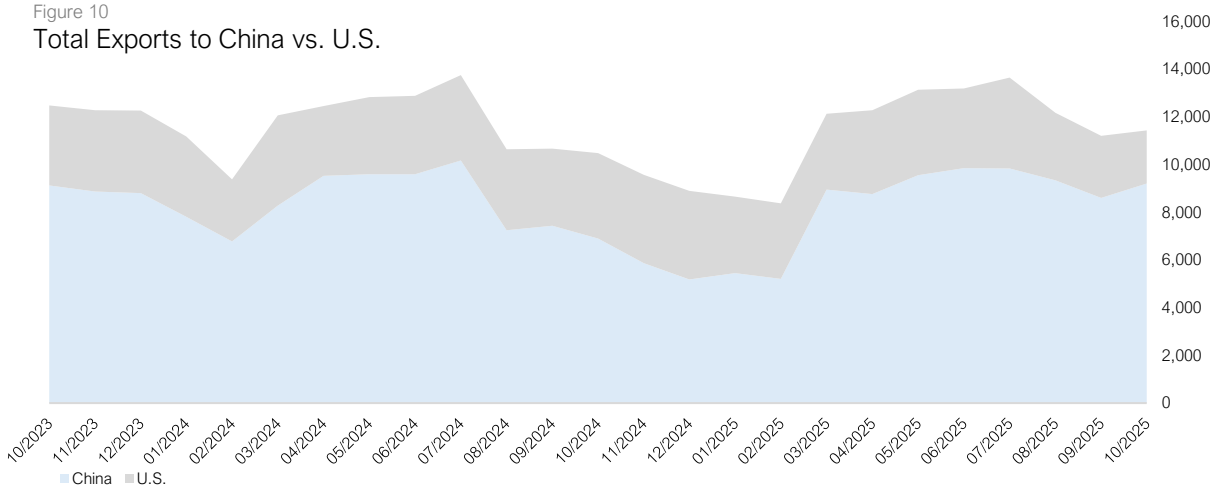
Brighter Trade Horizons

On the international front, the same week marked an important policy shift: President Donald Trump announced the end of the 40% tariffs that had remained on a broad range of Brazilian products, including coffee, meat, and fruits, since their introduction in late July. The move follows increased scrutiny over U.S. core inflation and ongoing high-level contacts between Trump and President Luís Inácio Lula da Silva. However, concerns about renewed tariff pressure resurfaced only five days later, following the arrest of former President Jair Bolsonaro, a close ally of Trump.

The effect of tariffs has been discussed among analysts in Brazil and were mentioned in the last government's economic forecast disclosure. Effects for Brazilian economy, however, showed out to be minor, since Brazil is a net importer of US products and services, with exports to the US accounting for less than 1.9% of Brazil's GDP. Furthermore, there is evidence that China absorbed part of the effect on US exports for October, with exports to China increasing 28.8%, in August, 15.6% in September and 33.4% in October.

Figure 10

Total Exports to China vs. U.S.



Source: Brazil's Department of Statistics and Foreign Trade Studies

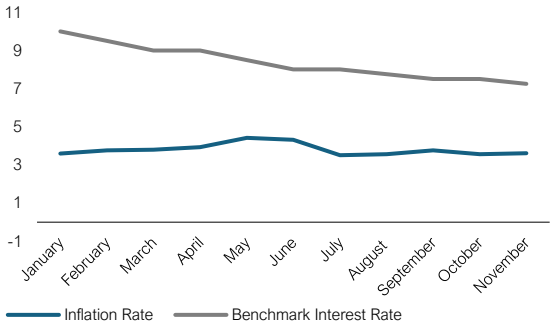
Mexico

Headwinds Hit Mexico

Mexico, the 4th largest economy in the American continent and the 13th globally, is facing significant macroeconomic challenges amid escalating US trade tensions under President Trump's tariffs, which, despite front-loaded export gains, triggered a Q3 2025 contraction of 0.3% and stalled investment in key sectors like autos (20.1% YoY decline) and manufacturing. Even though Banxico cut its benchmark interest rate to 7.25% in November (lowest since May 2022) to foster growth, full-year 2025 growth is expected at just 0.7%, and Banxico's own forecast is just 0.3%. This results from a decline in private and public investment (negative GFCF in all months, -6.7% in September), slowing domestic consumption and slower real wage growth (-0.2 pp in October).

Figure 11

Inflation vs. Benchmark Interest Rate



Source: National Institute of Statistics and Geography (INEGI), Banxico

According to the graph, depicting Mexican F-TIIE (Monthly Contracts), investors bet on a minimum benchmark rate of 6.87% in November 2026, followed by a continuous increase up to 7.33% by 2027 year-end. This reinforces inflation worries, which stood above expectations at 3.61% in November's first-half, and near-term economic issues for the country.

On the other hand, unemployment rate fell from 3.0% to 2.6%, even though Mexico is far from achieving full employment due to a strong influence from informal employment, which distorts data. Moreover, Peso maintained its value compared to the USD (18.3199), having increased in value by 12.1% since the beginning of the year (20.8436, Jan 1st).

The country's main macroeconomic fragilities stem from external trade uncertainties, particularly US tariffs on steel and aluminium (both 50%), and vehicles (average 15%) which have raised average effective rates to 17%, and structural domestic issues like regulatory uncertainty, unreliable energy sources (Pemex's 100.3 billion USD debt), high crime, and corruption.

Overall, for 2025, the Mexican economy is widely expected to experience weak and slow GDP growth, with most forecasts near or under 1%, and November poses no significant alteration to this predicted course.

MENA

Turmoil in the Middle East continues, yet trade operates on pragmatic rather than moral grounds. This allows the Gulf Cooperation Council to advance an economic shift that reduces reliance on hydrocarbons and strengthens non-oil activity. Recent projections point to real GDP growth of about 3.2% in 2025, with further acceleration expected in 2026, supported by strong non-oil performance.

These gains are most visible in Abu Dhabi, Qatar and Saudi Arabia, where non-oil sectors have expanded between 4-6%, driven by tourism, finance, logistics and construction. Inflation remains low and fiscal positions broadly stable, allowing governments to maintain investment without significant social pressure. Saudi Arabia in particular records its highest employment levels in 16 years and a non-oil index approaching previous peaks.

Trade policy has also become more bilateral as the region seeks to reduce exposure to global supply disruptions. New partnership agreements, including a recent four-point $8 billion deal with the United Kingdom, aim to attract investment and diversify export markets. China remains the council's largest trading partner, while the United Arab Emirates uses its geographic position to expand agreements with many economies and strengthen the region as a global transit hub.

Overall, the council's controlled inflation, stable fiscal outlook and rising non-oil contribution support forecasts of robust growth relative to other Middle Eastern economies. This evolution reflects not only economic need but the pursuit of greater structural autonomy, allowing the oil sector to fund long-term stability while the non-oil economy gains strategic weight.

Figure 12

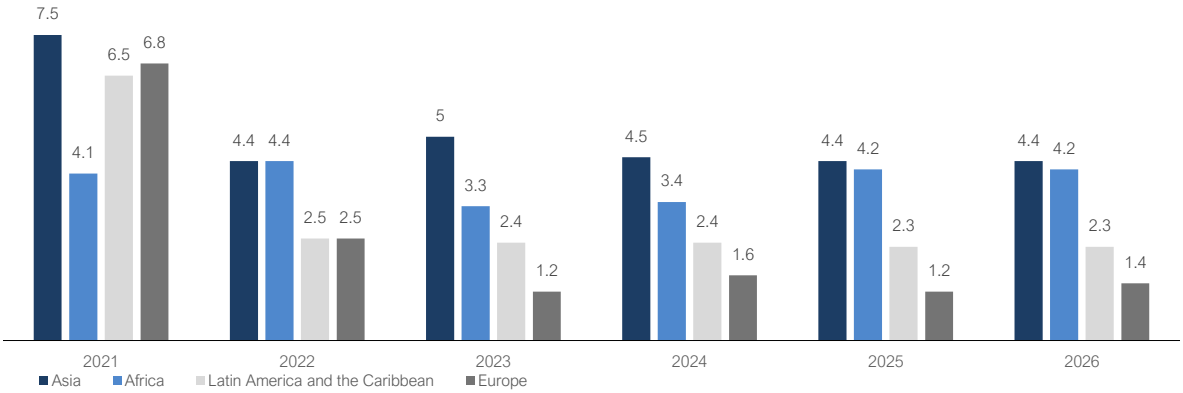
GDP, Real GDP growth and Fiscal Balance (as % of GDP) by region

Region	GDP share 2024 PPP	GDP share 2024 MER	Real DGP growth YoY 2025 Est	Real DGP growth YoY 2026 Est	Inflation YoY 2025 Est	Inflation YoY 2026 Est	Fiscal Balance (%GDP) 2025 Est	Fiscal Balance (%GDP) 2026 Est
Middle East	100%	100%	4.40	2.90	3.40	-1.70	-1.40	-
GCC	57%	74%	3.90	4.40	1.70	2.00	0.90	1.00
Saudi Arabia	33%	40%	4.00	4.00	2.10	2.00	-3.70	-3.70
UAE	12%	18%	4.80	5.00	1.60	2.00	5.10	4.80
Qatar	5%	7%	2.90	6.10	0.10	2.60	-0.30	1.30
Kuwait	3%	5%	2.60	3.90	2.20	2.20	26.80	26.50
Oman	3%	3%	2.90	4.00	0.90	1.50	0.40	1.00
Bahrain	1%	2%	2.90	3.30	0.30	0.80	-10.70	-9.90
Non-GCC	43%	26%	3.60	4.20	11.90	7.40	-9.30	-8.40
Egypt	30%	12%	4.30	4.50	20.40	11.80	-12.40	-10.70
Iraq	9%	9%	3.60	-1.00	2.50	-6.30	-7.10	-
Libya	1%	2%	15.60	4.20	1.80	1.60	-4.30	-1.00
Jordan	2%	2%	2.70	2.90	2.20	2.60	-7.50	-6.00
Lebanon	1%	1%	3.50	4.00	15.20	8.70	0.00	0.00
Palest. Terr.*	0%	0%	3.90	5.10	26.20	3.00	-8.70	-7.90

Source: PwC

Africa Outpacing

Figure 13
Real GDP growth (%) by region and World



Sources: OECD, IMF and World Bank

Africa's Forward Pulse

In its November 2025 update the African Development Bank reports that Africa's real GDP is now expected to grow by 4.2 percent in 2025 and by 4.3 percent in 2026. The improved outlook reflects stronger-than-expected private consumption, supported by accommodative monetary policy and a weaker US dollar relative to prior years, which is boosting domestic demand.

Growth remains uneven across the continent. While some regions and countries are doing well, structural differences and heavy reliance on commodity exports mean many still face vulnerability to external shocks and volatile global demand.

Inflationary and fiscal risks remain. The 2025 report does not present a unified headline for inflation or interest-rate projections valid for all countries. Instead, inflation and macroeconomic conditions are very diverse, with wide variation across countries, meaning that for some, inflation and debt risks will continue to pose serious challenges.

Debt remains an issue even if debt to GDP ratios are stabilizing in some countries. Despite growth, public debt burdens and interest-payment pressures continue to limit many governments' fiscal space, especially in those dependent on commodity revenues or lacking diversified economies.

The report underscores the need for policy actions: governments should deepen structural reforms, diversify their economies, strengthen domestic resource mobilization (tax and non-tax), improve fiscal discipline and debt management, and encourage productive investment.

Cross-assets

Commodities

Commodities

Energy

Commodity markets in November showed divergence, particularly between oil and metals, supported by sharp supply changes. According to the International Energy Agency (IEA), global oil supply is expected to rise by ≈ 3.1 million barrels per day (bpd) in 2025, and by a further ≈ 2.5 million bpd in 2026, reaching an average of 108.7 mb/d next year. In October, although refinery runs temporarily dropped by 2.9 mb/d to 81.5 mb/d, they are forecast to rebound strongly, by 710 kb/d in 2025 and 510 kb/d in 2026. As a result, observable global oil inventories rose by 77.7 million barrels (≈ 2.6 mb/d) in September, pushing total inventory levels to their highest since July 2021. These figures suggest a growing imbalance between supply and demand, reinforcing a bearish outlook for oil and increasing the likelihood of sustained downward price pressure. The World Bank expects that overall commodity prices, including energy, will fall to a six-year low in 2026, extending a multi-year decline. The combined effect supports disinflation globally but challenges the profitability of energy producers and exporting economies.

Agricultural

Agricultural commodities remained weak throughout November, reflecting an oversupplied global market. The FAO Food Price Index averaged 126.4 points in October, a 1.6% monthly decline and more than 20% below its 2022 peak, setting a soft baseline that extended into November's trading. FAO's accompanying outlook reported the Cereal Price Index at 103.6 points, with wheat and rice prices easing amid comfortable global availability. Supply expectations continued to rise: the USDA projected 2025/26 global coarse-grain output at 1.576 billion tons, up 3.2 million tons from prior estimates. The World Bank also noted declines in its food commodity index, with grains down 6% and rice down 10% quarter-on-quarter, reinforcing the downward trend entering November. Together, these indicators point to persistent price softness across major agricultural markets, driven by robust production forecasts, rising inventories, and limited upside catalysts, making agriculture one of the weakest segments of the global commodity complex during the month.

Metals

Precious metals, especially gold, remained strong throughout November, with performance driven by macroeconomic forces rather than daily volatility. Monthly data from the World Gold Council show that gold had delivered over a 60% return YTD in USD and had set more than 50 record highs in 2025, supported by persistent geopolitical risk, weaker US-dollar conditions, and robust central-bank demand. The LBMA monthly benchmark fixings indicate that average November prices held near historical peaks (around 4,200 USD/oz), confirming that the month as a whole sustained exceptionally elevated spot levels rather than isolated spikes.

In futures markets, COMEX gold contracts for November traded within a relatively tight but elevated range of roughly 3,900–4,230 USD/oz, reflecting a stable high-price regime and reinforcing expectations of continued strength in 2026. This sustained performance was closely tied to monetary-policy expectations.

The Federal Reserve, having cut rates twice earlier in 2025, held the funds rate at 3.75–4.00%, while futures markets assigned an 80–90% probability to another 25-bp cut at the December FOMC meeting, supporting gold by lowering real yields and weakening the dollar. Meanwhile, the ECB and Bank of England kept rates unchanged (2.0% and 4.0%, respectively), creating a relative-rate environment in which US yields were expected to fall faster than those of other major currencies. Consistent with this, the USD index (DXY) depreciated roughly 1–1.5% over the month, making gold cheaper globally and supporting gold's role as a global hedge across both spot and futures markets.

The standout performance in industrial metals came from Copper. On 28 November 2025, copper on the London Metal Exchange (LME) surged to a new all-time high above US$11,210.50/tonne, slightly above its previous record set just weeks earlier, while LME cash prices compiled held mostly between US $10,600–10,900/t, indicating a consistently elevated pricing environment supported by fundamentals. Supply constraints remained central.

The International Copper Study Group (ICSG) revised its 2025 global mine-production growth estimate down to ~1.4%, reflecting delays in new capacity and operational disruptions. This aligns with projections of a refined-copper deficit of about 330,000 tons in 2026, reinforcing expectations that the tightness observed in November is part of a multi-year imbalance. On the demand side, long-term structural drivers remain strong, with accelerated electrification, expansion of renewable-energy infrastructure, growth of power grids and data centers. Given that investment in new copper mines and capacity growth has been sluggish, the gap between demand and supply is only expected to widen.

Publication Details

LIS Monthly Newsletter
This report has been prepared by the Lisbon Investment Society (LIS) Global Markets Research team, an independent, student-led, non-profit organization based at ISEG – Lisbon School of Economics & Management. Please see important disclaimers at the end of this document.

This report reflects the independent analysis of the Global Markets Research team and the oversight of the Global Edge Department.

Leadership
President, Lisbon Investment Society
Raul Vasconcelos
(Oversight and final formatting)

Head of Global Edge
Miguel Gomes
(Departmental oversight)

Head of Global Markets Research – Macro
John Stavale
(Team leadership)

Analysts, Global Markets Research
Hugo Testa
João Tonin
Martim Patinho
Rafael Rios

Head of Global Markets Research – Articles
Gurkirat Kaur
(Team leadership)

Analysts, Global Markets Research
Afonso Ratinho
Clara Grilo
Gabriele Bottini
Henrique Costa
Ivan Muntyan
Tomás Meneses

Design & Communications
Head of Marketing
Sofia Gomes

Publishing date
5 December 2025

Languages
English, Spanish

Contact
www.lisiseg.com
lis@iseg.ulisboa.pt

Disclaimer

This report was prepared by members of the Lisbon Investment Society (LIS), an independent, student-led, non-profit organization based at ISEG – Lisbon School of Economics & Management. It is intended solely for academic and educational purposes.

All views, commentary, and assessments expressed herein reflect the independent judgment of the authors as of the date of publication and are subject to change without notice. The views presented do not represent those of ISEG, its faculty, or any affiliated entity.

This document provides general market commentary and educational overviews (including, where applicable, discussion of macroeconomic conditions, rates, FX, equities, commodities, regions, and sectors). It does not constitute investment research, investment advice, an offer, or a solicitation to buy or sell any security or financial instrument, nor should it be interpreted as a recommendation to make or refrain from making any investment decision. Readers should conduct their own analysis and, where appropriate, seek advice from a qualified financial professional.

The information contained herein has been obtained from publicly available sources believed to be reliable; however, LIS and its members make no representation or warranty as to the accuracy, completeness, or timeliness of such information. Market prices, performance figures, and other data may be delayed or revised. Any forward-looking statements, scenarios, or illustrative examples are hypothetical, involve risks and uncertainties, and are not guarantees of future performance. Past performance is not indicative of future results. LIS and its members accept no liability for any direct or indirect loss arising from the use of this report or its contents.

Any company names, logos, trademarks, or brand references are the property of their respective owners and are used solely for identification and academic purposes. This document may not be reproduced, redistributed, or quoted in whole or in part without the prior written consent of the Lisbon Investment Society.

About the Lisbon Investment Society

The Lisbon Investment Society (LIS) is a non-profit academic association headquartered at ISEG – Lisbon School of Economics & Management. Founded in 2016, LIS is committed to fostering student interest in finance and investment through applied research, skill development, and institutional engagement.

The Society operates independently and autonomously from any political, religious, or commercial affiliation. It is composed of selected students and collaborators who are invited through a rigorous recruitment process and share a commitment to excellence, analytical rigor, and ethical standards. Its activities include equity research, portfolio management, macroeconomic analysis, and investment education.