

Message from the Investment Manager



Resilient Labor Market and Fed Easing

U.S. economic momentum remained healthy in October. The labor market held steady, as ADP figures showed no further slowdown even after layoffs at major firms. Fed cut rates by another 25 basis points to support softening job gains and will stop shrinking the central bank's balance sheet starting December. Business activity in the eurozone unexpectedly reached its highest level since May 2024, supported by Germany's resilience offsetting weakness in France. In France, Prime Minister Lecornu gained short term political breathing room for budget negotiations by suspending pension reform, though the overall economic and political climate remained tense. Japan's nominal wages rose 1.9% year on year in September, but real wage growth stayed negative at -1.4% as inflation accelerated on higher energy costs. New Prime Minister Takaichi announced a new package of economic measures to ease the burden of inflation on households and to launch a growth strategy focused on key industries.

China Growth Subdued, Trade Truce Lifts Sentiment

China's economy remained subdued, construction and services PMIs also underperformed, highlighting ongoing housing and consumer challenges. Exports contracted as global demand failed to offset the deepening decline in shipments to the U.S.. CPI rebounded in October, lifted by Golden Week demand for food and services. The China market rose as a new trade truce with the U.S. lifted sentiment, even as uncertainty remains over core issues like national security and trade balance.

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