



Weekly Market Report For 10 – 14 November 2025

Overview



- Stocks surged early in the week on hopes of ending the U.S. government shutdown but turned volatile and fell later due to concerns the Fed may delay rate cuts.
- U.S. House passed government funding bill, ending longest-ever government shutdown, restoring federal programs and back pay.
- Fed officials signaled caution on rate cuts due to missing economic data.
- Japan GDP -0.4% QoQ and -1.8% YoY in 3Q25.
- Our top picks are **KFHEALTH / KFGDIV / KFGBRAND** while the tech correction is a buying opportunity.

Market Brief



 Last week, stocks bounced early in the week as optimism grew after the U.S. government shutdown ended. Later, markets turned volatile due to hawkish Fed commentary suggesting hesitancy on a December rate cut, partly because economic data was delayed by the shutdown. Tech and AI stocks faced selling pressure after concerns about lofty valuations and comments from notable investors.

 **U.S. Government Shutdown**

- The House passes funding bill to end longest-ever government shutdown.
- The legislation funds three departments for the full year: Agriculture, Veterans Affairs, and Legislative Branch. Other agencies are funded only until January 30, 2026, risking another shutdown if no new deal is reached.
- The legislative package drops Democrats' demand for an extension of Affordable Care Act (ACA), which expire at year-end, but guarantees a Senate vote by mid-December.
- Notes that economic data reporting will resume, which markets view positively.

 **Fed officials' comments**

- Several officials voiced caution, citing lack of jobs and inflation data due to the government shutdown. Market odds of a December cut fell, pushing Treasury yields higher, gold prices lower and triggering a stock sell-off.
- However, a December cut is not completely off-the-table due to gradual labor market cooling and tariff-driven inflation is seen as temporary. Economists note that if the Fed skips December, it will likely resume cuts later, as the broader trend is toward easing.

 **Japan**

- GDP contracted 0.4% QoQ and 1.8% YoY on 3Q25 due to weak household spending and sluggish exports amid global slowdown and U.S. tariff.
- The BOJ may lean toward more monetary easing to support the economy.
- Prime Minister Sanae Takaichi is preparing an economic stimulus package that includes investment in AI, semiconductors, and measures to ease living costs.

 **Concerns of an AI bubble**

- AI-related stocks valuations are high, but are far below past bubbles (dot-com bubble), thanks to lower P/E ratios, strong earnings growth, solid balance sheets, low debts, and proven business models.
- Analysts note that while AI spending remains strong, the trend suggests a shift toward disciplined investment rather than unchecked spending as investors are starting to penalize firms that overspend without clear profitability.

 **Market view**

- Global markets have seen profit-taking after a prolonged rally, but the current pullback is expected to be mild. Several supportive factors remain in place: the economy is slowing but not in recession, inflation is under control, and monetary policy is turning more accommodative with interest rates trending downward. Fiscal stimulus measures across major economies continue to provide a cushion, while strong investment in AI and expectations of sustained corporate earnings growth underpin optimism for next year.
- Capital is flowing out of high-growth technology and AI stocks into more traditional, undervalued, and defensive sectors.



Investment Outlook

 Top picks remain focused on Healthcare, Dividend and Global Brand funds (**KFHEALTH / KFGDIV / KFGBRAND**) At the same time, the recent correction in technology stocks is viewed as a buying opportunity, as the AI theme continues to stand out and is expected to drive growth into next year.

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