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Chief Investment Office GWM
Investment Research

What to watch in the week ahead

Weekly Global

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- A deal in the Senate kindled hopes for an imminent end to the US government shutdown, which is now the longest in history. The news helped markets get off to a good start on Monday. Investors will be eager for updates on whether US lawmakers can finalize the agreement.
- Volatility returned to equity markets, as worries over tech valuations interrupted a three-week winning streak for US and global stocks. This week, investors will be looking to see if markets can regain confidence. We maintain our conviction that AI-related stocks should drive equity markets, and we believe underallocated investors should add exposure to the theme through a diversified approach.
- Finally, gold has yet to fully recover from a recent bout of weakness, despite a strong start to trading this week. We expect the gold rally to resume, given robust demand from investors and central banks.

Will tech bubble fears ease?
Volatility returned to equity markets, as worries over tech valuations interrupted a three-week winning streak for US and global stocks. The tech-heavy Nasdaq index ended the week down 3%, the largest fall since President Trump's "Liberation Day" tariff announcement in April. The losses would have been even deeper had it not been for a late rebound on Friday amid some indications that US lawmakers are intensifying efforts to end what is now the longest government shutdown in US history. Concerns over historically high equity multiples had mounted earlier in the week after several prominent US bank executives warned that parts of the market looked frothy and overvalued.

This week, investors will be looking to see if markets can regain confidence. For the results of chipmaker NVIDIA, the world's largest company, inventors will have to wait until 19 November. But further tech deals, such as the recent USD 38bn agreement between OpenAI and Amazon, could serve as a reminder of the momentum in the sector.

Our view remains that valuations—though elevated by historical standards—are justified. Third-quarter earnings have been encouraging. With numerous top firms announcing they would scale up capital spending, we now expect the global total to reach USD 423 billion this year, up from our prior estimate of USD 375bn, and to rise to USD 571 billion next year, up from USD 500bn. Top firms in the sector showed progress in monetizing AI. That supports our expectation for earnings growth of 15% from global tech this year, followed by a solid 12.5% increase in 2026. As a result, the bulk of capital spending is being funded from cash flows, rather than leverage as in many prior investment booms. AI is already driving productivity gains: Adecco's

Explore more about bubble worries and stocks

- Investors have been caught between the fear of missing the AI revolution and growing worries about an equity market bubble. Kiran Ganesh, CIO's global head of investment communication explains our view. (Apple, Spotify).
- Listen to our Jumpstart podcast for a 5-minute preview of the key market themes for the week ahead, including tech sentiment, policy risk, and gold.
- Watch our video on why we raised our capital spending projections for AI.
- Listen to our podcast on global and Asian tech. Should investors buy the dip or take profit?

Explore more about political risk, tariffs, and the shutdown

- Listen to our Signal over Noise podcast, in which Ulrike Hoffmann-Burchardi, CIO Americas and Head of Global Equities for UBS Wealth Management, outlines the potential for an end to the US government shutdown, as well as other issues coming up in the week ahead. (Apple, Spotify)
- Read our Briefcase on how investors should deal with geopolitical and policy risks.
- Kurt Reiman, CIO's head of fixed income for the Americas, explains our latest reading of the Supreme Court's view of the President's authority to impose tariffs.

global survey found an average of one hour saved per day for workers using AI, while Forbes reported 52 minutes. Our calculations indicate that future productivity improvements will be sufficient to justify ongoing AI investments and related depreciation.

So, we maintain our conviction that AI-related stocks should drive equity markets, and we believe underallocated investors should add exposure to the theme through a diversified approach.

Will US lawmakers end the longest-ever government shutdown?
Uncertainty over US policy was also a major theme last week. First, the US government shutdown extended beyond 35 days, making it the longest in the nation's history. Several of the US's biggest airlines have announced hundreds of flight cancelations amid staffing shortages at American airports, while food aid benefits for 42 million low-income Americans have been reduced. The mood lifted late in the week and over the weekend, however, after Senate Republicans struck a deal with enough Democrats to keep the government funded temporarily—though a final vote has yet to be scheduled. Second, the Supreme Court heard arguments in a case that could shake up US tariffs policy by striking down the president's ability to impose levies based on the 1977 International Emergency Economic Powers Act (IEEPA). These account for around 70% of the total levies imposed by the US administration this year. The tone of the hearing appeared to increase the chances that the court will strike down the tariffs, with several members of the court's conservative majority expressing skepticism about the legality of the levies.

The timing of the court's ruling is unclear and could only come early next year. A ruling against the administration could have a mixed effect. On the one hand, it would reduce President Trump's ability to use tariffs as a tool of foreign policy. On the other hand, the administration would likely seek to rebuild tariffs via other avenues, including basing them on unfair trade practices or threats to national security. This could temporarily generate volatility for affected countries and products.

But the focus this week is likely to be on the shutdown. The probability of an imminent breakthrough increased with a deal in the Senate on Sunday, with investors now focused on a follow-up vote before any agreement could be delivered to President Trump for approval. We believe pressure for a compromise is intensifying as we near the 27 November Thanksgiving holiday, when many Americans travel for family gatherings and flight reductions would be most disruptive. If a deal can be reached, investors will also be looking for the release of economic data—such as the most recent monthly jobs report—which was delayed by the shutdown.

Despite the progress on the shutdown, we expect uncertainty to remain elevated, reinforcing our positive view on quality fixed income, which is traditionally seen as a safe haven. The asset class offers a combination of attractive yields and the potential to perform well in the event of slowing economic activity and further rate cuts.

Can gold regain its lost momentum?
The precious metal last week remained around 6% below its late October all-time high above USD 4,350 an ounce. This was despite still elevated levels of uncertainty due to the timing of an end to the US shutdown and the outlook for tariffs. Part of the reason for cautious trading in gold may have been concerns that the Federal Reserve might refrain from cutting rates at its December meeting, amid some signs of stabilization in the labor market from the ADP private sector jobs report and the ISM services sector survey. A higher

Explore more about gold

- Watch our video Three reasons why we're still bullish on gold.
- Read our latest House View Daily on the latest on gold, and why we think it's rally can resume.

interest rate raises the opportunity cost of holding non-interest-bearing gold.

After a strong start to gold trading on Monday, investors will be looking to see if the rally in the precious metal can resume in earnest. Our view is that the fundamental drivers of gold's rise remain intact. At close to USD 4,080 an ounce, the metal is still up around 54%% since the start of the year. Demand for gold reached USD 146bn in the third quarter, a record high in value terms, according to the World Gold Council. Investor demand for the metal was up by close to 50% over the same period last year, fueled by a volatile geopolitical environment and a fear of missing out after gold's steep rise. Central banks also remained eager buyers of gold, with purchases rising 28% over the prior quarter and 10% up on the prior year. We expect this trend to continue as many authorities diversify away from US dollars. Finally, we still expect concerns over the labor market to lead to two further rate cuts from the Fed by the end of the first quarter.

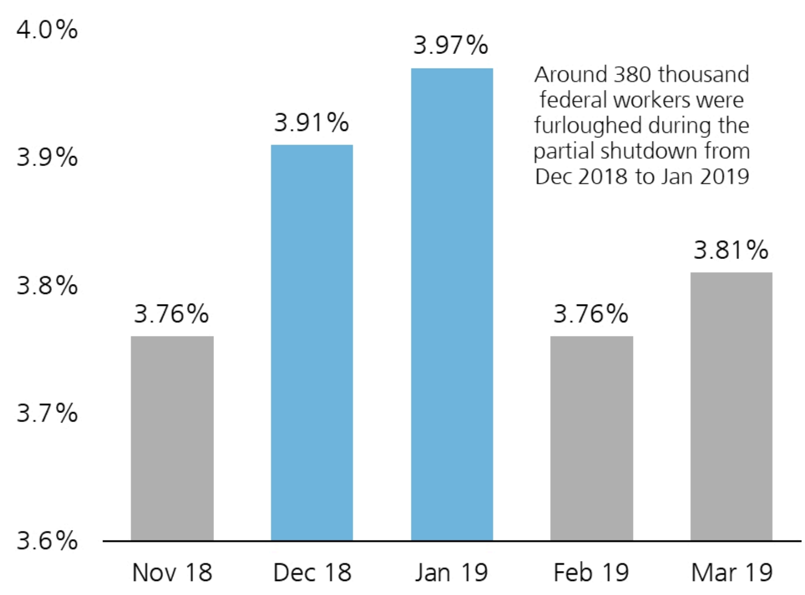
Despite the pullback in gold in recent weeks, our target remains USD 4,200/oz for the next 12 months, while a rise in political and financial market risks could lead gold to our upside target of USD 4,700/oz. Gold remains a good hedge in a portfolio context, and with higher volatility, we also favor yield-pickup strategies.

Chart of the week

Progress toward ending the longest-ever US government shutdown, lasting over 40 days and counting, appears to be under way after the Senate passed the first stage of a deal on Sunday. In the previous shutdown, around 380,000 federal workers were temporarily laid off, contributing to the sharp rise in unemployment data for December 2018 and January 2019. In contrast, the current shutdown has seen as many as 750,000 workers furloughed since October, roughly double the layoffs of the last episode. This significant disruption is likely to add considerable noise to the household labor survey and unemployment figures, especially if retroactive pay is not granted to those furloughed.

US government shutdown may introduce noise to labor data

US headline unemployment rate during 2018 shutdown, %



Source: Bureau of Labor Statistics, Haver, UBS, as of Nov 2025

Non-Traditional Assets

Non-traditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments). Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. An investment in an alternative investment fund is speculative and involves significant risks. Specifically, these investments (1) are not mutual funds and are not subject to the same regulatory requirements as mutual funds; (2) may have performance that is volatile, and investors may lose all or a substantial amount of their investment; (3) may engage in leverage and other speculative investment practices that may increase the risk of investment loss; (4) are long-term, illiquid investments, there is generally no secondary market for the interests of a fund, and none is expected to develop; (5) interests of alternative investment funds typically will be illiquid and subject to restrictions on transfer; (6) may not be required to provide periodic pricing or valuation information to investors; (7) generally involve complex tax strategies and there may be delays in distributing tax information to investors; (8) are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits.

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