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Chief Investment Office GWM
Investment Research

What to watch in the week ahead

Weekly Global

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- Tech stocks were volatile last week amid concerns that the sector has become too expensive. Investors will be hoping that results from chipmaker NVIDIA, the world's largest company, will provide reassurance.
- Political and geopolitical risks eased last week, with the US government's reopening and progress on trade deals. Will this more benign backdrop prove a headwind for preceived "safe-haven" assets like gold?
- Markets are split on whether the Fed will cut rates again at its December policy meeting. Will jobs data and comments from top central bank officials provide greater clarity?

Will the finale of the tech earnings season cheer investors?
The market mood on tech continues to swing between optimism—driven by the flow of deals and upbeat commentary from top executives—and caution over elevated valuations. Worries over valuations dominated the end of last week, leading to a 2.3% decline in the Nasdaq on Thursday and a weekly decline of 0.5%. This was despite otherwise positive news on tech throughout the week, including projections of rapid growth from chipmakers AMD and Infineon. That comes at the end of a robust third-quarter earnings season from the tech sector, which pointed to a combination of accelerating capital spending and swift progress in monetizing AI.

As usual, the finale for the sector comes from chipmaker NVIDIA, now the world's largest company, ahead of Apple and Microsoft. There were some clues last week that the outlook remains positive, after the company's chief executive, Jensen Huang, said he had asked TSMC—the world's largest contract chipmaker—for more supplies.

A reassuring finale to the earnings season would likely reinforce confidence in the outlook for AI, along with supporting industries such as power and resources. That said, investors should not neglect diversification. Around 80% of US companies have beaten earnings forecasts, the broadest in several years.

Can gold rally despite a less risky backdrop?
The precious metal typically benefits from elevated political uncertainty. So, the current environment might be expected to be a challenging one for gold. The US government shutdown, which lasted a record 42 days, ended last week. Though the deal only keeps the government open temporarily —with funding for federal agencies running out again on 30 January—the deal should limit further disruptions to US flights, delays to US economic data, and financial strains for federal employees.

Explore more about bubble worries and stocks
- Listen to our Signal over Noise podcast, in which Ulrike Hoffmann-Burchardi, CIO Americas and Head of Global Equities for UBS Wealth Management, outlines our latest views on the stock market and looks ahead to key events this week. (Apple, Spotify)
- 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 Communications, explains our view. (Apple, Spotify).
- Read our recent House View Daily on why we expect equity markets to resume their upward trend.

Explore more about gold and geopolitics
- Listen to our JumpStart podcast for more on NVIDIA's upcoming earnings, the outlook for Fed rate cuts, and the latest on gold.
- Watch our video: Three reasons why we're still bullish on gold.
- Read more here about the trade agreement between the US and Switzerland.

Explore more about the Fed and other central banks
- Read our Briefcase on what Fed rate cuts mean for investors.
- Learn more about the outlook for currencies here.

Trade tensions are also ebbing for now, with progress in deals to lower US tariffs on both the EU and Swiss goods. And on Friday, President Trump also rolled back tariffs on more than 200 food products amid concerns among Americans over high grocery prices.

But so far, this more positive backdrop has not proved a headwind for gold. Last week, the price moved back above USD 4,000 an ounce and is trading close to USD 4,100/oz at the time of writing. Despite the respite from political risk, we expect uncertainty to simmer—including over trade ahead of the Supreme Court's decision whether to strike down the president's authority to impose tariffs based on economic emergencies. Further Fed rate cuts would lower the opportunity cost of holding gold, and we believe real rates will move below zero. Gold demand remains robust from both central banks and investors. So, we continue to see a positive outlook for gold.

Will Fed speakers and US data restore confidence over rate cuts?
As the week ended, investors were split on the probability of a rate cut at the Fed's December meeting. Markets are pricing a 50% chance of a reduction, down from around 100% a month ago. This followed a range of more cautious comments from top Fed officials, including from Boston Fed President Susan Collins, a voting member of the rate-setting committee, who argued last week for keeping rates on hold "for some time" in this "highly uncertain environment." And the data fog continues to add to uncertainty, with the government shutdown meaning that the consumer price index for October will not be published.

But investors will get more guidance this week on the outlook. The delayed October jobs data will be released—albeit without an unemployment figure. A range of top Fed officials are also scheduled to speak.

Our view is that the Fed will cut twice more by the end of the first quarter of 2026. While inflation remains about a percentage point above the Fed's 2% target, the focus of most policymakers has shifted to the deteriorating health of the labor market. Recent privately collected surveys of the labor market have added to evidence of cooling demand for workings, including a release last week from ADP suggesting that US companies shed 11,250 jobs on average in the four weeks ending 25 October. The Challenger, Gray, & Christmas survey showed employers announcing the most job cuts in October in more than two decades. Confidence surveys have also been pointing to growing concerns among consumers about the risk of unemployment. In addition, we expect the balance on the Fed's policy setting committee to shift further toward easing in 2026.

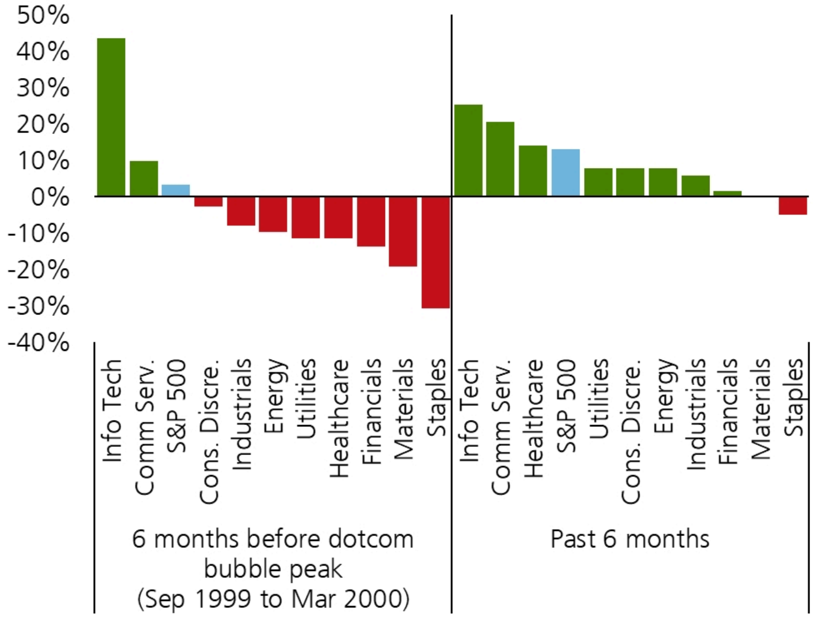
So, against this backdrop, we see a favorable risk-reward for quality bonds, which we believe offer durable income and the potential to perform even better if economic conditions deteriorate more than expected.

Chart of the week

Equity markets have been volatile lately, driven by concerns of a potential AI bubble given elevated valuations. But unlike the dotcom era, today's market dynamics are different. As shown in the chart below, US equity market performance is broader and less bifurcated than during the dotcom bubble. Although valuations remain high, the current earnings season has delivered strong results, with both the breadth and scale of earnings beats surpassing historical averages. Leading tech firms now generate more stable revenues and maintain healthier cash positions and balance sheets, supporting solid earnings growth prospects. Therefore, we believe the valuations of today's tech giants are warranted, and remain confident that the equity bull market will continue.

Equity market performance is broader this time compared to the dotcom bubble

S&P 500 sector performance 6 months before the dotcom bubble peak vs. past 6 months, %



Source: Bloomberg, UBS, as of Nov 2025

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