

RobustQuant Weekly Compass

Weekend Edition | November 16, 2025

 **COMPASS FOR EMOTIONAL DISCIPLINE—NOT TRADING ADVICE**

Weekly boundaries to help reduce fear and greed in market decisions

1 | At a Glance

Asset	Range	Width	Track Record
S&P 500 (SPX)	6,504 – 6,997	±3.7%	45/48 (93.8%)
Gold (GLD)	352 – 407*	±7.5%	18/19 (94.7%)
REITs (XLRE)	39 – 43*	±4.9%	8/9 (88.9%)

*Newsletter-exclusive coverage




Target: ~95% of weekly closes fall within these ranges

Track record details → robustquant.com/predictions

2 | This Week's Summary

Last week marked the end of America's longest government shutdown in history. Markets spent nearly a month without critical macroeconomic data: no CPI, no payrolls, no sentiment indicators. FOMC navigated policy with minimal visibility whilst investors operated in statistical darkness.

Key Results:

- S&P 500: 6,759 (mid-upper range) 
- Gold: 376 (mid-upper range) 
- REITs: 41 (mid-range) 

Without data, markets react to microstructure—volatility, momentum, breadth of movement—not macro interpretation, because macro interpretation simply isn't available. The result was sentiment drift without numerical anchoring, yet all three assets remained within boundaries.

This is where systematic models have the advantage. They don't work with narratives or estimates, only with market behaviour. Shutdown removed economic statistics but couldn't remove price formation data—and that's precisely what Compass relies on.

Data will return. But recent weeks showed the model maintains structure even when official data vanish from the calendar.

3 | What Moved Markets (Nov 10–16)

Shutdown Ends, Data Void Remains:

Federal government shutdown concluded November 12 after 43 days—longest in US history—when President Trump signed funding extension through January 30, 2026. Damage to economic statistics proved permanent: October CPI, employment report, and PPI never released. White House acknowledged "Democrats may have permanently damaged the Federal Statistical System." Even weekly jobless claims suspended, forcing private analysts to construct estimates (227,543 for week ending Nov 8).

US-China Trade Deal Implementation:

Agreement effective November 10 suspended China's rare earth export controls for one year. China committed to purchasing 12 million metric tonnes US soybeans Nov-Dec 2025, removed all retaliatory agricultural tariffs from March 4. US reduced fentanyl-related tariffs 10 percentage points, maintained reciprocal tariff suspension at 10% through November 2026.

Food Tariff Rollback:


President Trump announced November 14 executive order removing US tariffs on beef, coffee, tropical fruits, tea, cocoa, spices following framework agreements with Ecuador, Guatemala, El Salvador, Argentina. Timing suggested political pressure over consumer prices ahead of 2026 midterms.


Consumer Sentiment Near Record Lows:

University of Michigan preliminary November reading plunged to **50.3** from October's 53.6, approaching early 2020 pandemic lows (year-over-year decline 29.9%). Yet October retail sales advanced 5.0% year-on-year—dichotomy reflecting wealth effect divergence between asset-rich households and middle-income families facing persistent services inflation.


→ For detailed regional breakdowns and economic data, see Appendix at end of newsletter

4 | S&P 500 (SPX) Boundaries (Nov 21)

 **Range: 6,504–6,997**

 **Hit Rate: 45/48 weeks (93.8%)**

Last Week's Performance:

Last week: Range 6,486-6,957, closed **6,759** (mid-upper range) 

Current range: 6,504-6,997

Close at 6,759 positioned mid-upper range as markets absorbed shutdown conclusion without October CPI or payrolls. Range widens slightly ($\pm 3.7\%$ vs $\pm 3.5\%$) reflecting both stability and elevated uncertainty from missing macro anchors. Week driven purely by market behaviour rather than scheduled data releases.

Model holds 93.8% hit rate (45/48). This week showed the system doesn't depend on statistical publications—market generates enough information without them. Shutdown suspended economic reports but couldn't suspend price discovery, volume patterns, or volatility behaviour.


For Your Planning:

- Lower zone (6,504-6,720): Where fear often peaks
- Middle zone (6,720-6,850): Normal trading area
- Upper zone (6,850-6,997): Where excitement builds

Remember: These are weekly movement boundaries, not buy/sell signals.

5 | Gold (GLD) Coverage (Newsletter-Exclusive)

 **Range: 352–407**

 **Containment: 18/19 weeks (94.7%)**

Last Week's Performance:

Last week: Range 346-398, closed **376** (mid-upper range) 

Current range: 352-407


GLD closed **376**, advancing 8 points (+2.2%) from prior week's 368. Continued consolidation following October's whipsaw (403 → 367 → 378). Range shifts modestly higher whilst widening (352-407 vs 346-398, $\pm 7.5\%$ vs $\pm 7.0\%$) as model responds to completed upward drift combined with elevated uncertainty from data vacuum. Track record strengthened to 94.7% (18/19), now exceeding design parameters as sample approaches statistical significance. Safe-haven function operated normally during statistical void—same as equity markets, GLD price formation continued regardless of missing BLS reports.

For Your Planning:


- Lower zone (352-375): Where fear flows typically emerge
- Middle zone (375-385): Consolidation territory
- Upper zone (385-407): Where safe-haven demand peaks

6 | REITs (XLRE) Coverage (Newsletter-Exclusive)

 **Range: 39–43**

 **Containment: 8/9 weeks (88.9%)**

Last Week's Performance:

Last week: Range 39-43, closed **41** (mid-range) 

Current range: 39-43

REITs closed **41** for second consecutive week. Rate-sensitive sector remained stable despite Fed policy uncertainty from missing October data. Range unchanged at 39-43 ($\pm 4.9\%$) for third consecutive week, reflecting established equilibrium when policy signals absent. Without October CPI or payrolls, markets lacked conviction for directional moves. Track record improved to 88.9% (8/9). Early-stage tracking (9 weeks) means individual results carry disproportionate weight, but consecutive mid-range closes suggest model calibration stabilising.

For Your Planning:

- Lower zone (39-40): Where rate-hike fears typically pressure sector
- Middle zone (40-42): Normal trading area given current policy uncertainty
- Upper zone (42-43): Where rate-cut optimism drives positioning

7 | Psychology & How to Read

Shutdown created information vacuum. When data vanish, speculation grows. This typically leads to errors: retail buys euphoria, sells fear.

Compass functioned without data—because it works with what markets did, not with statistics that never came out.

This week is textbook example of systematic boundaries' value.

What They Show:

Weekly boundaries where markets typically move—designed to help you stay calm when information vanishes and emotions run high.

What They Don't Show:

Buy/sell signals, price targets, or guaranteed outcomes.

The Retail Trap:

Most individual investors buy high when markets break above ranges (excitement peaks) and sell low when they fall below (fear dominates). This emotional pattern—amplified when data disappear and speculation fills the void—is the primary destroyer of long-term returns. This compass is designed to help you avoid this trap.

Professional Approach:

- Stay systematic within boundaries
- Lower ranges: Fear creates opportunities for planned strategies
- Upper ranges: Excitement may warrant risk review
- Outside ranges: Market behaviour shifting beyond normal parameters

8 | Track Record

Performance Since Launch:

- S&P 500: 45 hits in 48 weeks (93.8%)
- Gold: 18 hits in 19 weeks (94.7%)
- REITs: 8 hits in 9 weeks (88.9%)

What This Means:

SPX containment rate held steady at 93.8% (45/48) despite unprecedented data environment. This week's containment during shutdown aftermath—when markets navigated without October CPI, employment data, or complete jobless claims—demonstrated the model doesn't depend on

government statistics. Track record stability across data vacuum reinforces core approach: boundaries derive from completed price action, not from macroeconomic forecasts.

GLD improved to 94.7% (18/19), now exceeding design parameters with nearly 20-week sample providing statistical significance. Gold's consistent containment during shutdown period—including week of complete macro data absence—illustrated safe-haven price formation continues independently of scheduled government reports. Containment through trade deal implementation, food tariff rollback, and consumer sentiment collapse to 50.3 highlights model's ability to capture complex dynamics without requiring narrative interpretation.

REITs advanced to 88.9% (8/9) as rate-sensitive sector demonstrated stable mid-range positioning despite Fed policy uncertainty from missing October data. Three consecutive weeks at unchanged 41 close with identical 39-43 range reflected established equilibrium when policy signals absent. Early-stage tracking (9 weeks) means individual misses carry disproportionate weight, but recent consistency suggests calibration stabilising for sector highly sensitive to rate expectations yet paradoxically range-bound when data disappears and conviction evaporates.

Transparency:

All ranges published before each week starts. No retroactive changes. Complete history available on our website.

9 | Method and Limitations

How Ranges Work:

Combines current volatility patterns, trend direction, and momentum indicators. Targets ~95% weekly containment rate. Importantly: model doesn't require macroeconomic data releases. Operates on market behaviour—completed price movement, volatility, breadth—which remains continuous regardless of government statistics publication schedule.

When Ranges Break:

Breakouts signal markets transitioning beyond normal parameters. These aren't failures—they're signals that create opportunities for disciplined investors prepared to recognise regime changes. This week's containment during unprecedented data vacuum demonstrated that systematic boundaries can maintain effectiveness even when traditional macro anchors (CPI, payrolls, sentiment surveys) vanish temporarily or permanently.

Current Environment:

Data void environment highlights why systematic boundaries don't depend on scheduled government releases. When October CPI, employment reports, and PPI vanished—creating "lost month"—approaches relying on headlines faced paralysis: without statistics, subjective interpretation lacks foundation. Model operated normally because it never required those anchors.

Framework derives boundaries from continuous market behaviour: volatility patterns, momentum continuation, return-to-range dynamics, breadth patterns. These elements function regardless of BLS publication schedules. Shutdown suspended economic reports but couldn't suspend price discovery, volume patterns, or volatility behaviour—the actual inputs the model consumes.

This week exemplified the advantage: whilst sentiment collapsed to 50.3 and investors speculated about missing data implications, ranges held because they track what markets do, not what reports say markets should do. Fed navigated November meeting without critical inflation and labour market data, yet price formation continued systematically. Consumer sentiment diverged from retail sales (50.3 vs +5.0% growth)—investors following headlines confused, systematic approaches unaffected because both are price-based observables, not interpretation-dependent statistics.

Questions About Your Situation:

Q: Should I change my strategy when critical economic data goes missing for a month?

A: Compass shows market behaviour continued normally despite October data void—that's information, not directive. Approaches based on systematic rules recognise price formation persists independently of government statistics. Aggressive strategies might view data vacuum as reducing noise, allowing pure technical signals. Conservative approaches might increase caution given elevated uncertainty from missing macro anchors. Your actions depend on your financial plan and strategic rules established before informational crises arrive.

Q: Markets seem calm despite consumer sentiment near record lows—what should I watch?

A: Dichotomy between collapsing confidence (sentiment 50.3) and contained price action (all three assets within ranges) reflects wealth effect divergence: equity gains support asset-rich households whilst persistent inflation pressures middle-income families. Compass boundaries show where fear and excitement typically emerge regardless of sentiment survey results. Data will return (November reports scheduled normally), but this week proved ranges function with or without macro statistics. Stay disciplined. Watch the boundaries. Be prepared for what you'll do if they break—or hold. Everything is fine as long as it aligns with your strategy decided in advance.

10 | Footer

Next Week: Ranges for November 21 close

Updates: Quick social media notes if exceptional volatility occurs

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.

APPENDIX | Detailed Market Review (Nov 10–16)

For readers who want comprehensive economic data and regional breakdowns

United States: Shutdown Aftermath and Permanent Data Void

Federal Shutdown Ends, Statistical Infrastructure Damaged

The federal government shutdown that paralyzed Washington for 43 days finally ended on Wednesday, November 12, 2025, when President Trump signed a funding bill extending government operations through January 30, 2026. The House passed the measure 222-209 earlier that day, following Senate approval on November 11. Approximately 670,000 federal workers had been furloughed, with a similar number working without pay throughout the crisis.

The shutdown's most consequential legacy was the destruction of October's economic data infrastructure. The Bureau of Labor Statistics failed to release the October Consumer Price Index, scheduled for November 13 at 08:30 EST, marking an unprecedented gap in inflation monitoring. White House Press Secretary Karoline Leavitt acknowledged on November 13 that "the Democrats may have permanently damaged the Federal Statistical System with October CPI and jobs reports likely never being released." The October Producer Price Index, scheduled for November 14, also remained unpublished.

Even weekly initial jobless claims—a high-frequency labour market indicator—ceased official publication, forcing private analysts at Haver Analytics, JPMorgan, and Goldman Sachs to construct estimates using state-level data. Their estimate for the week ending November 8 showed 227,543 initial claims (seasonally adjusted), virtually unchanged from the previous week's 228,899. This improvised methodology highlighted both the fragility of official statistics and the resilience of private-sector analytical infrastructure, but lacked the credibility and consistency of official BLS releases.

The "lost month" of October 2025 complicated not just immediate Federal Reserve policy assessment but future economic analysis. How can economists evaluate recovery trajectories, inflation persistence, or labor market tightness when a critical data point vanishes? Historical comparisons become distorted, seasonal adjustments lose accuracy, and policy models built on continuous data series face structural breaks. The episode underscored developed economies' dependence on statistical infrastructure—and democracy's vulnerability to fiscal brinkmanship that treats data collection as negotiable rather than essential public good.

US-China Trade Deal Implementation Reshapes Bilateral Relations

The Trump administration's trade agreement with China took effect on November 10, 2025, following the October 30 summit between President Trump and President Xi Jinping in Busan, South Korea. The deal's scope exceeded market expectations, with China suspending its October 9 rare earth export controls for one year and issuing general licences for exports of rare earths, gallium, germanium, antimony, and graphite to US end users. These critical minerals underpin

defense systems, renewable energy technology, and semiconductor manufacturing—China controls approximately 70% of global rare earth supply.

Agricultural provisions delivered immediate benefits to American farmers devastated by years of trade war. China committed to purchasing at least 12 million metric tonnes of US soybeans in November-December 2025, with annual commitments of 25 million metric tonnes for each of 2026, 2027, and 2028. Beijing removed all retaliatory tariffs on US agricultural products announced since March 4, 2025, including 15% tariffs on chicken, wheat, corn, and cotton, plus 10% tariffs on soybeans, pork, beef, and dairy. The United States reciprocated by reducing fentanyl-related tariffs by 10 percentage points and maintaining the suspension of heightened reciprocal tariffs at 10% through November 10, 2026.

The agreement's technology provisions proved equally significant. China terminated antitrust and anti-dumping investigations targeting US semiconductor companies including Qualcomm, Broadcom, and Nvidia, removing immediate legal threats that had frozen billions in China-based revenue. Beijing removed 31 American firms from export control lists, easing supply chain restrictions. Washington suspended for one year the implementation of Entity List affiliate controls and actions related to China's maritime, logistics, and shipbuilding sectors under Section 301 investigations, providing breathing room for companies navigating complex compliance requirements.

Markets absorbed the deal as tactical pause rather than strategic resolution. Equity analysts characterized the agreement as providing 12-18 months of reduced friction whilst structural tensions—technology competition, military rivalry in Indo-Pacific, ideological divergence—remained unresolved. The one-year timeframe for critical provisions (rare earth suspension, Entity List freeze) suggested both sides viewed détente as temporary, buying time for domestic policy adjustments rather than committing to permanent framework shift.

Food Tariff Rollback Signals Inflation Political Pressure

On Friday, November 14, President Trump announced aboard Air Force One en route to Mar-a-Lago an executive order removing US tariffs on multiple food commodities, including beef, coffee, tropical fruits (bananas, oranges), tea, fruit juice, cocoa, spices, tomatoes, and certain fertilizers. The announcement followed framework trade agreements with Ecuador, Guatemala, El Salvador, and Argentina. The White House justified the rollback by stating original levies were "no longer necessary given the trade agreements" with key trading partners.

The timing suggested mounting political pressure over consumer prices. Record-high beef prices had drawn particular criticism throughout 2025, with ground beef averaging \$6.89 per pound in October (up 18% year-over-year) and premium cuts approaching \$25 per pound in major metropolitan markets. Coffee prices surged to decade highs following Brazilian crop failures and Vietnamese supply disruptions. Voters in November 2025 off-year elections—including gubernatorial races in Virginia and New Jersey, plus numerous mayoral contests—cited economic concerns and cost-of-living as their top issue across exit polls.

Trump acknowledged in a Fox News interview earlier that week that tariffs "may, in some cases" increase consumer prices, though he claimed they had "to a large extent been borne by other countries"—a statement contradicted by economic research showing US consumers absorbed majority of tariff costs through higher prices. Democratic critics, including Representative Don

Beyer (D-VA), stated: "President Trump is finally admitting what we always knew: his tariffs are raising prices for the American people."

The selective rollback created policy inconsistency: maintaining broad reciprocal tariffs whilst exempting food commodities suggested political calculus prioritizing visible consumer impact over consistent trade doctrine. Agricultural economists noted that beef tariff removal provided minimal immediate relief given multi-year cattle inventory depletion following 2023-2024 drought conditions in major ranching states, but signaled administration awareness of inflation's political salience heading toward 2026 midterm elections.

Consumer Sentiment Collapses Despite Solid Spending Data

Consumer confidence data released during the week painted picture of profound pessimism despite relatively healthy underlying economic fundamentals. University of Michigan's preliminary November reading showed sentiment plunging to 50.3, down from October's 53.6 and marking nearly three-year low approaching early 2020 pandemic levels when lockdowns devastated economy. The year-over-year decline of 29.9% represented one of steepest drops outside recession periods.

Current conditions component fell to 62.1 from 64.9, whilst expectations component—capturing consumer outlook for coming months—collapsed to 43.0 from 46.8. Inflation expectations for year ahead rose to 3.8% from 3.6%, suggesting persistent concern about purchasing power erosion despite moderating headline inflation rates. Five-year inflation expectations held at 3.2%, above Federal Reserve's preferred range but stable.

Yet spending data contradicted sentiment surveys: October retail sales advanced 5.0% year-on-year supported by continued wage growth, tight labor markets (pre-shutdown unemployment 4.1%), and substantial equity wealth effects from S&P 500's +22% year-to-date gains through October. Real personal consumption expenditures grew 2.4% annualized in Q3 2025 according to advance GDP estimates, indicating consumers continued spending despite expressing profound pessimism.

This dichotomy reflected wealth effect divergence: asset-rich households benefiting from equity market gains maintained robust spending whilst middle-income families—lacking significant stock portfolios—faced persistent inflation in services categories (housing, healthcare, education) not captured by headline CPI but dominating household budgets. Food price inflation moderated following tariff rollbacks but remained elevated compared to pre-2023 levels. Gasoline prices stabilized around \$3.20 per gallon (national average) but remained 25% above 2019 averages.

Federal Reserve officials faced challenge interpreting sentiment collapse alongside spending resilience. Cleveland Fed President Beth Hammack expressed November 14 remarks greater concern about inflation reaccelerating toward 3% by year-end than labor market weakness, advocating maintaining "mildly restrictive" policy stance. Without October CPI data confirming September's trajectory, Fed relied on alternative indicators—private sector inflation nowcasts, high-frequency price tracking from Adobe Analytics and State Street—alongside labor market signals from ADP payrolls (+42K October, weak but recovering from September's -29K) and private jobless claims estimates.

Fed Policy Path Complicated by Data Vacuum

The Federal Reserve's November 6-7 FOMC meeting—concluding before shutdown ended—faced unprecedented informational constraints. Committee members lacked October CPI (scheduled Nov 13), October employment report (scheduled Nov 8, then Nov 15 after initial delay), October PPI, and complete jobless claims data. September data showed concerning mixed signals: PCE inflation 2.8% (both headline and core), above 2% target, whilst labor market remained tight with unemployment 4.1% and payroll gains averaging 150K over three months.

Fed Funds futures pricing following the meeting suggested markets expected policy rate to remain at 4.75-5.00% through December, with probability of January cut declining to 35% from 50% before shutdown. This reflected both inflation persistence above target and recognition that Fed faced unprecedented uncertainty requiring patience rather than proactive easing. The conclusion of balance sheet runoff effective December 1—announced by Fed Governor Lisa Cook—removed one policy variable, simplifying communication framework, but didn't address fundamental challenge of navigating monetary policy whilst flying blind through October data void.

Governor Cook's November remarks characterized economy as "two-speed"—vulnerable households struggling whilst high-income households prospered from equity gains—echoing sentiment data dichotomy. She noted Fed's dual mandate remained balanced: inflation above target arguing for restrictive policy, but labor market showing signs of gradual cooling (unemployment rising from 3.7% in January 2025 to 4.1% by September) suggesting no need for aggressive further tightening. Missing October data prevented assessment of whether September trends continued, reversed, or accelerated.

Private sector economists split between two scenarios: (1) inflation reaccelerating toward 3% as services price pressures persisted whilst goods deflation moderated, requiring Fed to maintain restrictive stance longer than market anticipated; (2) labor market cooling faster than real-time data captured, with missing October employment report potentially masking weakness that would justify January cut. Without BLS confirmation, policy path remained unusually uncertain—exactly the environment where systematic market-based frameworks demonstrate advantage over narrative-driven discretionary approaches dependent on scheduled government statistics.

China: Broad-Based Economic Deceleration Threatens Growth Targets

October Industrial Data Reveals Structural Weakness

China's October economic data released November 14 revealed broad-based deceleration threatening Beijing's "around 5%" annual growth target. Industrial production slumped to 4.9% year-on-year from September's 6.5%, marking slowest pace since early 2023 and significantly missing consensus expectations of 5.4%. Manufacturing output—accounting for roughly 70% of industrial production—decelerated sharply to 4.2% from 6.8%, whilst mining and quarrying fell to 3.1% from 4.6%.

Sectoral breakdown showed widespread weakness: automobile production fell 3.2% year-on-year (fifth consecutive monthly decline) reflecting intensified global competition in export markets, slowing domestic demand as government purchase subsidies phased out, and semiconductor supply constraints affecting higher-end models. Steel production dropped 2.8% despite government

infrastructure spending, indicating construction activity remained depressed by property sector crisis. Electronics manufacturing grew just 6.1%, down from double-digit rates earlier in 2025, as smartphone demand plateaued and consumer electronics spending softened.

Utilities production provided only bright spot, advancing 8.9% year-on-year driven by record summer cooling demand and expansion of renewable energy generation capacity—China added 180 GW of solar and 70 GW of wind power in first ten months of 2025. However, this strength reflected capital investment decisions rather than consumer or business demand, offering limited signal about broader economic vitality.

Retail Sales Plateau Whilst Fixed Asset Investment Collapses

October retail sales grew 2.9% year-on-year, unchanged from September but below expectations of 3.3%, indicating consumer demand plateaued despite government stimulus measures including consumption vouchers and appliance trade-in programs. Online retail sales—typically more resilient—advanced 7.2%, down from 8.1% in September, suggesting even digitally-native consumers showed restraint. Automobile sales declined 5.1% in value terms (consistent with production data), whilst furniture sales fell 8.4% year-on-year reflecting continued housing market weakness reducing demand for durable goods.

Fixed asset investment data shocked analysts: cumulative year-to-date growth through October collapsed to -1.7% year-on-year—the first negative territory since 2020's pandemic shock and far worse than expected -0.8%. Real estate development investment crashed 14.7% year-on-year whilst housing prices fell 0.45% month-on-month in October, the steepest decline in 12 months. Only 6 of 70 monitored cities recorded price gains whilst 61 showed year-on-year declines, underscoring property sector crisis despite government support measures failing to stabilize confidence or demand.

Infrastructure investment—traditional counter-cyclical policy tool—grew just 4.3% year-on-year, insufficient to offset real estate collapse. Manufacturing investment plateaued at 2.1% despite government incentives for industrial upgrading, suggesting businesses lacked confidence about future demand to justify capacity expansion. Private sector investment fell 0.8%, contrasting with state-owned enterprise investment growth of 3.2%, indicating government propping up activity whilst market participants withdrew.

Trade Data Shows Export Weakness, Anaemic Import Demand

October trade data released November 13 showed exports contracting 1.1% year-on-year to \$304.5 billion—the first decline since March 2024—whilst imports advanced just 1.0% to \$227.8 billion, resulting in trade surplus narrowing to \$76.7 billion from September's \$84.5 billion. Export weakness concentrated in key markets: US-bound shipments plunged 25% year-on-year for seventh consecutive month of double-digit declines reflecting tariff impact and supply chain reconfiguration, whilst European Union exports fell 8.2% amid demand softening.

Southeast Asian exports—typically resilient given regional integration—grew only 3.1%, down sharply from prior months' double-digit rates, suggesting even developing economy demand cooled. Electronics exports declined 4.3% despite being sector where China maintained strong competitiveness, indicating global technology demand cycle turned down. Automobile exports showed rare bright spot with 12.4% growth driven by electric vehicle shipments, though this faced increasing protectionist pressures from EU and US considering additional tariffs on Chinese EVs.

Import weakness reflected anaemic domestic demand: crude oil imports fell 3.8% volume terms despite falling prices, indicating industrial activity and transportation demand remained subdued. Iron ore imports declined 5.2%, consistent with steel production weakness. Semiconductor imports—critical input for electronics manufacturing—grew only 2.1%, suggesting weak downstream demand constrained purchases despite domestic chip production limitations.

PBOC Signals Patience Despite Deflation Risks

People's Bank of China's November 12 Quarterly Monetary Policy Report introduced "cross-cyclical" language emphasizing longer-term horizons and committing to keeping financing "relatively loose," marking subtle shift from prior quarter's "supportive" stance. However, PBOC refrained from announcing rate cuts or reserve requirement reductions despite weakening data, suggesting Beijing prioritized financial stability over aggressive stimulus given concerns about debt sustainability and asset price bubbles.

Goldman Sachs analysts removed their call for PBOC rate cuts following the patient tone, revising forecast to anticipate policy rates remaining unchanged through Q1 2026. This reflected assessment that Chinese authorities accepted structural transition from property-driven to consumption and innovation-driven growth would be prolonged, uneven, and require tolerance for slower near-term expansion rather than emergency stimulus risking malinvestment repetition.

Return to positive CPI inflation at 0.2% year-on-year in October provided minimal comfort given producer deflation extending 37 months at -2.1% year-on-year. Core CPI (excluding food and energy) remained at just 0.1%, indicating demand weakness persisted beneath temporary holiday-related consumption bumps during Golden Week. The dichotomy between consumer price stability and persistent producer deflation suggested manufacturers unable to pass through costs, compressing profit margins and discouraging investment—exactly the dynamic visible in fixed asset investment collapse.

Policy challenges multiplied: fiscal stimulus required local government debt issuance when provinces already strained by falling land sales revenue (down 30% year-on-year through October); monetary easing risked capital outflows given US-China interest rate differential; property sector support clashed with deleveraging goals; industrial policy subsidies attracted trade retaliation. Beijing's measured response suggested recognition that no single policy lever could restore pre-2020 growth rates without accepting risks—financial instability, inflation acceleration, trade war escalation—deemed unacceptable.

European Union: Resilience Amid Heterogeneity

Eurozone GDP Revised Upward, Trade Surplus Surges

The Eurozone demonstrated unexpected resilience during the week, with Q3 GDP's second estimate revising year-on-year growth upward to 1.4% from 1.3% (preliminary reading), whilst maintaining quarter-on-quarter growth at 0.2%. The upward revision reflected stronger-than-initially-reported consumption in Germany and France, plus robust export performance following the transatlantic trade agreement reducing US tariffs on European goods effective September 15.

September trade data released November 13 showed the Eurozone's external surplus surging to €19.4 billion, up from August's €15.7 billion, driven by 15.4% year-on-year export growth to the United States—the highest rate since 2021. German machinery, French aerospace, Italian luxury

goods, and Spanish agricultural products all benefited from improved US market access. Exports to China advanced 4.2%, modest but positive given Chinese domestic demand weakness. Intra-EU trade grew 3.8%, indicating internal market remained healthy despite individual member state challenges.

However, aggregate data masked significant member state heterogeneity: Spain led with 0.6% quarterly GDP growth driven by robust consumption (tourism sector recovery, wage growth) and investment (renewable energy projects, infrastructure upgrades); Germany and Italy stagnated at 0.0% quarterly growth; France expanded modest 0.1%. This divergence reflected structural differences: Spain benefited from flexible labor markets and export competitiveness, whilst Germany struggled with energy-intensive manufacturing headwinds and Italy faced perennial productivity challenges.

German Economic Sentiment Stalls Despite Investment Plans

Germany's October CPI released November 13 moderated to 2.3% year-on-year from September's 2.4%, driven by falling energy prices (down 5.2% year-on-year) offsetting persistent services inflation at 3.8%. Core inflation (excluding food and energy) remained elevated at 2.8%, indicating underlying price pressures persisted despite headline disinflation. Month-on-month inflation registered 0.1%, suggesting gradual cooling rather than sharp deceleration.

ZEW economic sentiment index for November, released November 12, stalled at 38.5 points (virtually unchanged from October's 38.9), whilst current conditions assessment deteriorated to -78.3 from -75.1. ZEW President Achim Wambach warned that "confidence in the capacity of Germany's economic policy to tackle the pressing issues" continued falling despite government announcing investment programmes ostensibly addressing structural problems. This suggested businesses questioned implementation credibility rather than policy direction.

Industrial production data showed modest September rebound of 0.2% month-on-month after August's sharp 2.1% decline, yet year-on-year production remained -3.8% below 2024 levels. Manufacturing output fell 0.1% month-on-month with particular weakness in energy-intensive sectors: chemicals production down 6.2% year-on-year, metals processing down 8.1%, reflecting persistently high electricity costs despite natural gas price normalization. Non-durable consumer goods production fell 2.6% month-on-month, indicating household caution about discretionary purchases.

ECB Maintains Data-Dependent Stance

The European Central Bank published its seventh Economic Bulletin for 2025 on November 14, maintaining data-dependent stance with policy rates unchanged: deposit facility rate 2.00%, main refinancing rate 2.25%, marginal lending rate 2.50%. The Bulletin noted inflation "approaching the 2% target" whilst emphasizing "persistent services price pressures" and "goods deflation intensifying," creating complex policy environment where aggregate price stability masked sectoral divergences.

Market pricing reflected this complexity: overnight index swaps suggested no further ECB rate cuts through end-2025, contrasting with earlier expectations of December cut. Traders interpreted recent data—upward GDP revision, trade surplus surge, persistent core inflation—as reducing urgency for additional easing. However, employment growth deceleration to 0.1% quarter-on-quarter in Q3

(from 0.2% in Q2) suggested gradually building labor market slack consistent with cooling demand, potentially justifying renewed easing consideration in early 2026 if disinflation continued.

Heterogeneity challenge persisted: appropriate policy for overheating Spain (inflation 2.8%, unemployment 11.4% but falling rapidly) differed from stagnant Germany (inflation 2.3%, unemployment 6.1% but rising) or struggling Italy (inflation 1.9%, unemployment 7.8% unchanged). ECB's one-size-fits-all monetary policy struggled accommodating divergent member state conditions, particularly as fiscal policy coordination remained elusive given German reluctance for joint debt issuance despite calls from France, Italy, and Spain for expanded EU-level investment programmes.

Japan: Policy Divergence and Data Calendar Gap

BOJ Summary of Opinions Reveals Intensifying Rate Debate

Japan's economic data calendar during November 10-16 featured minimal major releases, with the Bank of Japan's Summary of Opinions from the October 29-30 meeting (released November 10) providing primary insight into policy deliberations. The document revealed intensifying debate over interest rate timing despite maintaining policy rate at "around 0.5 percent."

Some Policy Board members argued "the timing at which the Bank should raise the policy interest rate is getting closer, it is appropriate to take a little more time," suggesting patience given uncertainty about trade policy impacts and wage negotiation outcomes. Others warned "Japan's policy interest rate is lower than the neutral rate" and the BOJ "should not miss the timing to raise" given core inflation above 2% for more than three years and real interest rates remaining "significantly negative."

The divergence reflected fundamental uncertainty: was inflation persistence structural (requiring continued normalization) or temporary (suggesting patience)? Were wage gains in 2025's spring negotiations (5.1% average increase, largest in three decades) sustainable or one-time adjustment? Would trade tensions derail export demand sufficiently to require policy support? Board members identified spring 2026 wage negotiations as critical determinant—outcomes would signal whether virtuous wage-price cycle established or 2025's gains proved transitory.

Corporate Profits Mixed, Real Exports Decline

Policy Board member Nakagawa Junko's November 10 speech in Okayama provided granular economic assessment showing corporate profits for all industries up 0.2% year-on-year in Q2 2025 at historically high levels, though manufacturers' profits declined 11.5% reflecting US tariff impacts through lower export prices. Non-manufacturers advanced 6.6% driven by services demand including inbound tourism (30 million visitors in first ten months 2025, approaching record 2019 pace) and domestic consumption supported by wage gains.

Real exports to the United States fell 8.0% quarter-on-quarter in July-September due to automobile tariff effects (25% levy on vehicles above certain price thresholds implemented June 1), yet fiscal 2025 business investment plans maintained relatively high 10.3% year-on-year growth according to BOJ Tankan survey. This suggested companies remained willing to invest in capacity and technology despite export headwinds, reflecting confidence in domestic demand resilience and long-term structural reforms (digital transformation, decarbonization, labor-saving automation given demographic challenges).

Prime Minister Takaichi's Fiscal Policy Shift

Friday, November 7 marked watershed moment when Prime Minister Sanae Takaichi declared to the Diet that "the government's long-held target of achieving a primary balance surplus will no longer be reviewed on a single-year basis," effectively abandoning annual fiscal consolidation targets that had constrained discretionary spending since the 2000s despite public debt exceeding 230% of GDP—highest amongst advanced economies.

Takaichi characterized the shift as necessary to "power growth through proactive fiscal policy" rather than prioritizing deficit reduction risking perpetuation of deflation and stagnation. Her October 22 announcement of economic stimulus package exceeding 13.9 trillion yen (\$92 billion) provided context, with package including household inflation relief, strategic industry investment (AI, semiconductors, shipbuilding), and enhanced defense spending. Decision to accelerate defense spending to 2% of GDP by fiscal 2025—two years ahead of previous 2027 target—required approximately 1 trillion yen additional funding beyond current 9.9 trillion yen defense budget.

Policy coordination questions arose from divergence between Takaichi's expansionary fiscal stance and BOJ's gradual monetary normalization. At October 21 press conference, Takaichi stated "it is the government that is ultimately responsible for both fiscal policy and monetary policy," though later clarified "specific means of monetary policy were up to the BOJ to decide." Markets interpreted this as potentially dovish pressure on BOJ to slow rate increases, though Takaichi's minority government status—leading coalition with Japan Innovation Party after Komeito departed LDP coalition—limited ability to directly pressure central bank given Governor and Deputy Governor appointments requiring Diet approval.

Forward-Looking Indicators and Data Gaps

The yen weakened moderately to around 155.0 against the dollar by November 13 with no intervention commentary emerging from Ministry of Finance, as markets focused on potential December BOJ rate hike prospects whilst awaiting critical releases just beyond period's end: Q3 GDP preliminary estimates scheduled November 17 (economists forecasting -1.2% to -0.6% quarter-on-quarter contraction) and October national CPI on November 21 (forecasting core inflation acceleration to 3.0% year-on-year from September's 2.7%).

Ten-year Japanese Government Bond yields rose 8 basis points during week to 1.12%, reflecting market concerns about fiscal sustainability and potential BOJ balance sheet expansion if deficit financing required continued central bank JGB purchases despite quantitative tightening nominally concluded. The interplay between aggressive fiscal expansion and cautious monetary normalization created unusual policy mix for advanced economy, with implications for exchange rates, bond yields, and inflation dynamics requiring careful monitoring through critical data releases ahead.

Manufacturing PMI data showed continued contraction at 49.0 (below 50 expansion threshold) whilst services PMI edged up to 51.5, demonstrating services successfully offsetting manufacturing weakness to sustain modest overall expansion. However, forward-looking indicators suggested fragility: future output expectations declined as manufacturers expressed concerns about export market access given trade tensions, whilst input cost pressures intensified driven by energy prices and yen weakness increasing import costs.

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.