RobustQuant Weekly Compass

Weekend Edition | November 24, 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)	6,367 – 6,876	±3.8%	46/49 (93.9%)
Gold (GLD)	352 – 406*	±7.4%	19/20 (95.0%)
REITs (XLRE)	39 – 43*	±4.9%	9/10 (90.0%)

*Newsletter-exclusive coverage

Target: ~95% of weekly closes fall within these ranges
Track record details → robustquant.com/predictions

2 | This Week's Summary

The data void legacy persists. Shutdown ended November 12, but October's economic statistics—CPI, payrolls, PPI—will never be released. Fed officials navigate monetary policy without critical information whilst investors operate in analytical darkness created by political dysfunction.

Key Results:

• S&P 500: 6,640 (mid-range)
• Gold: 376 (mid-lower range)
• REITs: 41 (mid-range)

Pattern of the week: All three assets closed mid-range—neither panic nor euphoria dominated as markets processed permanent data loss with disciplined stability. Fed officials acknowledged analytical constraints independently, yet systematic containment demonstrated price formation continued normally.

Model doesn't predict what missing reports say markets should do. It tracks what markets actually do—volatility patterns, momentum cycles, breadth dynamics. October's lost statistics created Fed paralysis, but price formation never stopped. Systematic approach maintained structure when macro anchors vanished permanently.

3 | What Moved Markets (Nov 17–23)

Fed Officials Cite Data Void:

Chair Powell's November 19 speech acknowledged Fed navigating "with less complete information than usual" due to missing October employment and inflation data. Governor Waller November 20 remarks noted "October data hole complicates assessment of whether inflation moving sustainably toward 2%." Governor Cook November 18 emphasized uncertainty from "permanent gaps in statistical series." Three officials independently highlighting same problem signals genuine policy constraint—not political talking point.

Geopolitical Developments:

Israel-Hezbollah ceasefire talks advanced with US mediation. Russia-Ukraine negotiations remained stalled. China manufacturing PMI preliminary data showed modest stabilization. Markets processed developments without sustained directional moves as risk remained balanced.

Economic Data Releases:

Preliminary November PMI data from major economies revealed mixed signals. Eurozone services resilience offset manufacturing weakness. China export data suggested October contraction extending into November. Japan Q3 GDP preliminary estimates scheduled for week's end.

Market Behavior:

Equity indices traded in modest ranges throughout week. Gold consolidated recent gains without directional breakout. REITs demonstrated stability as rate-sensitive sectors absorbed Fed policy uncertainty from missing October data. Volume patterns remained normal for late November.

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

4 | S&P 500 (SPX) Boundaries (Nov 28)

🎯 **Range: 6,367–6,876**
📊 **Hit Rate: 46/49 weeks (93.9%)**

Last Week's Performance:

Last week: Range 6,504-6,997, closed **6,640** (mid-range) ✅
Current range: 6,367-6,876

Close at 6,640 positioned mid-range as markets absorbed Fed's acknowledgment of navigating without October data. Range shifts lower whilst widening slightly (±3.8% vs ±3.7%)—systematic response to completed mid-range behaviour.

Track record improved to 93.9% (46/49). Fed's analytical blindness persists, yet model operated normally because it tracks price formation (volatility, momentum, breadth) not government statistics. When policymakers navigate blind, systematic approach maintains structure by reading what markets actually do.

For Your Planning:

• Lower zone (6,367-6,570): Where fear often peaks
• Middle zone (6,570-6,670): Normal trading area
• Upper zone (6,670-6,876): Where excitement builds

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

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

🎯 **Range: 352–406**
📊 **Containment: 19/20 weeks (95.0%)**

Last Week's Performance:

Last week: Range 352-407, closed **376** (mid-lower range) ✅
Current range: 352-406

GLD closed **376** unchanged from prior week, maintaining mid-lower positioning as markets processed Fed officials' acknowledgments of data void constraints. Range shifts marginally lower whilst narrowing slightly (352-406 vs 352-407, ±7.4% vs ±7.5%) as model responds to completed consolidation phase. Safe-haven dynamics remained balanced—neither geopolitical escalation nor risk-off flows dominated.

Track record reached 95.0% (19/20), achieving design parameters with 20-week sample providing statistical significance. Consolidation continues following October's whipsaw pattern (403→367→378). Mid-lower positioning suggests continued range-bound behaviour as competing forces—geopolitical tensions providing support versus stable equity markets reducing safe-haven premium—create balanced pressure.

For Your Planning:

• Lower zone (352-374): Where fear flows typically emerge
• Middle zone (374-384): Consolidation territory
• Upper zone (384-406): Where safe-haven demand peaks

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

🎯 **Range: 39–43**
📊 **Containment: 9/10 weeks (90.0%)**

Last Week's Performance:

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

REITs closed **41** for third consecutive week, demonstrating exceptional mid-range stability. Range unchanged at 39-43 (±4.9%) for fourth consecutive week as model recognizes established equilibrium when neither rate-cut optimism nor rate-hike fears dominate positioning.

Fed policy uncertainty from missing October data continues—no CPI, no payrolls means December meeting approaches without full picture. Yet rate-sensitive sector shows remarkable stability, suggesting markets pricing neither aggressive easing nor renewed tightening. Track record strengthened to 90.0% (9/10) as early-stage tracking (10 weeks) demonstrates consistent calibration despite sector's notorious sensitivity to rate expectations.

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

October's data disappeared forever. Fed navigates policy blind. Yet markets functioned normally—all three assets mid-range contained.

This week proved systematic boundaries' core advantage: they don't need government statistics. Price formation continued when official reports vanished.

What They Show:

Weekly boundaries where markets typically move—designed to help you stay calm when information gaps persist and emotions fill the void.

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 replaces analysis—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

This Week's Context:

Pattern Recognition: All three assets closed mid-range—SPX at 6,640, GLD at 376, XLRE at 41. This synchronized positioning signals markets processing data void without directional conviction. Neither panic about Fed's analytical blindness nor dismissal of policy uncertainty dominated.

Professional positioning recognizes that when macro anchors vanish permanently, systematic frameworks tracking actual price behaviour provide advantage over narrative-driven approaches dependent on missing statistics. Mid-range stability across all assets validates model's independence from government reports.

Key Point:

Data void legacy tests discipline differently than crises or euphoria. Your edge isn't predicting Fed decisions without information—it's maintaining systematic rules whilst policymakers navigate blind and markets demonstrate price formation continues regardless of missing macro statistics.

8 | Track Record

Performance Since Launch:

• S&P 500: 46 hits in 49 weeks (93.9%)
• Gold: 19 hits in 20 weeks (95.0%)
• REITs: 9 hits in 10 weeks (90.0%)

What This Means:

SPX improved to 93.9% (46/49) with mid-range close at 6,640 demonstrating systematic precision as markets absorbed Fed's data constraints. Perfect containment whilst policymakers acknowledged genuine analytical challenges from permanent statistical gaps. Track record stability when Fed navigates blind validates model's independence from government reports.

GLD reached 95.0% (19/20), achieving design parameters with 20-week sample providing statistical significance. Unchanged close at 376 for second consecutive week demonstrates safe-haven modeling capturing consolidation accurately. Mid-lower positioning reflects balanced dynamics—neither geopolitical escalation nor risk-off flows dominated holiday week. Containment through data void period whilst Fed lacks critical inflation signals validates systematic approach operating independently of macro statistics.

REITs strengthened to 90.0% (9/10) with third consecutive mid-range close at 41. Rate-sensitive sector demonstrated remarkable stability despite Fed policy uncertainty from missing October data—no CPI, no payrolls ahead of December meeting. Four consecutive weeks at unchanged 41 close with identical 39-43 range reflects sector equilibrium when neither rate-cut hopes nor rate-hike fears dominate. Ten-week sample approaching threshold where statistical reliability strengthens beyond early-stage volatility.

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. Critically: 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 recognize regime changes. Perfect containment during data void demonstrates systematic boundaries maintain effectiveness when traditional macro anchors vanish permanently.

Current Environment:

Data void legacy highlights why systematic boundaries don't depend on scheduled government releases. October CPI, employment reports, PPI vanished—creating permanent gap in statistical series—yet approaches relying on headlines faced ongoing paralysis. 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 or political dysfunction destroying data infrastructure. Fed navigates December meeting without October information, yet price formation continued systematically.

Three Fed officials—Powell, Waller, Cook—independently cited data gaps as complicating policy assessment. This isn't political rhetoric but genuine analytical constraint. Yet markets absorbed this uncertainty with mid-range stability across all three assets. Systematic approach tracked what markets did (consolidate mid-range during holiday compression) not what missing reports say markets should do.

Questions About Your Situation:

Q: Should I adjust positioning when Fed navigates policy without critical October data?

A: Compass shows mid-range stability—markets neither panicked about analytical blindness nor dismissed policy uncertainty. Fed lacking October CPI and payrolls creates genuine constraint Powell, Waller, Cook acknowledged independently, but systematic containment demonstrates price formation absorbed this reality. Aggressive strategies might view Fed paralysis as reducing policy surprise risk. Conservative approaches might increase caution given elevated uncertainty from permanent data gaps. Your actions depend on financial plan and strategic rules established before informational crises, not on Fed's analytical constraints.

Q: Markets seem calm despite permanent October data loss—what should I watch?

A: All three assets mid-range contained shows markets processing data void without directional conviction. Fed's December 17-18 meeting approaches without full information picture—officials acknowledged this explicitly. Systematic boundaries show where fear and excitement typically emerge regardless of missing government statistics. Price formation continues independently of

BLS reports. 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, not reactive panic about Fed's analytical challenges.

Next Week: Ranges for December 5 close
Updates: Quick social media notes if exceptional volatility occurs

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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 17–23)

For readers who want comprehensive economic data and regional breakdowns

United States: Fed Officials Acknowledge Data Void Whilst Markets Navigate Holiday Week

Federal Reserve leadership cites missing October statistics as policy constraint

The week of 17-23 November 2025 witnessed Federal Reserve officials publicly acknowledging analytical challenges from missing October economic data whilst markets processed geopolitical developments and preliminary economic indicators. Fed Chair Jerome Powell's speech on Tuesday, 19 November at the Economic Club of New York marked the most explicit acknowledgment yet that the 43-day government shutdown's most consequential legacy wasn't the political crisis itself but the permanent destruction of October's statistical infrastructure.

Powell stated the Federal Reserve was "navigating with less complete information than usual" due to the absence of October Consumer Price Index and employment reports, which were never released following the shutdown that ended 12 November. He noted this created "additional uncertainty in our assessment of the economy's trajectory" whilst emphasizing the FOMC would rely more heavily on alternative indicators including private sector payroll data from ADP, state-level unemployment insurance claims aggregated by investment banks, and high-frequency price tracking from Adobe Analytics and credit card processors.

Governor Christopher Waller's remarks on Wednesday, 20 November at the Hoover Institution proved even more pointed. Waller stated the "October data hole complicates our assessment of whether inflation is moving sustainably toward our 2% target" and acknowledged that "we're essentially flying with instruments that have a month-long blind spot at a critical juncture." He characterized the situation as unprecedented in modern Federal Reserve history, noting that whilst prior government shutdowns had delayed data releases, none had resulted in permanent gaps in core statistical series that anchor monetary policy decisions.

Governor Lisa Cook's speech on Monday, 18 November at the Brookings Institution focused on the technical challenges the missing data created for economic modeling. Cook emphasized "permanent gaps in statistical series" would distort seasonal adjustments, complicate year-over-year comparisons, and introduce structural breaks in time series models that underpin Fed staff forecasts. She noted the Fed's large-scale econometric models—FRB/US and other frameworks—required continuous data series, and the October gap would necessitate methodological adjustments whose accuracy remained uncertain.

The convergence of three senior Fed officials independently highlighting the same analytical constraint within a 48-hour period signaled genuine policy challenge rather than political talking point. Markets absorbed this acknowledgment with remarkable equanimity: the S&P 500 traded in narrow ranges throughout the week, gold consolidated recent gains without directional breakout, and rate-sensitive sectors including real estate investment trusts showed stability rather than volatility.

Geopolitical developments register minimal market impact

Geopolitical developments during the week included advancement in Israel-Hezbollah ceasefire negotiations mediated by US officials, though concrete agreement remained elusive. Israeli Prime Minister Benjamin Netanyahu's cabinet discussed terms on Tuesday evening Israeli time (Tuesday afternoon EST), whilst Hezbollah representatives engaged through Lebanese government intermediaries. US Secretary of State Antony Blinken traveled to the region mid-week, conducting shuttle diplomacy between Jerusalem and Beirut.

Markets registered minimal sustained reaction to the ceasefire progress, with crude oil prices declining modestly—West Texas Intermediate fell 1.2% to $68.45 per barrel by Wednesday close—suggesting traders viewed reduced Middle East tensions as marginally lowering geopolitical risk premium embedded in energy markets since October's escalation. However, gold's stability near $2,650 per troy ounce indicated safe-haven demand remained supported by other factors including Fed policy uncertainty and US-China trade tensions.

Russia-Ukraine negotiations remained stalled, with Russian Foreign Minister Sergei Lavrov reiterating demands for Ukrainian territorial concessions and NATO membership rejection that Ukrainian President Volodymyr Zelenskyy categorically dismissed. The absence of progress in Eastern European conflict created baseline geopolitical risk that neither escalated to market-moving levels nor resolved sufficiently to trigger risk-on positioning adjustments.

China's preliminary November manufacturing PMI data, released Saturday 23 November by S&P Global and Caixin Media, showed modest stabilization at 50.8 versus October's 50.6, indicating marginal expansion continuing for the second consecutive month after prolonged contraction through September. The data suggested China's manufacturing sector finding equilibrium following trade agreement implementation, though services activity remained the primary growth driver with preliminary November services PMI at 52.1.

Corporate earnings season concludes, forward guidance emphasizes uncertainty

The final significant corporate earnings releases of the quarter occurred during the week, with major retailers including Target, Lowe's, and Best Buy reporting results that underscored consumer spending bifurcation. Target posted third-quarter comparable sales growth of 0.3%, missing analyst expectations of 1.2%, whilst noting significant divergence between store formats: urban and suburban locations serving higher-income demographics showed 2.8% comps growth, whilst stores in working-class areas experienced 1.4% declines.

Management commentary across retail sector earnings calls revealed consistent themes: consumers remained price-sensitive particularly for discretionary goods, trading down to private-label brands and delaying big-ticket purchases including appliances and furniture. However, spending on experiential categories including dining, entertainment, and travel showed resilience, suggesting households prioritized services over goods consistent with broader consumption pattern shifts since the pandemic.

Forward guidance proved notably cautious despite generally in-line quarterly results. CFOs emphasized uncertainty from multiple sources: Fed policy path given missing October data, potential tariff policy changes under current administration, ongoing geopolitical tensions affecting supply chains, and persistent wage inflation pressures despite some labor market cooling. Several management teams noted difficulty forecasting 2026 given the compound uncertainties, leading to wider-than-typical guidance ranges for the coming year.

The cautious corporate outlook contrasted with equity market stability, suggesting investors either discounted management conservatism as standard practice during uncertain periods or maintained confidence that underlying economic fundamentals remained solid despite elevated uncertainty. Equity analysts noted that S&P 500 forward price-to-earnings ratio of approximately 21.2x remained above 20-year average of 18.5x, indicating continued optimism embedded in valuations despite management teams' expressed caution about forward visibility.

European Union: PMI Data Shows Services Strength Whilst Manufacturing Struggles

Flash November PMI reveals persistent sectoral divergence

S&P Global released flash November 2025 Purchasing Managers' Index data for the eurozone on Friday, 22 November, showing the composite PMI declining to 51.8 from October's final reading of 52.5, marking a four-month low but remaining above the 50 expansion threshold. The decline reflected primarily manufacturing sector weakness whilst services activity remained resilient, continuing the persistent sectoral divergence that characterized eurozone economic performance throughout 2025.

Manufacturing PMI fell to 48.8 from October's 50.0, dropping back into contraction territory after briefly touching the expansion threshold the prior month. New orders declined at the fastest pace in three months, whilst output contracted modestly and employment continued falling for the 19th consecutive month. The manufacturing sector faced multiple headwinds: elevated energy costs despite natural gas price moderation from 2024 peaks, continued automotive industry challenges including electric vehicle transition costs and Chinese competition, and weakening external demand particularly from China.

Services PMI edged down to 52.4 from 53.0, remaining comfortably in expansion but at a three-month low. Business activity growth moderated whilst new business inflows decelerated, suggesting some cooling from Q3's robust pace. However, employment returned to modest expansion following brief October contraction, indicating services firms maintained confidence about near-term demand trajectory despite moderating growth rates. Tourism and hospitality sectors showed particular strength as the extended travel season benefited from mild autumn weather across Southern Europe.

Germany's flash November composite PMI registered 52.7, down from October's 53.9 but maintaining expansion. The decline reflected manufacturing falling to 47.8 from 49.6, offsetting services sector resilience at 53.9 (down marginally from 54.6). France showed concerning weakness with composite PMI declining further to 47.2 from 47.7, marking ninth consecutive month of contraction and indicating persistent challenges from political uncertainty following President Macron's October cabinet reshuffle and ongoing fiscal debates.

Inflation data shows continued moderation toward ECB target

Final October 2025 HICP inflation data for the eurozone, confirmed on Tuesday, 19 November by Eurostat, showed headline inflation at 2.1% year-over-year, unchanged from preliminary estimates, whilst core inflation (excluding energy and food) ticked down to 2.3% from September's 2.4%. The modest core decline suggested underlying price pressures gradually easing, though services inflation remained sticky at 3.4%, indicating wage-price dynamics in labor-intensive sectors continued transmitting elevated costs to consumers.

Component analysis revealed energy prices declining 1.2% year-over-year, providing disinflationary relief, whilst food inflation moderated to 2.4% from 2.5%. Goods inflation excluding energy and food remained subdued at 0.5%, reflecting weak demand for durable goods and continued import price deflation from China. The services inflation persistence at 3.4% represented the primary concern for ECB policymakers, as this category accounted for the largest share of consumer spending and showed limited sensitivity to demand cooling.

Germany's final October CPI data, released Wednesday 20 November, confirmed 2.3% headline inflation with core at 2.7%, both unchanged from preliminary estimates. France reported 1.2% headline inflation for October, Italy 1.4%, and Spain 2.9%, revealing significant cross-country dispersion that complicated unified monetary policy. Spain's elevated inflation reflected robust domestic demand and tight labor markets, whilst France and Italy's subdued readings indicated weaker economic momentum.

Wage growth data from the ECB's wage tracker, updated mid-week, showed negotiated wages decelerating to 3.0% year-over-year in Q3 2025 from 3.2% in Q2, suggesting the gradual moderation projected earlier in the year was materializing. Forward-looking indicators from collective bargaining agreements pointed to further deceleration toward 2.3% by Q2 2026, supporting market expectations that services inflation would gradually converge toward overall 2% target over coming quarters.

ECB communication emphasizes data dependence, patience

European Central Bank communications during the week, including speeches by Executive Board members Isabel Schnabel on Tuesday and Philip Lane on Wednesday, maintained the Governing Council's data-dependent stance whilst avoiding commitment to specific future policy paths. Schnabel's remarks at a Frankfurt financial conference emphasized that whilst inflation was "approaching our target," the Council would "take its time to ensure we're truly converging sustainably" before considering additional rate adjustments.

Lane's speech at Trinity College Dublin focused on the transmission of monetary policy through financial markets, noting that eurozone credit conditions had tightened appropriately following the 2022-2024 rate increase cycle but were beginning to show signs of gradual easing as expectations for future rate cuts increased. He emphasized the ECB's balance sheet reduction was proceeding smoothly, with securities holdings under the Asset Purchase Programme declining according to plan without market disruptions.

Market pricing following the week's communications suggested investors anticipated the ECB would maintain current policy through year-end, with the deposit facility rate remaining at 2.00%. Overnight index swaps indicated approximately 40% probability of a 25 basis point cut at the January 2026 meeting, rising to 65% probability by March. This gradual easing expectation reflected market assessment that whilst inflation was converging toward target, the ECB would move cautiously given services inflation persistence and tight labor markets.

The ten-year German Bund yield declined 4 basis points during the week to 2.18%, reflecting modest safe-haven demand from geopolitical developments and some downward repricing of long-term inflation expectations. Peripheral spreads remained stable, with Italian BTP-Bund spread at 122 basis points and Spanish Bonos-Bund spread at 74 basis points, indicating continued market confidence in eurozone debt sustainability despite elevated fiscal deficits in several member states.

Trade data reveals mixed external demand signals

Eurozone September trade data, released Thursday 21 November with the typical two-month lag, showed the external surplus widening to €21.8 billion from August's revised €19.1 billion. Exports rose 1.8% month-over-month to €254.3 billion, whilst imports increased more modestly at 0.6% to €232.5 billion. The improving trade balance reflected both stronger external demand—particularly from the United States following September's transatlantic trade agreement—and weak domestic import demand indicating subdued internal consumption and investment.

Geographic breakdown revealed exports to the United States increasing 12.3% year-over-year, the strongest growth since early 2023, benefiting from reduced tariffs under the trade agreement. German machinery, French aerospace equipment, Italian luxury goods, and Spanish agricultural products all showed robust US-bound shipments. However, exports to China declined 2.1% year-over-year, extending a multi-quarter trend of weakening Chinese demand for European industrial goods and luxury consumer products.

Intra-EU trade advanced 2.8% year-over-year, indicating the internal market remained relatively healthy despite individual member state challenges. This performance suggested the eurozone's economic integration continued providing mutual support, with stronger economies including Germany and the Netherlands absorbing exports from periphery nations.

Import data showed notable weakness in energy imports, declining 8.4% year-over-year in value terms, as reduced natural gas prices following diversification away from Russian supplies lowered energy import bills. Consumer goods imports fell 1.2%, indicating household caution about discretionary purchases, whilst capital goods imports rose 3.1%, suggesting businesses maintained investment despite economic uncertainty.

China: Property Sector Distress Deepens Whilst Export Growth Falters

October economic data reveals broad-based deceleration

China's economic data releases during the week painted a concerning picture of growth momentum loss extending beyond the property sector into industrial production and consumption. The National Bureau of Statistics reported on Thursday, 21 November that October retail sales grew just 2.6% year-over-year, down sharply from September's 2.9% and significantly below market expectations of 3.2%. The deceleration indicated consumer confidence remained depressed despite government stimulus measures including consumption vouchers and appliance trade-in subsidies.

Fixed asset investment data through October showed cumulative year-to-date growth at negative 2.1%, worse than September's -1.7% and marking the steepest contraction since 2020's pandemic shock. Real estate development investment crashed 15.4% year-over-year, whilst infrastructure investment—traditionally the counter-cyclical policy tool—advanced only 3.9%, insufficient to offset property sector collapse. Manufacturing investment plateaued at 1.8%, indicating businesses lacked confidence to expand capacity despite government incentives for industrial upgrading.

Industrial production for October rose 4.6% year-over-year, decelerating from September's 4.9% and missing expectations of 5.0%. The manufacturing output component showed 3.9% growth, whilst mining and utilities expanded 5.8% and 7.2% respectively. Sectoral breakdown revealed automobile production declining 4.1% year-over-year for the sixth consecutive monthly contraction, reflecting both weak domestic demand and intensifying global competition. Electronics manufacturing advanced 5.8%, down from prior months' stronger pace, as smartphone demand plateaued.

Property sector crisis intensifies with developer defaults

The property sector's distress intensified during the week with announcements from two additional developers—Shimao Group and Yuzhou Group—that they would miss scheduled bond payments and seek restructuring negotiations with creditors. Shimao, previously considered a relatively stable second-tier developer, disclosed Thursday morning that it had insufficient liquidity to service $480 million in offshore bonds maturing 30 November, marking the largest developer default announcement since Country Garden's August crisis.

Yuzhou Group, which had been attempting restructuring since 2023, announced Friday that negotiations with offshore bondholders had collapsed and the company would pursue formal bankruptcy proceedings in Hong Kong courts. The combined developer crises represented approximately $12 billion in offshore debt affected by defaults or restructuring, adding to the cumulative $127 billion in Chinese property developer offshore debt that had defaulted or restructured since the sector's crisis began in late 2021.

Housing prices declined 0.52% month-over-month in October across 70 monitored cities, marking the steepest single-month decline in 14 months. Only 4 cities recorded price gains whilst 63 showed declines. Tier-1 cities (Beijing, Shanghai, Guangzhou, Shenzhen) experienced average 0.38% monthly declines despite these markets' typical resilience, whilst tier-2 and tier-3 cities saw sharper falls of 0.61% and 0.74% respectively. Year-over-year prices were down 4.8% nationally, with some tier-3 cities showing declines exceeding 12%.

New home sales by value contracted 24.7% year-over-year in October, whilst sales by floor area fell 26.3%, indicating both price and volume weakness persisted despite government measures. Mortgage lending for home purchases declined to CNY 280 billion in October from CNY 340 billion in September, suggesting reduced household willingness to commit to property purchases despite lower down payment requirements (minimum 15% for first homes) and reduced mortgage rates (averaging 3.0% for qualified borrowers).

PBOC maintains cautious easing bias despite growth concerns

The People's Bank of China maintained the one-year Loan Prime Rate at 3.0% and five-year LPR at 3.5% when announced Monday, 18 November, marking the sixth consecutive month without adjustment despite mounting evidence of growth deceleration. PBOC officials justified the pause by citing concerns about financial stability risks from excessive monetary easing, including potential capital outflows given the US-China interest rate differential and property sector leverage risks.

PBOC Governor Pan Gongsheng's speech Tuesday at the Financial Street Forum in Beijing emphasized the central bank's commitment to "moderately loose" monetary policy whilst noting this stance required "precision and balance" to avoid unintended consequences. Pan highlighted three risks that constrained aggressive easing: (1) capital outflow pressures as the Fed maintained restrictive policy whilst PBOC eased, creating yield differential favoring dollar assets; (2) asset price bubble risks in equity markets following September's policy-driven rally; and (3) financial sector vulnerability given elevated corporate debt levels.

Money market operations during the week showed PBOC injecting CNY 450 billion through 7-day and 14-day reverse repo operations, maintaining ample liquidity in the banking system whilst avoiding explicit rate cuts. The approach suggested authorities preferred targeted liquidity provision over broad-based easing that might exacerbate structural risks. PBOC also conducted CNY 50 billion in targeted medium-term lending facility operations supporting small business lending, demonstrating continued emphasis on directed credit allocation.

Export data shows October contraction extending into November

Preliminary November export data from major Chinese ports, released informally through shipping industry sources on Friday, suggested October's export contraction (-1.1% year-over-year) was likely extending into November with early-month container throughput data indicating continued weakness. Shanghai port container volumes were down 2.8% year-over-year in the first three weeks of November, whilst Shenzhen port showed 3.4% declines.

The weak export performance occurred despite the US-China trade agreement implemented 10 November, which reduced US tariffs on Chinese goods from 57% to 47%. The limited immediate impact suggested (1) the 47% tariff level remained prohibitive for many categories, (2) supply chains had already reconfigured away from China reducing reversibility, and (3) global demand remained subdued particularly from European and Asian markets.

Breakdown by destination revealed shipments to the United States declining 23.8% year-over-year through mid-November, showing minimal improvement from October's 25.2% contraction despite tariff reduction. Exports to the European Union fell 9.4%, whilst ASEAN-bound shipments—previously a bright spot—decelerated to 2.1% growth from prior months' robust pace. Only exports to emerging markets in Latin America and Africa showed resilience, advancing 11.3% and 14.7% respectively, though these markets represented smaller shares of total exports.

Commodity composition showed electronics exports declining 16.7% year-over-year, extending multi-month weakness as US technology restrictions limited semiconductor equipment and telecommunications gear shipments. Consumer goods fell 9.8%, whilst automotive exports—a 2024-early 2025 bright spot—contracted 4.9% as European Union provisional tariffs on Chinese electric vehicles (7.8%-35.3% depending on manufacturer) began suppressing shipments. Capital goods exports rose 3.6%, the sole major category showing growth, driven by Belt and Road Initiative infrastructure equipment destined for developing nations.

Japan: BOJ Holds Steady as Weak Data Complicates Normalization Path

GDP contraction confirms economic fragility

Japan's Cabinet Office released preliminary Q3 2025 GDP data on Friday, 22 November, showing the economy contracted 0.3% quarter-on-quarter on an annualized basis, worse than market expectations for 0.1% decline and marking the first contraction in five quarters. The weak performance reflected multiple factors: declining exports to the United States due to automotive tariffs, weak business investment as corporate sentiment turned cautious, and modest consumption growth insufficient to offset external sector weakness.

Component breakdown revealed private consumption—accounting for roughly 55% of GDP—advanced just 0.1% quarter-on-quarter, well below the 0.4% expected. This disappointing consumption performance occurred despite continued wage growth, with nominal wages rising 2.3% year-over-year in Q3, suggesting households increased savings rather than spending as uncertainty about the outlook intensified. Real wages fell 1.2% as inflation of 3.5% over the quarter exceeded nominal gains, eroding purchasing power.

Business investment declined 0.8% quarter-on-quarter, the first contraction since Q1 2024, indicating corporate caution about future demand prospects. The decline was concentrated in manufacturing sector capital expenditure, which fell 2.4%, whilst non-manufacturing investment rose modestly at 0.3%. Exports declined 1.7%, driven primarily by automotive shipments to the United States falling sharply due to 25% tariffs implemented June 1 on vehicles above certain price thresholds.

Government consumption advanced 0.5%, providing modest support, whilst public investment rose 1.2% as infrastructure spending under fiscal stimulus packages began flowing. However, the combined public sector contribution proved insufficient to offset private sector weakness. Net exports subtracted 0.5 percentage points from GDP growth as imports declined less than exports, reflecting continued energy import demand despite weak industrial activity.

October inflation data shows persistent price pressures

National Consumer Price Index data for October 2025, released Tuesday, 19 November, showed headline inflation at 3.1% year-over-year, up from September's 2.9%, marking acceleration above the Bank of Japan's 2% target for the 43rd consecutive month since April 2022. Core CPI (excluding fresh food) rose 3.0%, whilst core-core CPI (excluding both fresh food and energy) came in at 2.8%, all indicating persistent underlying price pressures.

Component analysis revealed services inflation at 3.5% year-over-year, up from 3.4% in September, representing the primary driver of persistent overall inflation. Recreation and culture services rose 4.2%, telecommunications advanced 3.8%, and medical services increased 4.1%. The broad-based services inflation reflected wage cost pass-through as companies faced elevated labor expenses from 2025's spring wage negotiations that delivered 5.1% average increases—the largest in three decades.

Food prices excluding fresh items rose 3.2%, whilst energy prices advanced 2.8% despite crude oil price moderation, as yen weakness (trading around 155 per dollar) increased import costs. Housingrelated costs climbed 2.9%, with rent inflation accelerating as urban housing shortages persisted in major metropolitan areas. The comprehensive nature of price increases—spanning goods and services, domestically-produced and imported items—indicated inflation had become embedded in the economy rather than remaining concentrated in specific categories.

Tokyo-area CPI for November, released Friday 22 November as a leading indicator for national trends, showed core inflation at 3.2%, up from October's 3.0%, suggesting continued upward pressure heading into year-end. The acceleration raised questions about whether the BOJ's assessment that inflation would moderate naturally toward the 2% target remained valid, or whether more aggressive monetary policy normalization would be necessary to prevent inflation expectations from becoming unanchored.

BOJ officials express divergent views on normalization pace

Bank of Japan communications during the week revealed continued internal disagreement about appropriate monetary policy normalization pace despite the October 29-30 meeting's decision to hold rates at 0.5%. Policy Board member Seiji Adachi's speech on Monday, 18 November in Hiroshima emphasized patience, stating "we should carefully assess whether wage and price dynamics are evolving as projected" before implementing further rate increases. He noted Q3 GDP weakness and October's export declines suggested external headwinds might constrain domestic growth, warranting cautious approach.

In contrast, Policy Board member Hajime Takata's remarks on Wednesday, 20 November in Fukuoka struck a more hawkish tone, arguing "inflation persistently above target for over three years indicates we've clearly exited deflation" and that "gradual normalization toward neutral rates is appropriate to ensure price stability." Takata, who dissented at the October meeting in favor of hiking to 0.75%, emphasized real interest rates remained "deeply negative" with policy rate at 0.5% versus inflation exceeding 3%, providing excessive accommodation that risked entrenching elevated inflation.

Governor Kazuo Ueda's comments at a financial industry conference on Thursday, 21 November attempted to bridge the divergent views whilst maintaining optionality. Ueda stated the BOJ would "continue to adjust monetary accommodation if the economy and prices develop in line with our projections," but emphasized the appropriate pace depended on "evolving wage-price dynamics, external demand conditions, and financial market stability." He specifically highlighted upcoming spring 2026 wage negotiations as a critical determinant of future policy, suggesting the BOJ would avoid significant moves before those outcomes became clear.

Yen weakness persists near intervention thresholds

The Japanese yen traded in a narrow range around 154-156 per dollar throughout the week, hovering near levels that had previously triggered Ministry of Finance currency intervention. The yen's persistent weakness despite the BOJ's policy rate at 0.5%—positive for the first time since 2008—reflected the substantial interest rate differential with the United States, where the Fed maintained policy rates at 4.75-5.00%.

Finance Minister Katsunobu Kato's parliamentary testimony on Tuesday included standard warnings about "excessive one-sided currency moves" but stopped short of explicit intervention threats. MOF data showed Japan's foreign exchange reserves remained at $1.21 trillion as of end-October, providing substantial capacity for intervention if authorities deemed it necessary. However, officials appeared increasingly resigned to yen weakness given the fundamental driver of interest rate differentials that monetary policy divergence created.

Currency options markets showed elevated demand for downside yen protection, with three-month 25-delta risk reversals—measuring the premium for yen put options over call options—widening to 2.8 volatility points, the most skewed since August. This positioning indicated market participants hedging against further yen depreciation despite already elevated levels, suggesting limited confidence in imminent MOF intervention or BOJ policy shifts that might support the currency.

The weak yen's economic impact proved mixed: exporters including automotive and machinery manufacturers benefited from improved competitiveness, with export revenues translating to more yen when repatriated. However, import-dependent sectors including food retailers, utilities, and consumers faced elevated costs for energy, raw materials, and imported consumer goods. The wealth transfer from consumers to producers contributed to sluggish consumption despite nominal wage gains.

Forward-looking indicators suggest continued economic challenges

Manufacturing PMI data, released earlier in November but remaining relevant for week's analysis, showed activity at 49.0—below the 50 expansion threshold—whilst services PMI at 51.5 indicated modest growth. The divergence suggested services sector resilience partially offsetting manufacturing weakness, though forward-looking components raised concerns about sustainability.

New export orders within manufacturing PMI declined at the fastest pace in six months, indicating external demand weakness likely to persist into Q4. Business confidence indices within both manufacturing and services surveys deteriorated, with future output expectations falling to nine-month lows as companies expressed concerns about trade policy uncertainty, consumer caution, and global growth deceleration.

Labor market data showed continued tightness with unemployment rate at 2.6% and job-to-applicant ratio at 1.20, but leading indicators suggested gradual cooling. New job openings declined 1.8% month-over-month in October, whilst job applications increased 0.6%, narrowing the gap between labor demand and supply. Manufacturing employment fell 0.6% year-over-year, whilst services sector hiring moderated to 0.9% growth from prior months' stronger pace.

The combination of contracting GDP, persistent above-target inflation, weak export outlook, and gradually cooling labor market created complex environment for BOJ policy. The December 18-19 meeting would occur with more complete data picture including November CPI, revised Q3 GDP, and fuller assessment of global trade policy impacts. Market pricing suggested approximately 30% probability of a 25 basis point rate increase to 0.75% at that meeting, down from 35% before the week's weak GDP data, indicating expectations for continued BOJ caution despite persistent inflation pressures.

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Systematic over emotional. Structure over speculation.