



MACROMATRIX

# Resilience, Policy Fractures, and the Repricing of Risk in 2026



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## Executive Overview

The global economy enters late 2025 with an unusual blend of resilience and fragility. Growth momentum remains intact across key regions, supported by robust U.S. consumption, strong corporate earnings, and accelerating AI-driven productivity gains. Yet macroeconomic visibility has been impaired by a 43-day U.S. government shutdown that delayed critical labor-market data, leaving policymakers to navigate an environment marked by elevated uncertainty. The September employment report, released weeks late, shows a labor market gradually cooling, with payrolls rising by 119,000 and unemployment reaching 4.4 percent, the highest since 2021. Wage growth remains firm at 3.8 percent year-over-year, sustaining consumption but complicating the path toward durable disinflation.

Corporate fundamentals remain a counterbalancing source of strength. S&P 500 earnings grew 13.1 percent in the third quarter, marking the fourth consecutive double-digit increase. Nvidia's record results highlight the powerful AI-capex cycle reshaping the technology and industrial landscape. Monetary policy is shifting cautiously toward accommodation. The Federal Reserve's second rate cut, lowering the funds rate to 3.75–4.00 percent, reflects concerns over labor softening, yet internal divisions suggest a slower easing path ahead. Globally, monetary divergence has widened, with advanced economies easing gradually and emerging markets cutting more aggressively.

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### Key Takeaway

*Financial markets have responded with a repricing of duration risk and a renewed preference for U.S. equities, which have delivered 45–50 percent cumulative returns since late 2023. Fiscal risks remain the most prominent macro challenge: U.S. debt has surpassed \$38 trillion, interest costs exceed \$1 trillion annually, and deficits remain structurally elevated. Against this backdrop, the 2026 outlook hinges on AI-driven productivity offsets, disciplined monetary policy, and prudent risk allocation amid persistent geopolitical and policy uncertainty.*

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## Abstract

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The global economic landscape entering late 2025 is defined by a striking duality: resilient headline activity supported by robust corporate earnings, AI-led productivity cycles, and steady consumer demand in advanced economies, yet increasingly vulnerable under the weight of policy uncertainty, elevated sovereign leverage, and the persistent aftershocks of the 43-day U.S. government shutdown that suspended the publication of critical macroeconomic data. The United States, still the anchor of global growth, continues to navigate a softening labor market as job creation decelerates and unemployment reaches 4.4 percent, its highest since 2021. Wage growth remains firm at 3.8 percent year-over-year, providing a floor to consumption but complicating the Federal Reserve's glidepath toward stable inflation. This dynamic unfolds as September's employment report arrives six weeks late, and October and November's figures are combined into a single mid-December release, temporarily impairing policymaker visibility during a pivotal post-election transition.

Corporate earnings provide a stark counterpoint to labor softness. S&P 500 firms delivered blended year-over-year earnings growth of 13.1 percent in the third quarter, marking the fourth consecutive double-digit expansion and reinforcing the durability of the U.S. corporate sector. Nvidia's record-breaking performance, including revenue exceeding fifty-seven billion dollars, underscores the enduring force of the AI capex cycle. Yet fiscal policy developments, including proposals from President Trump for fifty-year mortgages to ease affordability constraints, highlight the degree to which domestic political considerations are shaping the macro narrative at a time of tightening financial conditions.

Monetary policy remains at the center of market attention. The Federal Reserve's October twenty-five basis point rate cut to a target range of 3.75 to 4.00 percent signals a cautious pivot toward accommodation, although internal divisions suggest diminishing appetite for further near-term easing. Globally, monetary divergence is widening, with advanced economies moving gradually and many emerging markets cutting aggressively in response to moderating inflation and uneven growth. Sovereign bond yields have edged higher, particularly in the United States, where fiscal pressures and renewed tariff discussions contribute to a repricing of duration risk.

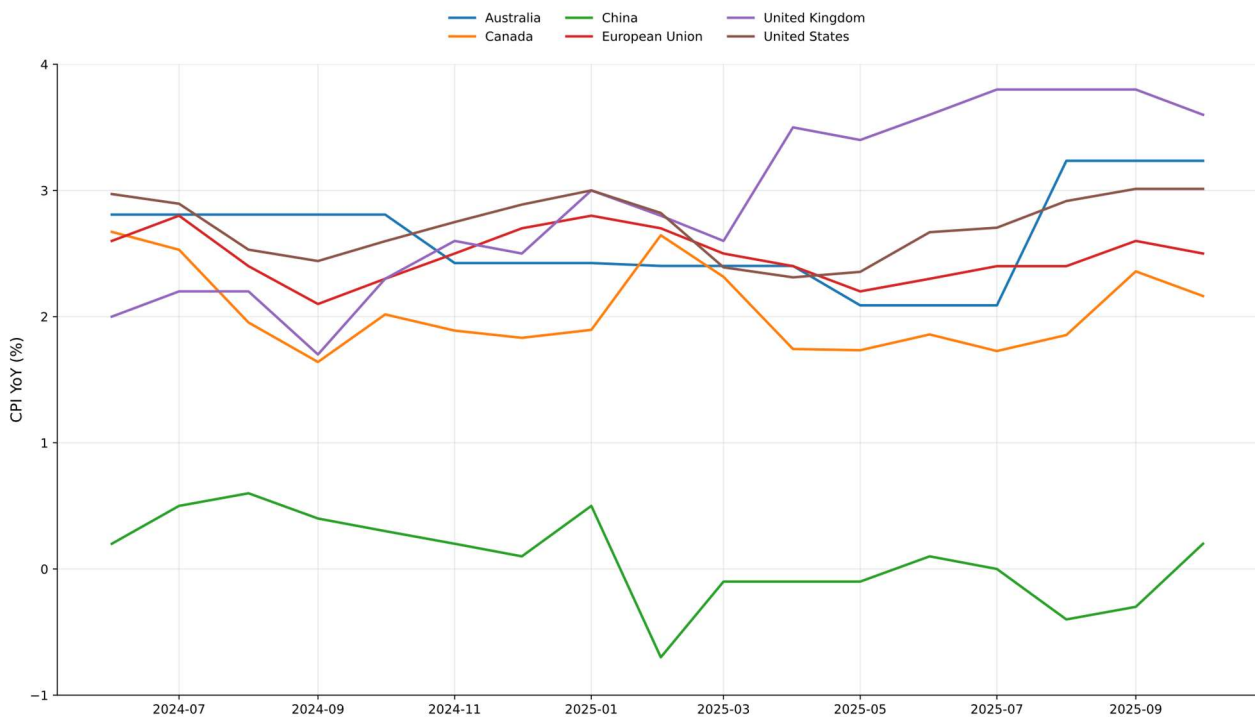
Financial markets reflect the complexity of the macro landscape. U.S. equities continue to outperform, delivering cumulative returns of nearly fifty percent since late 2023, propelled by technology and communication services. Global indices trail, commodities remain mixed with gold at all-time highs and energy subdued, and bonds trade in a narrow range after multi-year drawdowns. Meanwhile, geopolitical developments—from the contentious G20 summit in Johannesburg to intensifying trade frictions—continue to shape sentiment.

The global outlook for 2026 rests on a delicate balance. Consensus forecasts project 3.2 percent global growth, with the United States benefiting from AI-driven productivity, while risks remain skewed to the downside due to tariff-led inflation, fiscal deterioration, constrained immigration policies, and the potential for monetary-policy miscalibration. Asset allocation into 2026 therefore requires a disciplined approach centered on resilience, diversification, and close attention to policy signals across economies.

## The U.S. Macroeconomic Environment: A Cooling Labor Market Meets Structural Strength

The domestic macro picture in late 2025 reflects an economy transitioning from the rapid post-pandemic expansion to a more measured, and potentially fragile, growth phase. The 43-day federal government shutdown, which extended into mid-November, created a temporary vacuum in statistical reporting. The September employment figures, released weeks later than scheduled, revealed a labor market that is undeniably cooling. Nonfarm payrolls increased by 119,000, a figure that exceeded consensus expectations of fifty thousand but fell well below the trajectory observed in the first half of the year. The unemployment rate rose to 4.4 percent, the highest level in four years, influenced both by moderating labor demand and an increase in participation. Although layoffs remain contained, as evidenced by the decline in weekly initial jobless claims to 220,000, the cumulative picture signals a gradual erosion of labor tightness.

**Figure 1: Inflation Across Major Economies**



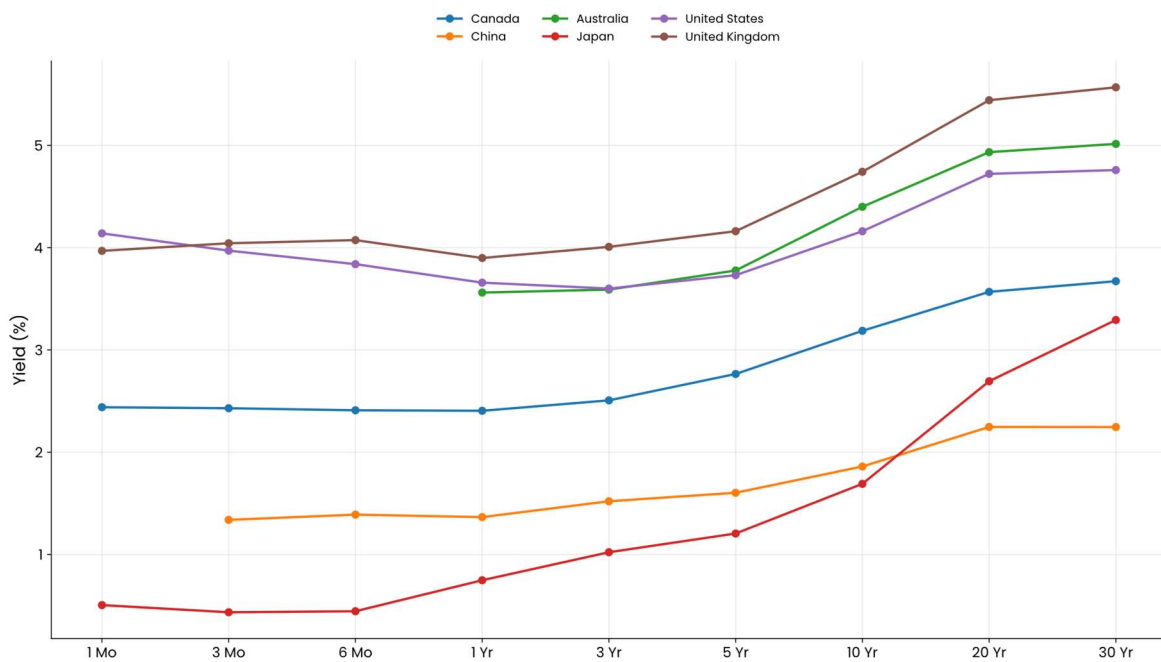
Source: Data sourced from Yahoo! Finance as on November 24, 2025. ^GSPC - S&P 500 Index (US Large Cap), DJIA - Dow Jones Industrial Average (US Industrials), ^IXIC - NASDAQ Composite Index (US Tech), ^RUT - Russell 2000 Index (US Small Cap), ^FTSE - FTSE 100 Index (UK Large Cap), ^STOXX50E - EURO STOXX 50 (Eurozone Equities), ^N225 - Nikkei 225 Index (Japan Equities), VEMAX - Vanguard Emerging Markets Stock Index Fund (Emerging Markets Equities).

Wage growth has held steady at 3.8 percent year-over-year, providing support to household consumption but complicating the Federal Reserve's ongoing campaign to achieve a durable return to two percent inflation. This wage resilience suggests that disinflation will remain uneven, with goods categories softening while services prices continue to reflect persistent labor cost pressures. Surveys from regional Federal Reserve banks indicate that hiring intentions among small and mid-sized firms are beginning to

weaken, with many businesses citing uncertainty over future tariffs, immigration policy, and potential regulatory tightening.

Gross domestic product growth is exhibiting a similar moderation. Real activity appears to be drifting toward a sub-two-percent pace as the combined effects of tighter financial conditions, elevated policy uncertainty, and waning fiscal support weigh on private demand. Tariff proposals introduced earlier in the year and the expected tightening of immigration enforcement in 2026 introduce further headwinds, as both policies are likely to constrain labor supply and exert upward pressure on costs.

**Figure 2: Yield Curves of Major Global Economies**



Source: Data sourced from Yahoo! Finance on November 24, 2025.

Despite these challenges, the U.S. economy retains underlying strengths. Household balance sheets remain solid with debt servicing ratios near historical averages, and corporate cash reserves remain elevated. The cumulative impact of AI-driven investment in data centers, automation, and productivity enhancement continues to provide a structural boost, particularly within technology, professional services, and logistics. These sectoral tailwinds are expected to differentiate the United States from other major economies in 2026, even as cyclical softness becomes more visible.

**Corporate Earnings and Policy Dynamics: A Tale of Strength Amid Structural Tension**

Corporate earnings in the third quarter of 2025 have provided a powerful reaffirmation of the resilience of U.S. business fundamentals. Blended S&P 500 earnings growth reached 13.1 percent year-over-year, the fourth consecutive quarter of double-digit expansion, decisively outpacing the 7.9 percent growth

estimated at the start of the reporting season. The breadth of performance was striking: nearly eighty-two percent of companies exceeded earnings expectations, and more than three-quarters surpassed revenue forecasts. Aggregate revenue rose by 8.3 percent, the strongest uptick since 2022, indicating both pricing power and robust demand for technology and essential services.

Nowhere was this more visible than in Nvidia's record setting results, which showcased fifty-seven billion dollars in fiscal third-quarter revenue, up an extraordinary sixty-two percent from the prior year. The firm's Blackwell platform, the backbone of the expanding global AI infrastructure buildout, continues to exceed even the most optimistic industry projections. Data center demand, cloud expansion, and AI model complexity are driving unprecedented capital expenditure cycles among hyperscalers, supporting a broad range of suppliers beyond the top-tier semiconductor names.

Alongside these strong corporate figures, the domestic policy landscape has become significantly more complex. President Trump's proposal for federally supported fifty-year mortgages has sparked vigorous debate. Proponents argue that the extension could meaningfully reduce monthly payments and improve housing affordability, particularly for younger households constrained by high prices and elevated mortgage rates. Critics contend that the structure would dramatically increase lifetime interest costs, slow equity accumulation, and potentially inflate housing demand without addressing supply constraints. Furthermore, the legislative framework underpinning U.S. mortgage regulation, including Dodd-Frank's effective cap on thirty-year terms for Qualified Mortgage eligibility, poses substantial legal hurdles. As a result, any policy path toward fifty-year terms would likely require congressional action and extended regulatory negotiation.

The tension between economic fundamentals and policy developments is shaping market expectations. While corporate America continues to generate robust earnings, the potential for fiscal expansion through housing subsidies, tariffs, and deficit-financed spending may introduce medium-term risks to inflation, yields, and currency stability. For investors, the challenge lies in reconciling short-term profit resilience with longer-term macro vulnerabilities.

### **Federal Reserve Policy: Cautious Accommodation in an Environment of Data Blindness**

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Monetary policy has entered a phase defined by complexity and caution. The Federal Reserve's late-October decision to reduce the target federal funds rate by twenty-five basis points to a range of 3.75 to 4.00 percent marked the second cut in the current easing cycle, following signs of labor-market cooling and progress on inflation. However, the minutes released in mid-November revealed significant internal divergence. Ten members supported the reduction, but one policymaker preferred a larger, fifty basis point move, while another voted to pause altogether. This dispersion reflects the Fed's increasingly delicate balancing act: supporting growth risks amid rising unemployment without prematurely easing into a still-uncertain inflation environment.

The government shutdown significantly complicated the Fed's deliberations by delaying key statistical releases and forcing the Bureau of Labor Statistics to combine October and November employment data

into a single December release. The absence of timely insight into post-election labor trends left policymakers partly operating in the dark, heightening their reliance on high-frequency indicators and private-sector data. Moreover, tariff-induced cost pressures and lingering uncertainty surrounding the trajectory of core services inflation continue to weigh on forward guidance.

The Federal Reserve has announced the conclusion of balance sheet runoff effective December 1, 2025, signaling a shift toward a more neutral liquidity stance. Market pricing remains divided, with futures assigning roughly even odds of a December hold versus an additional cut. Chair Powell has emphasized data dependence, and the minutes suggest that a more assertive easing cycle is unlikely to materialize unless labor conditions deteriorate more sharply or inflation retreats more decisively. The Fed's posture is therefore one of cautious accommodation, informed by an incomplete macro picture and a volatile policy backdrop.

### **Global Monetary Divergence: A World of Asynchronous Easing**

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The global monetary landscape reflects a growing divergence between advanced and emerging economies. While inflation has broadly moderated across regions, the path to normalization remains uneven, with geopolitical uncertainty, tariff structures, and differential labor-market dynamics shaping monetary responses. In November 2025, global central banks increasingly leaned toward easing, though the pace and magnitude varied substantially. Roughly sixty percent of central banks tracked by the Council on Foreign Relations have eased or signaled dovish inclinations, while twenty percent are tightening and another twenty percent are in wait-and-see mode.

The European Central Bank has held policy rates steady but faces mounting pressure to initiate cuts as headline euro-area inflation converges toward two percent. The Bank of England is navigating a similar landscape, though concerns over fiscal plans and inflation persistence have kept policymakers cautious. The Bank of Japan remains uniquely positioned, gradually preparing markets for modest rate increases should wage growth accelerate meaningfully, though it continues to emphasize accommodation to support domestic demand. By contrast, emerging markets such as India and Brazil have moved aggressively to lower policy rates, taking advantage of material progress on inflation and the need to counteract slowing domestic growth.

This divergence is likely to persist into 2026, driven by disparities in fiscal capacity, currency stability concerns, and differing exposure to external shocks. Tariff uncertainty, U.S. political developments, and uneven global demand conditions will influence central bank strategies, raising the risk of asynchronous cycles that could drive heightened volatility in global rates, credit spreads, and foreign-exchange markets.

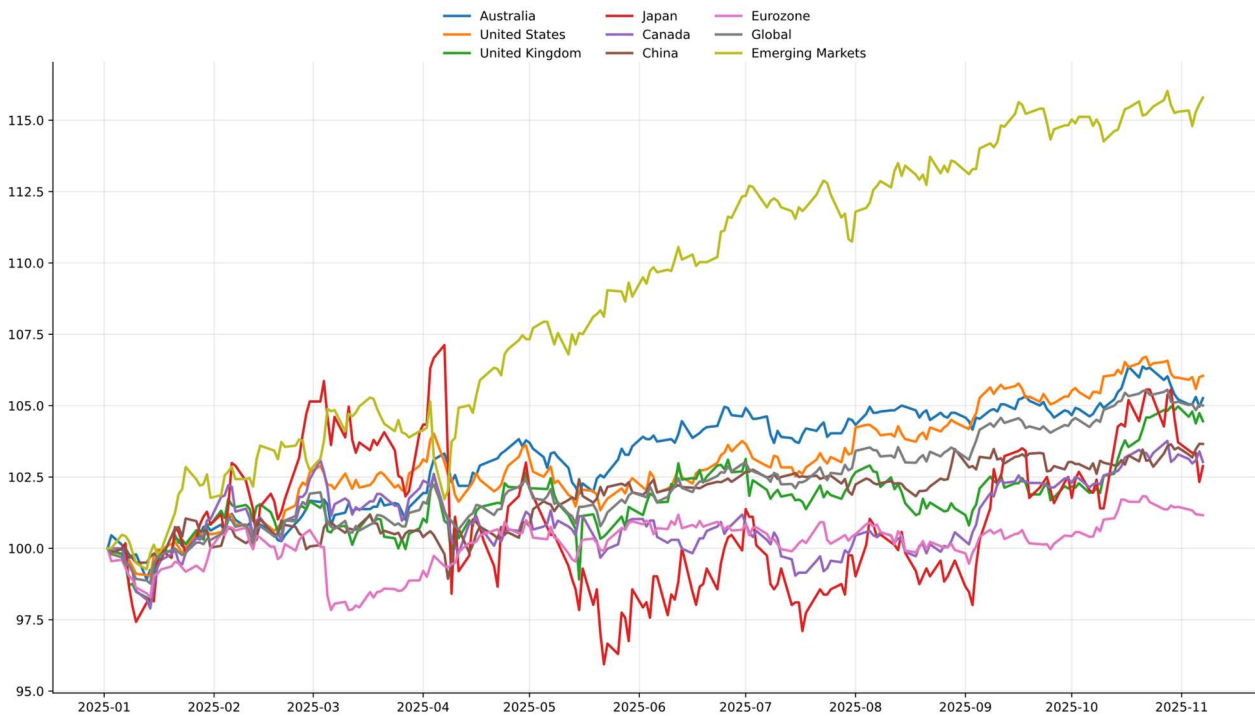
### **Bond Markets: The Repricing of Duration and Fiscal Risk**

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Government bond yields have edged higher across major economies, reflecting renewed concerns regarding fiscal sustainability, tariff-related inflation, and the persistence of geopolitical tension. In the

United States, the ten-year Treasury yield now oscillates between 4.5 and 4.8 percent, reversing part of the decline observed after the initial round of cuts in early 2025 but remaining below the peaks experienced in late 2024. The rebound underscores investors' unease regarding the trajectory of the U.S. fiscal position, the potential for additional import levies, and the uncertain path of Federal Reserve policy.

**Figure 3: Emerging Market Bonds Continue to Significantly Outshine Other Major Economies on a YTD basis**



Source: Data sourced from Yahoo! Finance as on November 24, 2025. Australia – iShares Core Composite Bond ETF (GOVT.AX), United States – iShares U.S. Treasury Bond ETF (GOVT), United Kingdom – iShares UK Gilts ETF (IGLT.L), Japan – Daiwa ETF-TOPIX Mid Small (2621.T), Canada – iShares Canadian Government Bond Index ETF (XGB.TO), China – VanEck China Bond ETF (CBON), Eurozone – iShares Global Government Bond EUR Hedged ETF (XGLE.L), Global – Vanguard Total World Bond ETF (BNDW), Emerging Markets – VanEck J.P. Morgan EM Local Currency Bond ETF (EMLC)

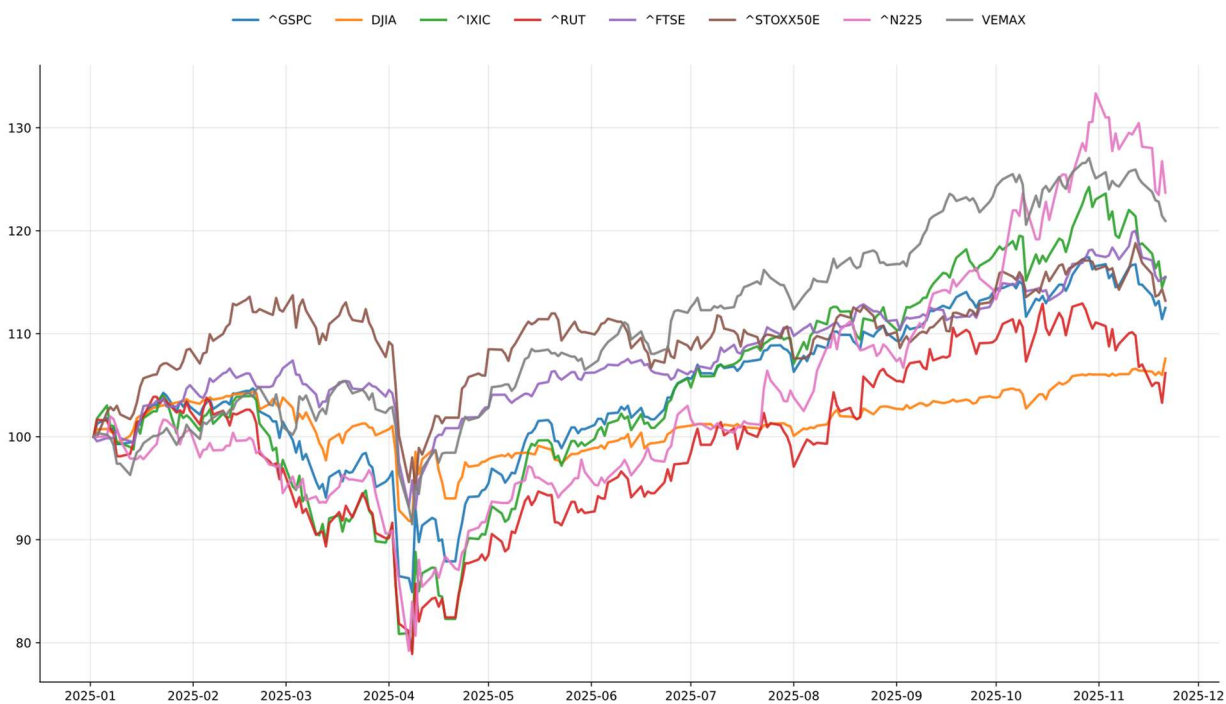
Global sovereign markets exhibit similar patterns. German bund yields have risen to approximately 2.5 percent, reflecting firmer economic activity and cautious optimism regarding euro-area disinflation. UK gilt yields hover near 4.2 percent as markets assess the interplay between persistent inflation pressures and prospective fiscal plans. Japanese government bonds have stabilized near one percent, sustained by expectations of gradual policy normalization. Over the past two years, global yields have undergone notable volatility, climbing sharply during 2023's tightening cycle, moderating during 2024's early easing phase, and now adjusting to renewed fiscal and trade concerns.

The repricing of duration risk has meaningful implications for portfolio construction. Higher yields challenge the returns of rate-sensitive assets and increase borrowing costs across public and private sectors, yet also create opportunities for investors seeking stable income in a volatile environment. The extent to which sovereign rates stabilize or climb further in early 2026 will hinge on the interplay among fiscal developments, geopolitical risk, and the credibility of central-bank forward guidance.

## Equity Markets: A Two-Year Rally Driven by AI, Productivity, and Earnings Strength

Global equity performance over the past two years reveals a striking divide between U.S. resilience and more modest performance elsewhere. From November 2023 to late 2025, the S&P 500 generated cumulative returns of roughly forty-five to fifty percent, setting multiple record highs in mid-2025 before moderating as volatility increased. The gains are concentrated in technology and communication services, both of which benefited from extraordinary earnings momentum and the structural uplift from generative AI and automation. Nvidia, Microsoft, Meta, Alphabet, and other AI-exposed firms continue to drive index performance, with returns frequently exceeding sixty to eighty percent across the period.

**Figure 4: Major Global Markets (YTD) – Nikkei 225 Emerging as the Top Performer**



Source: Data sourced from Yahoo! Finance as on November 24, 2025. ^GSPC – S&P 500 Index (US Large Cap), DJIA – Dow Jones Industrial Average (US Industrials), ^IXIC – NASDAQ Composite Index (US Tech), ^RUT – Russell 2000 Index (US Small Cap), ^FTSE – FTSE 100 Index (UK Large Cap), ^STOXX50E – EURO STOXX 50 (Eurozone Equities), ^N225 – Nikkei 225 Index (Japan Equities), VEMAX – Vanguard Emerging Markets Stock Index Fund.

European equities lag, with the Euro Stoxx 50 advancing approximately thirty percent, constrained by slow growth, fiscal consolidation in several member states, and uncertainty over the trajectory of ECB policy. Emerging markets recorded mixed outcomes, with MSCI EM advancing fifteen to twenty percent, supported by India’s strong domestic demand but weighed down by China’s sluggish growth, property-market stress, and weaker currency dynamics. Japan has been a notable outperformer, with the Nikkei rising nearly forty percent as corporate-governance reforms and monetary accommodation supported valuations.

The global equity narrative has been shaped by evolving expectations of monetary easing, the transformative potential of AI, and episodic stress linked to trade tensions and geopolitical shocks. While late-2025 volatility has moderated earlier gains, the underlying earnings environment remains supportive, particularly for U.S. firms with strong pricing power and exposure to secular growth themes.

### **The U.S. Fiscal Position: A Structural Challenge Entering a New Phase**

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The United States' fiscal trajectory remains one of the most important macro risks heading into 2026. Gross national debt surpassed thirty-eight trillion dollars in October and now stands near thirty-eight point one trillion as of mid-November. This represents an increase exceeding two point two trillion dollars over the prior year and pushes the debt-to-GDP ratio into a range of 123 to 130 percent, depending on measurement. Debt held by the public is approaching one hundred percent of GDP, a threshold not previously breached outside wartime or crisis conditions.

The fiscal year 2025 deficit of approximately one point eight trillion dollars underscores the persistence of structural imbalances. Revenue growth, which reached a healthy six percent due to stronger individual tax receipts and one hundred eighteen billion dollars in tariff collections, has been outpaced by expenditure growth. Spending now exceeds seven trillion dollars annually, driven by rapid increases in Social Security, Medicare, and Medicaid, alongside surging net interest costs, which surpassed one trillion dollars for the first time. Interest payments now exceed defense spending, marking a profound shift in federal expenditure priorities.

Medium- and long-term projections by independent analysts and the Congressional Budget Office indicate further deterioration without policy adjustments. Under current law, deficits could widen to two point six trillion dollars by 2035, equivalent to roughly six percent of GDP, while debt-to-GDP ratios could rise to between 118 and 156 percent by 2055. The prolonged government shutdown exacerbated near-term borrowing needs and highlighted the fragility of fiscal operations.

Investors are beginning to incorporate these fiscal dynamics into risk premiums, particularly in the long end of the Treasury curve. While the United States retains unparalleled reserve currency advantages, the combination of large-scale deficits, rising interest costs, and potential erosion of global confidence underscores the need for vigilance and policy credibility in the years ahead.

### **Bond Market Performance: Volatility, Recovery, and Renewed Pressure**

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Bond markets have traversed a volatile two-year period marked by tightening cycles, partial recoveries, and renewed pressures. In 2023 and early 2024, rising yields led to significant mark-to-market losses, with the Bloomberg U.S. Aggregate Bond Index declining between five and ten percent cumulatively. The subsequent shift toward accommodation in 2024 and early 2025 produced a partial recovery, particularly in shorter-duration and credit-oriented strategies. However, late-2025 brought a reversal, as fiscal uncertainty, tariff risk, and resilient U.S. activity contributed to upward pressure on yields.

Corporate bonds have outperformed sovereigns over this period, supported by tight credit spreads, strong earnings, and low default rates. High-yield performance has been particularly robust, reflecting favorable risk sentiment and relatively healthy balance sheets. Emerging market debt has experienced a more uneven trajectory, benefiting from disinflation and dovish shifts in many EM central banks but constrained by dollar strength and geopolitical uncertainty. The overall bond landscape reinforces the need for active duration management and selective credit exposure heading into 2026.

## **The Global Outlook for 2026: Moderate Growth, Persistent Risks, and an AI-Driven Productivity Cycle**

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The baseline global economic outlook for 2026 anticipates moderate expansion, supported by easing financial conditions, structural investment in AI and automation, and resilient household consumption in key economies. Consensus forecasts indicate global GDP growth of 3.2 percent in both 2026 and 2027, following a slight deceleration to three percent in 2025. The United States is expected to grow at 1.8 percent in 2026 and approximately 2.0 percent in 2027, though the impact of tariffs, immigration policies, and fiscal constraints may weigh on early-year performance. AI-driven productivity enhancements may provide upside in the second half of 2026, particularly in knowledge-intensive sectors.

China's growth is projected at around five percent, buoyed by front-loaded fiscal stimulus despite persistent challenges in its property sector and weak consumer confidence. The euro area is expected to expand more modestly at around 1.1 percent due to fiscal consolidation in France and Italy and weak structural growth. Emerging markets are anticipated to contribute meaningfully to global expansion, particularly India and Southeast Asia.

Inflation is forecast to continue its downward trajectory, though services and wage categories may slow the pace of disinflation. Tariffs and immigration enforcement could introduce temporary inflation pressure in the United States in early 2026, but core personal consumption expenditures are expected to fall to approximately 2.6 percent by year-end. Monetary policy is likely to remain accommodative across regions, with the Federal Reserve expected to pause at 3.00 to 3.25 percent following additional cuts through April 2026.

Risk factors are weighted to the downside. A mild U.S. recession remains plausible, particularly if labor market softening accelerates or if policy developments undermine business confidence. Global spillovers from trade fragmentation, geopolitical tensions, and volatile commodity prices could further dampen growth. Conversely, upside scenarios revolve around stronger-than-expected AI adoption, improved supply-chain resilience, and robust consumer activity.

## **Currency Dynamics: The Dominance of the Dollar**

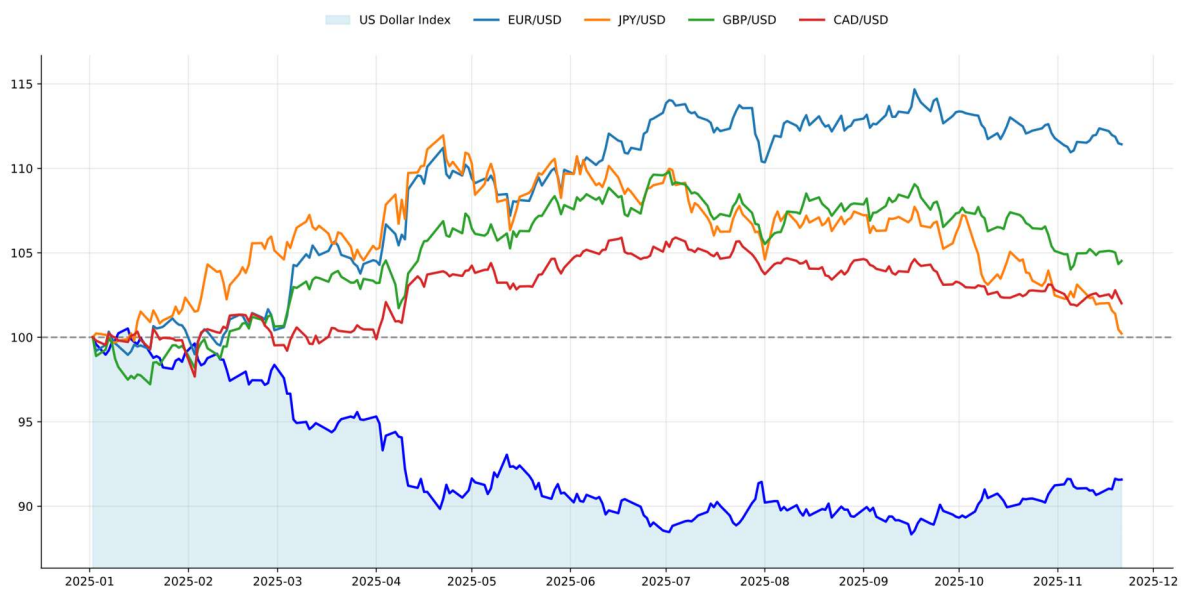
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The U.S. dollar has remained dominant through 2023–2025, strengthened by superior U.S. growth, elevated rate differentials, and persistent demand for safe-haven assets. The DXY index appreciated between ten and fifteen percent over the two-year period, peaking between 106 and 110 in mid-2025

before stabilizing near 100 to 105. The euro and the pound have depreciated against the dollar, reflecting growth divergence and slower monetary normalization in Europe. Emerging market currencies such as the Chinese renminbi and Brazilian real have weakened by ten to twenty percent amid trade tensions and domestic policy headwinds.

The path of the dollar in 2026 will depend heavily on the pace of Federal Reserve easing, global risk appetite, and geopolitical developments. While some moderation is expected, the structural strengths of the U.S. economy and the safety premium in global capital markets suggest the dollar will remain well supported.

**Figure 5: Major Global Currencies Continue to Appreciate Against the U.S. Dollar**

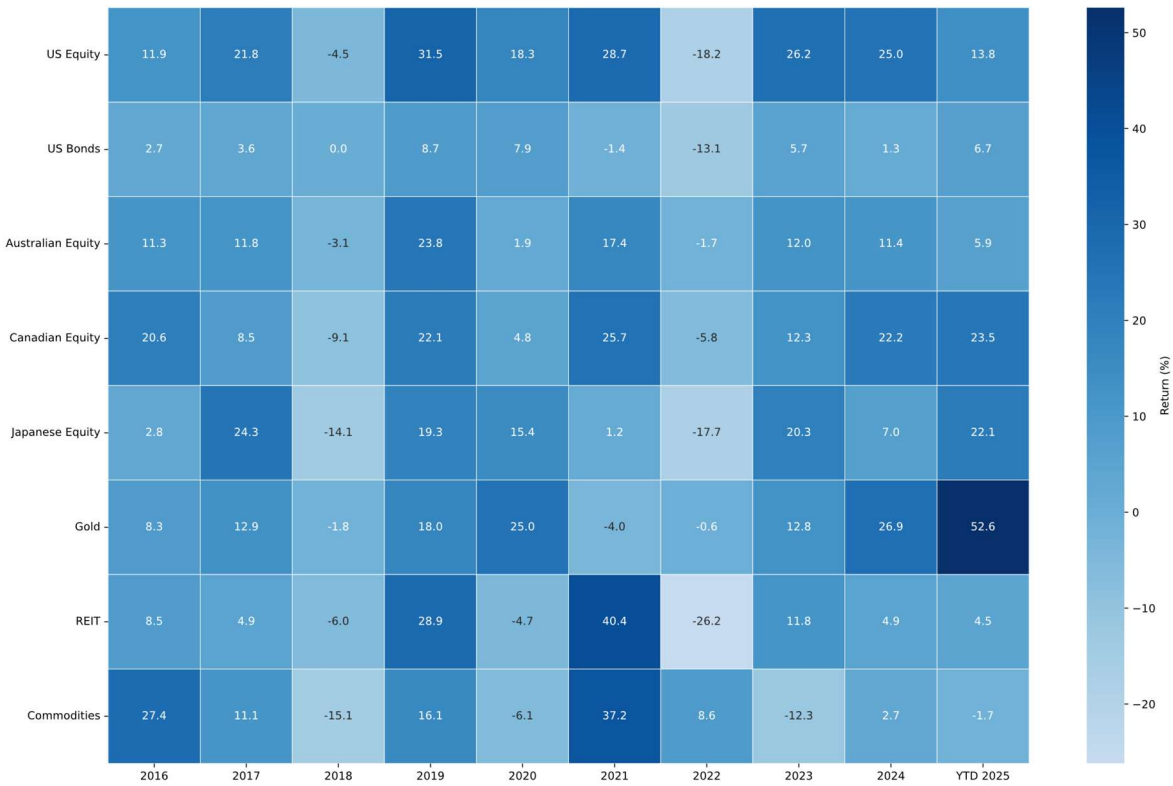


Source: Data sourced from Yahoo! Finance as on November 24, 2025.

**Asset Class Performance: Divergence Across Equities, Commodities, and Fixed Income**

Over the past two years, equities have decisively outperformed other asset classes. The surge in U.S. technology and communication services has propelled returns of thirty to fifty percent, driven by productivity gains, AI infrastructure spending, and robust earnings. Commodities have delivered mixed performance: gold has surged by over fifty percent amid geopolitical instability and inflation hedging, while energy prices have softened due to supply abundance and subdued global demand. Agricultural commodities have declined amid improved harvest conditions and supply normalized after COVID-era disruptions.

**Figure 6: Global Asset Class Performance – Gold Continues to Overheat**

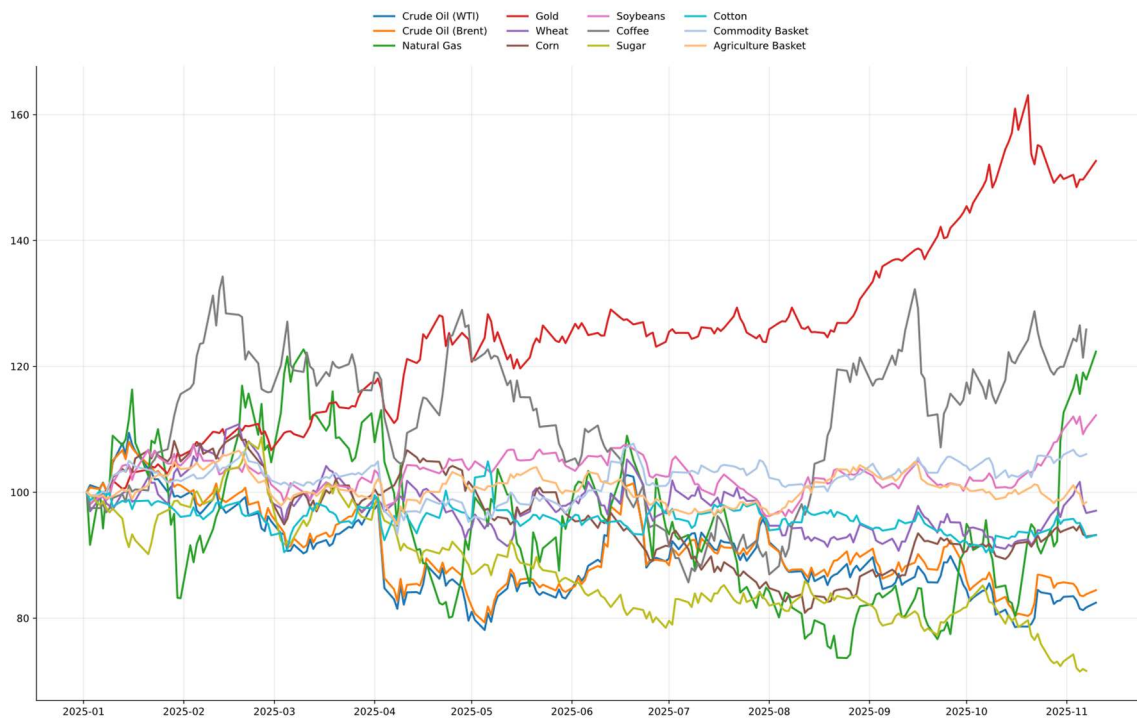


Source: Data sourced from Yahoo! Finance as on November 24, 2025. US Equity – Vanguard 500 Index Fund (VFIAX), US Bonds – Vanguard Total Bond Market Index Fund (VBTIX), Australian Equity – Vanguard Australian Shares Index ETF (VAS.AX), Canadian Equity – Vanguard FTSE Canada All Cap Index ETF (VCN.TO), Japanese Equity – iShares MSCI Japan ETF (EWJ), Gold – iShares Gold Trust (IAU), REIT – Vanguard Real Estate Index Fund (VGSIX), Commodities – S&P-GSCI Commodity Index Future (GD=F)

Fixed income has lagged, constrained by elevated yields and volatile duration dynamics. While 2025 brought some stabilization, ongoing fiscal and policy uncertainty continues to limit bond-market upside. The relative performance of asset classes reflects divergent macro drivers and underscores the critical importance of strategic allocation.

### Commodity Markets: A Landscape of Contrasts

Commodity markets have experienced substantial volatility. Energy prices remain subdued as global production remains strong, inventories are elevated, and renewable deployment accelerates. Metals, particularly copper, have benefited from the energy transition and the proliferation of data centers. Agricultural prices have normalized downward following supply-side improvements. Gold’s dramatic rise reflects heightened geopolitical tensions, strong central bank buying, and concerns over fiscal sustainability in major economies. The divergence in commodity performance illustrates the degree to which structural and cyclical factors intersect.

**Figure 7: Gold Continues its Upward Trajectory, Amid Natural Gas Registering Vertical Trajectory**


Source: Data sourced from Yahoo! Finance as on November 24, 2025. Crude Oil (WTI) – NYMEX WTI Crude Oil Futures (CL=F), Crude Oil (Brent) – ICE Brent Crude Oil Futures (BZ=F), Natural Gas – NYMEX Natural Gas Futures (NG=F), Gold – COMEX Gold Futures (GC=F), Wheat – CBOT, Wheat Futures (ZW=F), Corn – CBOT Corn Futures (ZC=F), Soybeans – CBOT Soybean Futures (ZS=F), Coffee – ICE Coffee C Futures (KC=F), Sugar – ICE Sugar No.11 Futures (SB=F), Cotton – ICE Cotton No.2 Futures (CT=F), Commodity Basket – Invesco DB Commodity Index Tracking Fund (DBC), Agriculture Basket – Invesco DB Agriculture Fund (DBA).

### Global Context in Late 2025: Geopolitical Complexity and Technological Transformation

The global backdrop in late 2025 is defined by geopolitical fragmentation, rapid technological shifts, and accelerating energy transitions. The International Energy Agency highlights surging global electricity demand driven by AI data centers, electrification, and growing consumption in emerging economies. Renewables continue to expand at record pace, yet fossil fuel surpluses persist, complicating progress toward climate goals. The U.S. emphasis on domestic production further contributes to this tension.

The World Economic Forum’s 2025 analysis identifies critical inflection points ranging from increased armed conflict risk and misinformation to the transformative potential of AI and the challenges of demographic aging. Tariff regimes imposed by the United States, averaging nearly eighteen percent, threaten global trade efficiency and could weigh on global GDP growth. Gender gaps in technology, labor shortages in green and AI industries, and shifting global supply chains amplify these secular challenges.

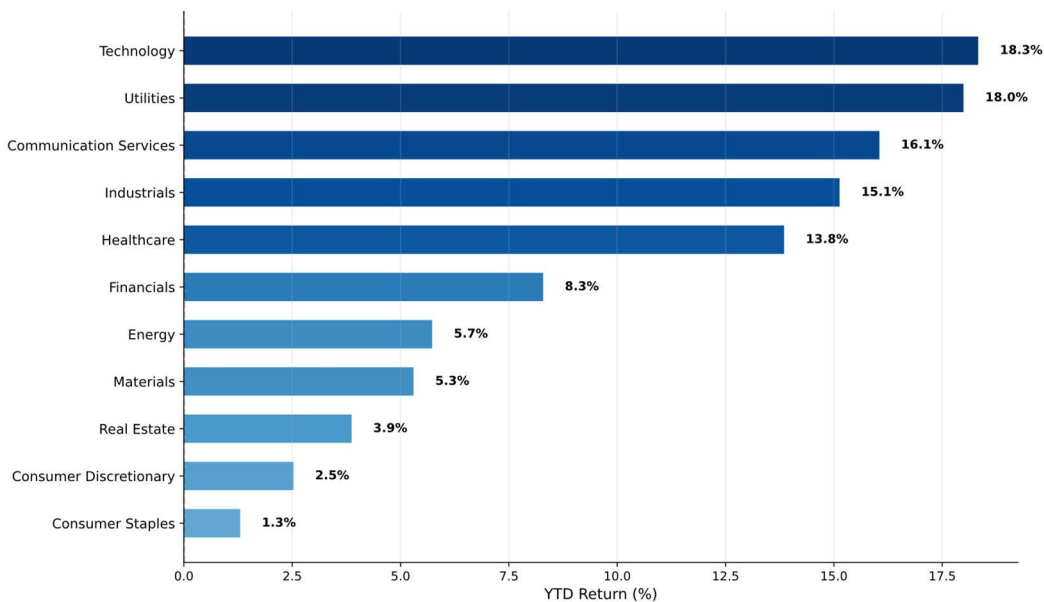
Geopolitically, the G20 Summit in Johannesburg reflects a multipolar world undergoing strategic realignment. The U.S. government shutdown, which ended on November 12–13, highlighted the fragility of American fiscal administration and the potential for domestic political factors to reverberate across global

markets. These broader forces are reshaping macroeconomic expectations and influencing the trajectory of global investment flows.

### Technology, Utilities, and Communication Services: The Dominant Equity Sectors

Among all equity sectors, technology and communication services have generated the strongest performance, rising between sixty and eighty percent over the past two years. These gains stem from extraordinary earnings momentum, the explosive growth of the AI ecosystem, and the sustained strength of digital advertising and cloud services. The dominance of these sectors underscores the central role of innovation in driving returns and highlights the bifurcation between high-growth industries and more cyclically sensitive sectors.

**Figure 8: Five of Ten S&P 500 Sectors Registered a Double-Digit Positive Performance, Led by Technology**



Source: Data sourced from Yahoo! Finance as on November 24, 2025.

### Conclusion: Navigating 2026 in a World of Elevated Uncertainty

The global economic landscape entering 2026 is defined by resilience tempered by significant vulnerability. The United States remains the primary engine of global growth, bolstered by robust corporate earnings and secular productivity gains from artificial intelligence. Yet the labor market is gradually softening, fiscal risks are escalating, and policy uncertainty remains high. The Federal Reserve faces a complex environment defined by incomplete data, uneven disinflation, and internal divergence.

Global markets have delivered strong performance, particularly in the United States, but the path ahead is increasingly dependent on policy clarity, geopolitical stability, and the continued strength of corporate profitability. The outperformance of U.S. equities, especially within technology, reflects both structural

strengths and relative insulation from global shocks. However, risks remain wide and asymmetric, driven by potential tariff-induced inflation, immigration restrictions, fiscal deterioration, and geopolitical tensions.

*The overarching narrative is one of cautious optimism, grounded in the long-term benefits of AI-driven productivity and secular demand for innovation, but shaped by near-term policy and macroeconomic headwinds. For investors, the opportunity set remains compelling, particularly within U.S. large-cap growth and select emerging markets. Yet diversification, disciplined risk management, and close monitoring of policy signals are essential as the world navigates a period of unusually high volatility and profound economic transformation.*



## About us

RCK Analytics is a global provider of high-quality investment research, investment banking support, PE/VC insights, Gen AI solutions, market research, analytics, and assurance services. We serve a diverse client base including investment firms, PE/VC funds, asset managers, hedge funds, investment banks, consulting firms, and corporates across sectors. Backed by a skilled team, we deliver data-driven insights and strategic support to help clients make informed decisions and drive financial outcomes.



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