



Global Markets

November Markets: A Fragile Pause, but Cautious Optimism Builds

Global markets entered November with cautious momentum as investors navigated data uncertainty, divergent central-bank expectations, and mounting geopolitical tensions. The prolonged US government shutdown, extending 43 days, delayed key macro releases and amplified reliance on private indicators, which pointed to softening labor demand and moderating inflation. Rate-cut expectations strengthened materially, with futures pricing a high probability of a December Fed cut, helping offset concerns around fiscal instability and stretched valuations. Developed market equities rose only 0.3%, highlighting the fragile backdrop. A pronounced rotation into defensive sectors, including healthcare and consumer staples, marked a reversal of trends seen earlier in the year, as markets digested mixed US data, uneven global demand, and persistent geopolitical risks. Safe-haven behavior intensified, lifting gold around \$4,240/oz, while commodities overall held steady as precious metals strength countered weakness in energy. Despite these headwinds, sentiment remained tentatively constructive heading into December.

Strong Earnings, Weak Tech: a Split Story across Global Markets

Corporate earnings remained robust, with 81% of S&P 500 companies beating expectations and year-on-year earnings growing 13%. Yet technology underperformed as investors questioned elevated valuations and the durability of AI-driven growth. This weighed on global performance: Korea fell 3%, Taiwan dropped 4%, and emerging markets lagged developed markets by 2.7 percentage points. In the US, rate-cut optimism lifted AI-linked stocks late in the month, but the S&P 500 ended flat and the Nasdaq declined nearly 2%. Europe saw modest gains supported by cooling inflation at 2.1%, improving infrastructure sentiment, and German fiscal support, while UK equities held firm amid easing inflation and defensive strength. Japan remained volatile, initial losses were followed by a sharp rebound as foreign inflows increased, while China softened as stimulus effects faded, PMIs stayed below 50, and manufacturing profits weakened.

Policy Shifts and Defensive Rotation: Navigating the Road Ahead

Fixed income reflected a mix of caution and opportunity as US Treasury yields declined, helping US bonds lead major fixed income categories with a +0.6% return. The absence of timely US economic data, rising unemployment signals, and softer consumer confidence kept policy expectations fluid but tilted toward easing. Japan faced one of the weakest bond performances globally, with -1.3% monthly returns amid doubts over the sustainability of ultra-loose monetary policy, while UK and eurozone bonds were broadly stable despite budget-related uncertainties. Credit markets were steady overall, though high-yield autos experienced volatility and isolated corporate stress episodes resurfaced.

Defensive sectors across equities continued to outperform as investors reassessed valuation risks and the resilience of high-growth themes. Looking ahead, while volatility is likely to persist, especially with geopolitical realignments and uneven macro data, but we maintain a cautiously positive outlook supported by easing inflation, improving policy visibility, and solid corporate fundamentals.



Regional Markets

Saudi Market Declines Sharply in November Amid Broad-Based Sector Weakness

The Saudi equity market reversed its October momentum, with the Tadawul All Share Index (TASI) falling 9.1% month-on-month to close at 10,591 points, marking one of its weakest monthly performances of the year. Trading activity moderated significantly, with total value traded dropping 29.1% to SAR 86.8 billion, reflecting softer sentiment across institutional and GCC investors, who together recorded a net outflow of SAR 3.34 billion. Every one of TASI's 21 sectors posted losses, led by Utilities (-18.2%) and Consumer Services (-16.2%), while Banks and Materials continued to dominate liquidity, accounting for roughly 32% of total traded value. Despite the steep market pullback, qualified foreign investor (QFI) ownership remained stable at 11.12% of free float, with select names such as EIC, Rasan, and Arabian Drilling seeing positive foreign inflows during the month. On a year-to-date basis, TASI was down 12.0%, reflecting sustained pressure from global macro uncertainty, weaker oil prices, and sector-specific earnings challenges.

Saudi Arabia’s 2026 Budget Reinforces Fiscal Sustainability and Vision 2030 Priorities

Saudi Arabia’s forthcoming 2026 fiscal budget maintains a strategic balance between fiscal discipline, economic transformation, and counter-cyclical support. The draft budget projects SAR 1.313 trillion in expenditures and SAR 1.147 trillion in revenues, implying a fiscal deficit of 3.3% of GDP as the Kingdom continues to invest heavily in Vision 2030 programs with high social and economic impact. The government emphasized that spending plans remain aligned with priority development areas, including infrastructure, social programs, and long-term competitiveness reforms, while public debt stays relatively low and backed by substantial fiscal reserves.

Medium-term projections point to real GDP growth of 4.6% in 2026, driven by accelerating non-oil activity and sustained private-sector expansion. Revenues are forecast to rise steadily to SAR 1.294 trillion by 2028, while expenditures are set to increase in parallel as strategic projects advance. Despite the expectation of manageable medium-term deficits, the fiscal position remains strong, supported by robust access to global debt markets, Saudi issuers led the GCC in 2025 with USD 52.8 billion in bond and sukuk issuance. The Ministry of Finance continues to stress flexibility and prudent planning amid global uncertainty, ensuring the Kingdom can respond effectively to external shocks while maintaining momentum in its long-term diversification agenda.



Global Market Indices

Global Data: As
End Of: 28-Nov-25

Saudi Market
Data: As End Of: 30-Nov-25

| Region/sector | Index | Quote | MTD (%) | YTD (%) | 1Y (%) | 2Y (%) | 3Y (%) | 5Y (%) | 10Y (%) | 2022 (%) | 2023 (%) | 2024 (%) |
|------------------|-----------------------|-----------|---------|---------|--------|--------|--------|--------|---------|----------|----------|----------|
| World | DJIM World TR | 12,966.27 | (0.6) | 18.8 | 18.0 | 21.4 | 20.2 | 10.9 | 12.7 | (24.2) | 27.0 | 18.0 |
| Developed | DJIDEV TR | 7,480.68 | (0.3) | 18.8 | 17.7 | 21.7 | 20.9 | 12.1 | 13.2 | (24.2) | 29.4 | 18.5 |
| Emerging Markets | DJIEMG TR | 6,306.09 | (3.2) | 19.7 | 21.6 | 18.3 | 14.3 | 1.4 | 8.3 | (24.2) | 6.4 | 13.3 |
| Saudi | TASI | 10,590.88 | (9.1) | (12.0) | (9.0) | (2.3) | (0.9) | 3.9 | 3.9 | (6.4) | 14.2 | 0.6 |
| NAREIT | All REITS (EM Inc) TR | 3,352.48 | 2.1 | 12.2 | 4.5 | 12.0 | 7.7 | 3.7 | 4.2 | (23.6) | 9.8 | 1.6 |
| GSCI | All Commodities | 555.17 | (0.3) | 1.0 | 3.4 | (0.3) | (2.7) | 7.4 | 5.1 | 8.7 | (12.2) | 2.6 |
| | Euro | 1.16 | 0.5 | 12.0 | 9.9 | 2.7 | 3.9 | (0.6) | 0.9 | (5.8) | 3.1 | (6.2) |
| Currencies | Yen | 156.18 | (1.4) | 0.7 | (3.0) | (2.8) | (3.8) | (7.8) | (2.4) | (12.2) | (7.0) | (10.3) |
| | GBP | 1.32 | 0.6 | 5.7 | 4.3 | 2.1 | 3.4 | 2.4 | 2.5 | (10.7) | 5.4 | (1.7) |

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