

November 2025

MARKET INSIGHT



CRAIG MELLING Director of Investment ◆ **OLIVIA REID** Investment Manager

December marks the final stretch of the year and gives us a natural moment to pause, reflect on November, and turn our attention toward how markets are shaping up for the remainder of 2025 and into 2026.

November certainly proved eventful. We saw a mix of political and market drama, including a US government shutdown, bouts of extreme volatility, and rapid reversals in UK fiscal policy following a leaked budget. It was a reminder that the investment landscape remains sensitive and highly reactive to headlines.

A month of volatility

Market moves during November were dominated by concerns around elevated valuations, particularly in the artificial intelligence space. Tech-heavy US indices experienced sharp swings, at one point surging after strong earnings before finishing the day deep in negative territory.

This wasn't limited to the US. Volatility spread globally, with markets displaying what many have described as "hyper-sensitivity" to news flow. Japan, for example, saw notable declines in local currency terms, and yet US markets closed the month roughly where they started.

The combination of markets operating near all-time highs, concentrated leadership, and stretched valuations has made investors more cautious. At such elevated levels, sharp pullbacks can occur quickly and with little warning.

That said, sentiment improved toward month-end. Investors began to look beyond valuation fears, aided by commentary from the Federal Reserve signalling that a rate cut in December is likely. That helped ease nerves and introduce a slightly more optimistic tone.

Will this optimism continue?

If there's one thing we can say with confidence, it's that volatility is likely to persist. After another strong year of returns, some investors will look to lock in profits as we move through the festive period. We're also seeing capital begin to rotate into different areas of the market, with diversification returning as a priority. Factor movements reflected this, with value and smaller companies outperforming, while growth was the laggard through November.

Tech-heavy US indices experienced sharp swings, at one point surging after strong earnings before finishing the day deep in negative territory.

Politics and bonds

Political decisions also played a notable role in fixed income markets. UK government bonds experienced material swings throughout the month and a change in tax policy initially triggered selling pressure - the largest decline in gilts since the summer. However, gilt prices subsequently recovered following the budget, as revenue-raising measures created additional fiscal space. The Bank of England, meanwhile, held rates at 4%, with meeting minutes suggesting a cut in December is more likely than not.

The UK Budget

From a market perspective, the budget landed broadly as expected, limiting its impact on sentiment. The focus this time fell more on employees through tax threshold freezes, while the Chancellor sought to balance political expectations with fiscal credibility. Importantly, the removal of uncertainty is generally supportive for markets. Despite the domestic challenges of the last few years, the UK equity market has delivered double-digit returns year-to-date. There is also interest from global allocators who are looking to diversify away from the US.

US politics

In the US, the government shutdown was the longest on record at 43 days. While the data blackout wasn't helpful, the real consequence so far has been a deterioration in political approval ratings. Looking ahead, our focus in the coming months will be on inflation and growth, particularly labour conditions and consumer confidence.

How are investors responding?

It's worth remembering that while politics can trigger short-term market moves, the longer-term performance of equities is driven by company earnings. Markets can, and often do, rise even when the broader economy looks challenged, provided corporate profitability holds up.

Markets can, and often do, rise even when the broader economy looks challenged, provided corporate profitability holds up.

- ◆ Underweight equities, and
- ◆ Tactically overweight alternatives

The intention is to ensure portfolios remain resilient while we navigate a more volatile backdrop. We are also looking to introduce further downside protection, helping cushion portfolios from any sharp reversals in markets.

As we look toward 2026

Our focus remains on monitoring company earnings, keeping a close eye on broader economic conditions and the risk of recession, and being prepared for the possibility of slower growth. Valuations remain elevated, and although the environment feels fragile, much of that caution stems from pricing rather than fundamentals.

Markets can swing quickly on shifting narratives, so having clear data points, harnessing the power of markets while maintaining discipline, and looking through the noise is essential. Our job is to understand, manage and navigate the complexity of markets, so our clients can invest with peace of mind.

Above all, diversification and emotional discipline remain key. Pullbacks are part of investing, and over the long term, markets have rewarded patience and resilience.

And finally, a note of thanks. As we close out the year, we want to express our gratitude for your ongoing support throughout 2025. From all of us at Progeny, we wish you a very Merry Christmas and a prosperous New Year.

theprogenygroup.com ◆ @theprogenygroup ◆ +44 344 225 0660

Click here to watch the video

Progeny is also a trading style of Progeny Asset Management Limited and is used by various companies within the Progeny group of companies. Progeny Asset Management Limited (company number 09415365) is authorised and regulated by the Financial Conduct Authority (No. 740528). Registered in England and Wales. Registered office: 1A Tower Square, Wellington Street, Leeds, England, LS1 4DL. Telephone No: 0330 165 9040, Email: enquiries@theprogenygroup.com Website: <https://theprogenygroup.com/>.

The opinions stated in this document are those of the author and do not necessarily represent the view of Progeny and should not be relied upon to make a financial decision. Information contained herein has been obtained from sources believed to be reliable but is not guaranteed. Past performance is no guarantee of future performance. The value of an investment and the income from it can fall as well as rise and investors may get back less than they invested. Your capital is therefore always at risk. It should be noted that stock market investing is intended for the longer term.