

CIO Office

Global Markets Weekly Kickstart

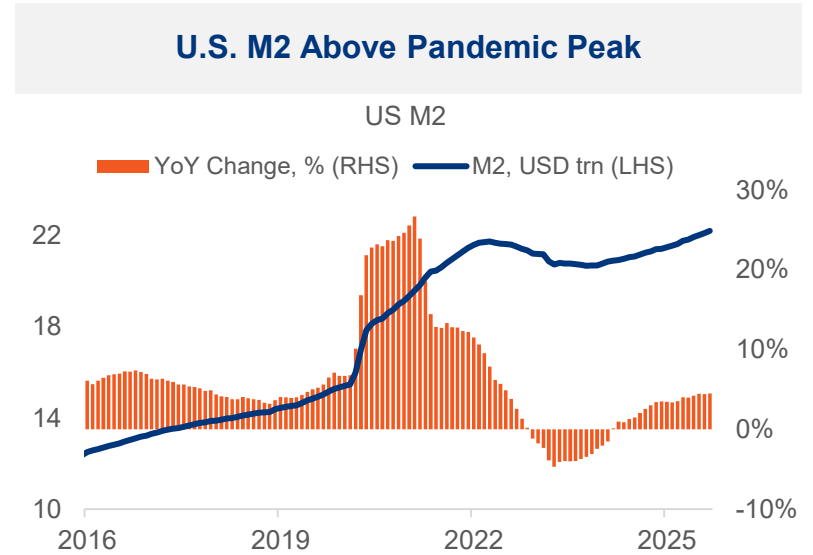
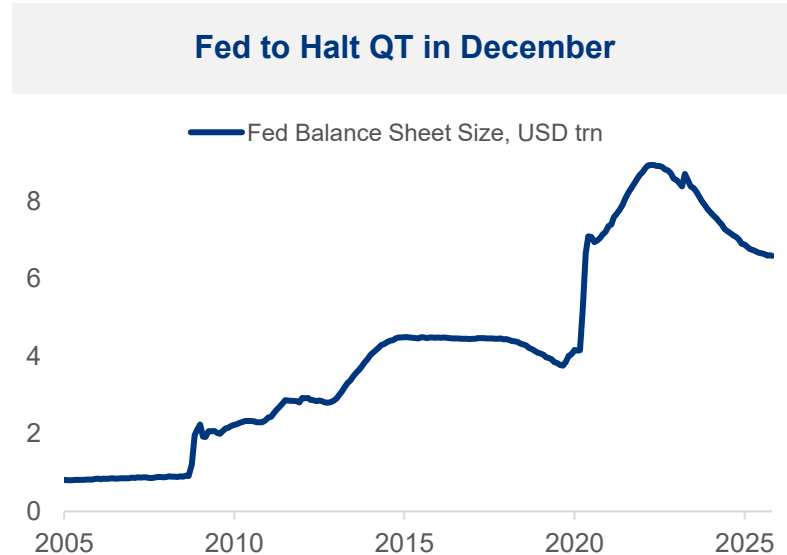
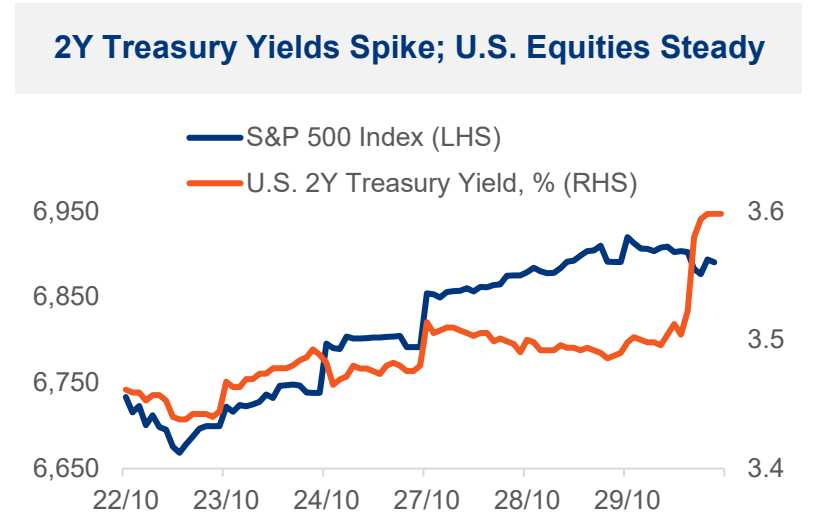
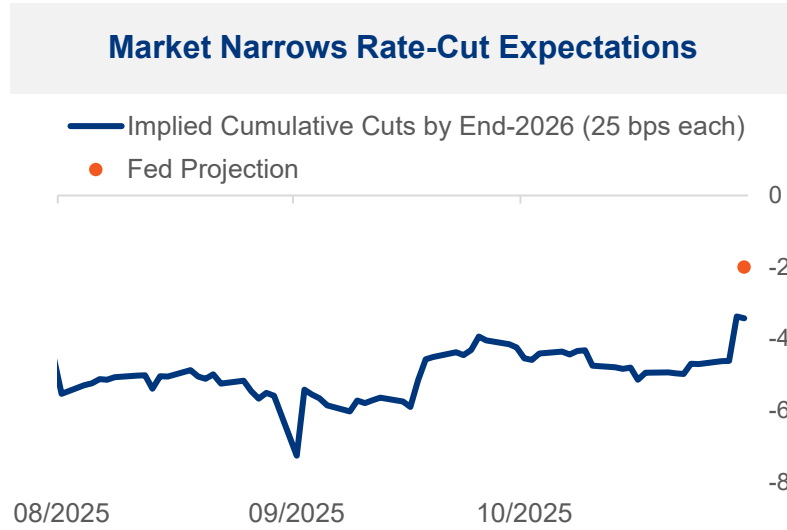
Big Tech's Week

3 November 2025

Fed Delivers Hawkish 25 bps Cut, to End QT in December

- ▶ As expected, the Fed cut rates by 25 bps but indicated no commitment to another cut in December, citing the current 3.75%–4% rate range as near the upper bound of neutral. The Fed will halt quantitative tightening (QT) on December 1 to ease liquidity tightness, meaning the balance sheet size will remain unchanged. According to WSJ, proceeds from maturing MBS will be redirected to short-term Treasuries.
- ▶ On the economy, the Fed described moderate growth and a cooling labor market. Excluding tariff effects, core inflation is near the 2% target, while tariff impacts may not have fully surfaced but are likely one-off.
- ▶ Following the hawkish cut, the probability of a December rate cut fell from over 90% to 70%, narrowing overall easing expectations. The 2-year Treasury yield rose nearly 10 bps, the DXY climbed above 99, and rate-sensitive sectors underperformed despite low equity volatility.
- ▶ Since 2022, the Fed's QT has gradually withdrawn post-COVID liquidity. After December, maturing proceeds will be reinvested into Treasuries—typically supportive for easier financial conditions and risk assets. U.S. M2 has surpassed its pandemic peak to a record high, up 4.5% YoY in September versus a 10-year average growth of 6.4%.

Source: Bloomberg, FactSet

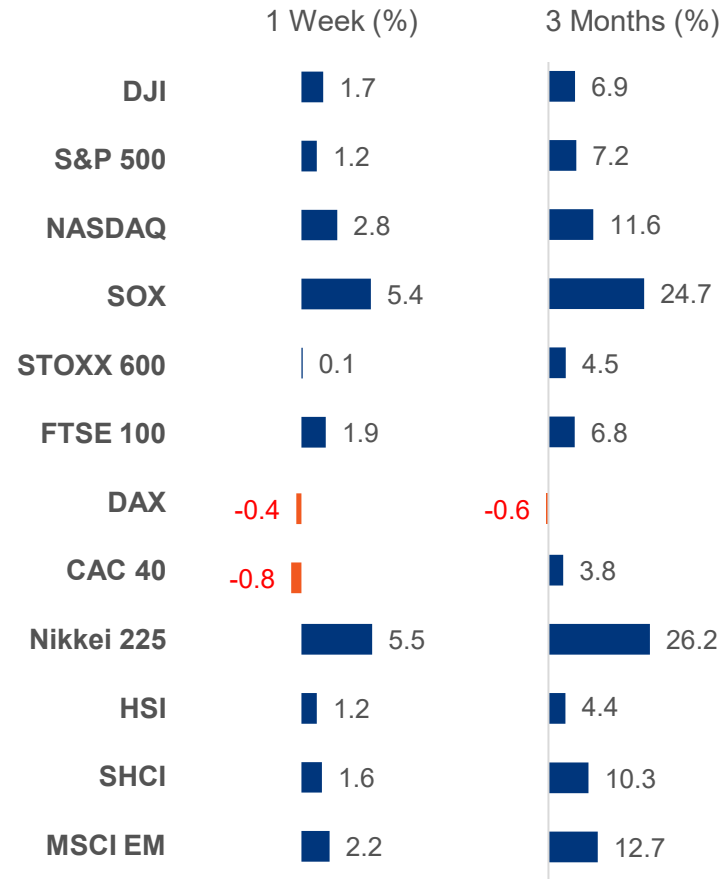


Market Recap

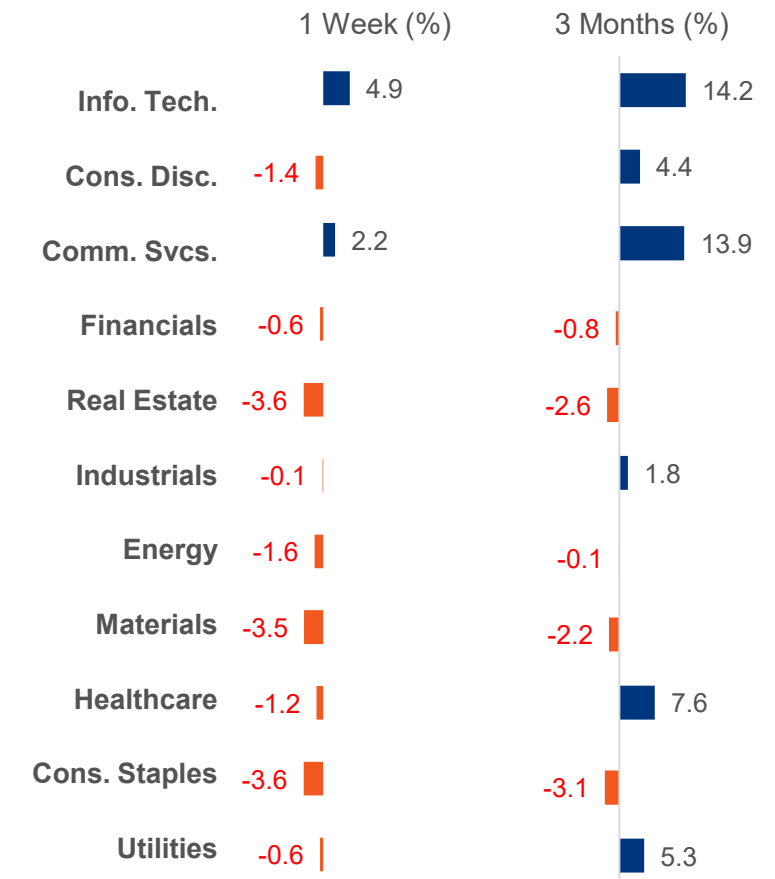
Solid Tech Earnings Offset Drag from Hawkish Fed Cut

- ▶ Multiple risk events drove market volatility this week, including Trump's visits to key Asian nations, the Fed's hawkish rate cut, and earnings releases from major tech firms. Despite swings in index-heavyweights' results, all three major U.S. indices posted solid weekly gains.
- ▶ Trump's Asia tour helped rebuild ties with key trade partners, improving sentiment and easing trade risks, though some trade-war plays such as rare-earth names weakened. However, no breakthrough was reached on U.S.–China chip issues, and profit-taking emerged as optimism peaked.
- ▶ The Fed's hawkish cut weighed on risk appetite, with nearly all U.S. sectors declining except IT and Communication Services, while semiconductors rose on resilient AI demand. Some mega-cap techs pulled back post-results, but gains over the past two weeks remained intact.
- ▶ Japanese large caps also advanced, supported by easing U.S.–Japan trade tensions and continued AI-driven demand. Officials from both sides emphasized the importance of FX stability.

Regional Index Performance (%)

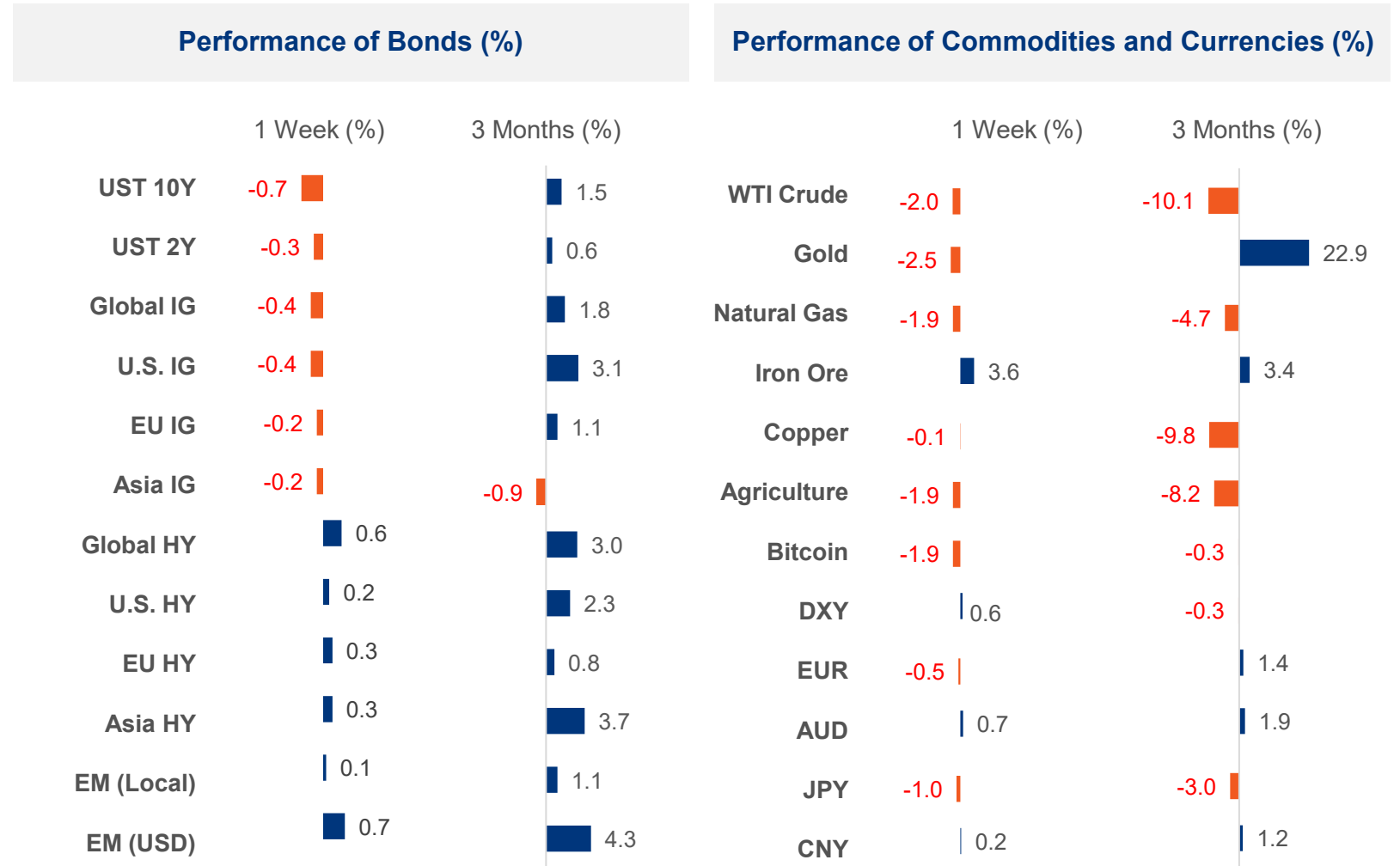


U.S. Sector Index Performance (%)



Hawkish Cut Steepens Yield Curve; Long Bonds Volatile, Higher Yields Weigh on Gold

- ▶ The Fed's hawkish cut narrowed expectations for further easing, pushing the U.S. Treasury curve higher across maturities and weighing on bond performance. Investment-grade debt declined broadly, with long-duration bonds underperforming due to rate sensitivity.
- ▶ Reports indicate the Fed will continue reducing MBS holdings, reinvesting maturities into short-term Treasuries to ease liquidity tightness. While this supports front-end demand, short maturities remain constrained by policy rates, limiting downside yield potential.
- ▶ Historically, yields and gold move inversely; higher yields raise risk-free returns and a stronger dollar tends to pressure gold. With gold already up notably over the past month, prices lacked support this week.

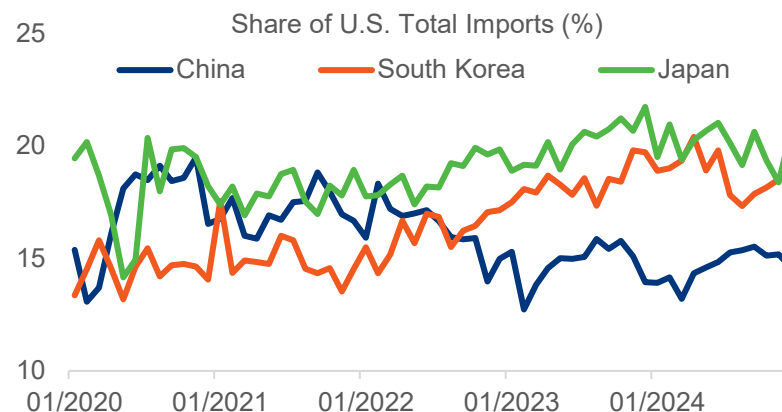


Source: Bloomberg, 30 Oct 2025

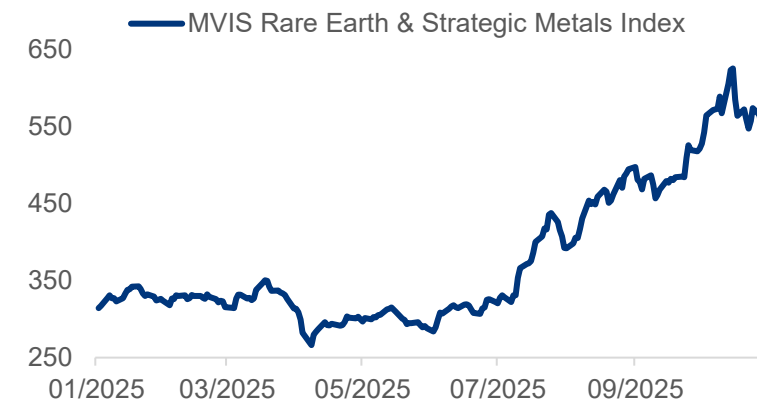
Trump Visits Key Asian Nations to Rebuild Post-Trade War Ties

- ▶ Last week, Trump toured several Asian countries, attending the ASEAN Summit and meeting Japanese Prime Minister Sanae Takaichi, South Korean President Lee Jae-myung, and Chinese President Xi Jinping. The trip, his first to Asia since implementing reciprocal tariffs, aimed to rebuild trade relationships, though prior trade-war plays continued to correct.
- ▶ Japan: The U.S. cut tariffs on Japan to 15% in exchange for Japanese investment, with both sides signing a rare-earth cooperation agreement. Takaichi, known for continuing Abenomics, expressed gratitude for Trump and Abe's friendship. On the same day, Finance Minister Jōnai Minoru highlighted concerns over FX volatility and fiscal discipline. Later, Bessent noted that Japan's conditions differ markedly from those during the Abenomics era 12 years ago.
- ▶ South Korea: Following the U.S.–Korea meeting, Seoul pledged up to USD 20 bn of annual investment. The U.S. agreed to lower tariffs on Korean exports and permit nuclear-powered submarine construction in Philadelphia, while South Korea will support the U.S. shipbuilding industry.
- ▶ China: The U.S. agreed to lower tariffs on Chinese goods, including reducing the fentanyl-related tariff to 10%. In return, China will purchase U.S. soybeans and maintain rare-earth supply, with Trump scheduled to visit China again in 2026.

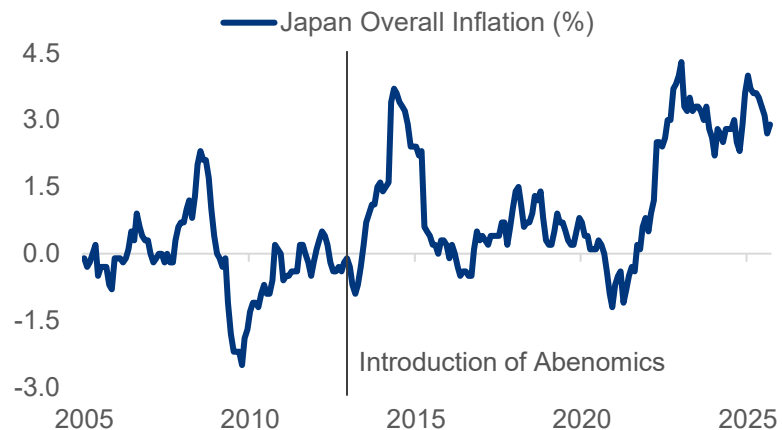
China, Japan, and Korea Account for ~15–20% of U.S. Imports



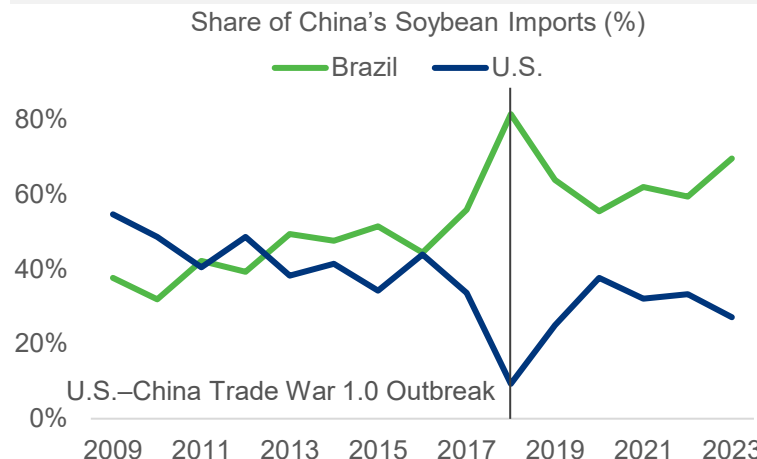
Rare-Earth-Related Stocks Fail to Extend Rally



U.S. Expects Japan to Prioritize Rate Stability and Anchored Inflation



U.S. Aims to Regain China's Soybean Market

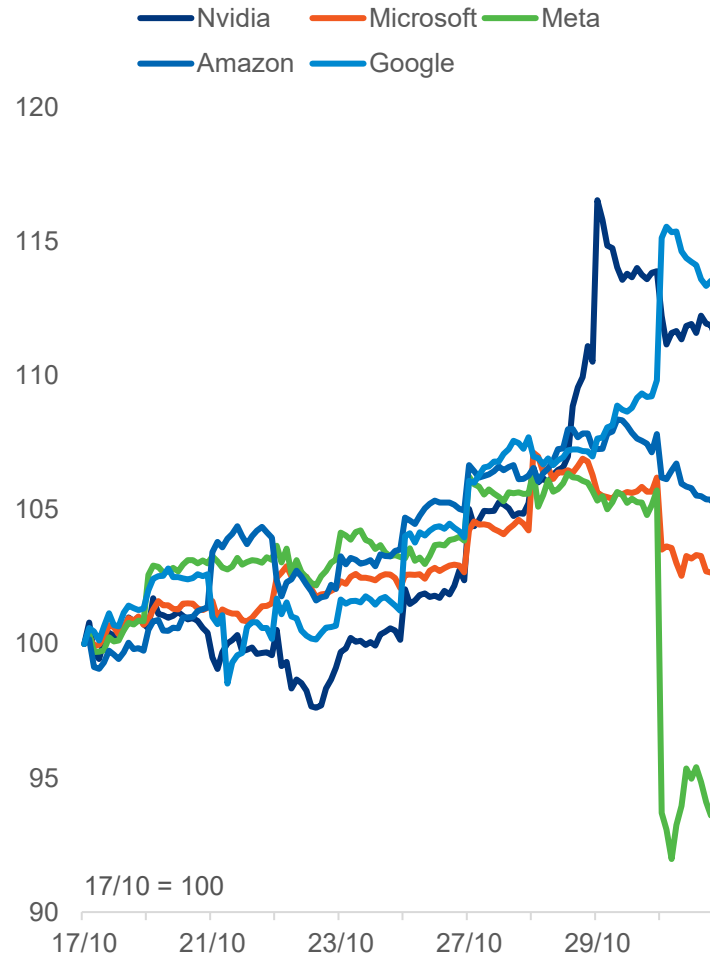


Source: CEIC, Bloomberg, WITS, Department of the Treasury

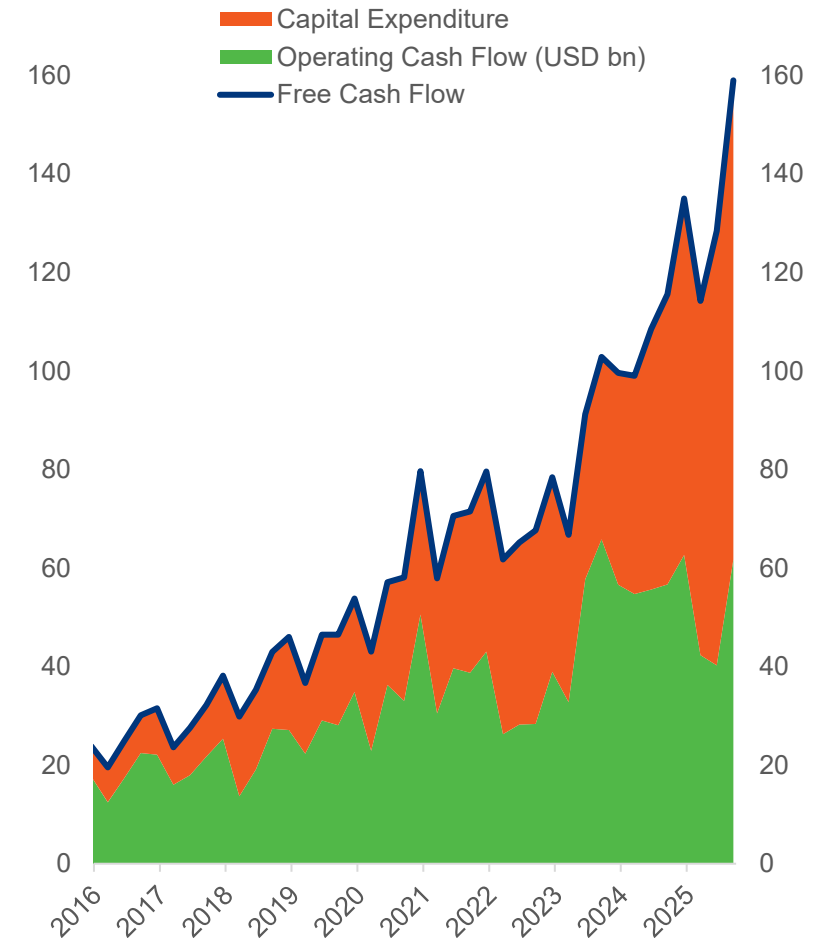
Tech Giants' Earnings Highlight Robust AI Demand; Growth Strong but Expectations High

- ▶ This week, alongside Nvidia's GTC, the four AI giants—Meta, Google, Amazon, and Microsoft—released earnings, with investors focused on cloud growth and capex trends.
- ▶ Nvidia: At GTC, CEO Jensen Huang dismissed AI bubble concerns, stating that powerful models justify client spending and underpin compute infrastructure demand. The company unveiled NVQLink, a system connecting quantum processors with AI supercomputers, and showcased AI integration with partners such as Uber and Palantir.
- ▶ Meta: 3Q revenue reached USD 51.24 bn (+26% YoY). After a one-time tax charge, net profit dropped to USD 2.71 bn; excluding it, profit rose 19% YoY to USD 18.64 bn.
- ▶ Google: 3Q revenue was USD 102.3 bn (+16% YoY); Google Cloud grew 34% YoY, with profit up 33% to USD 34.9 bn, broadly exceeding market expectations and remaining a crowded long position.
- ▶ Amazon: 3Q net sales rose 13% YoY to USD 180.1 bn, with AWS accelerating to 20% YoY growth.

Most Tech Giants' Share Prices Hold Up Well



Strong Cash Flows Continue to Support Capex

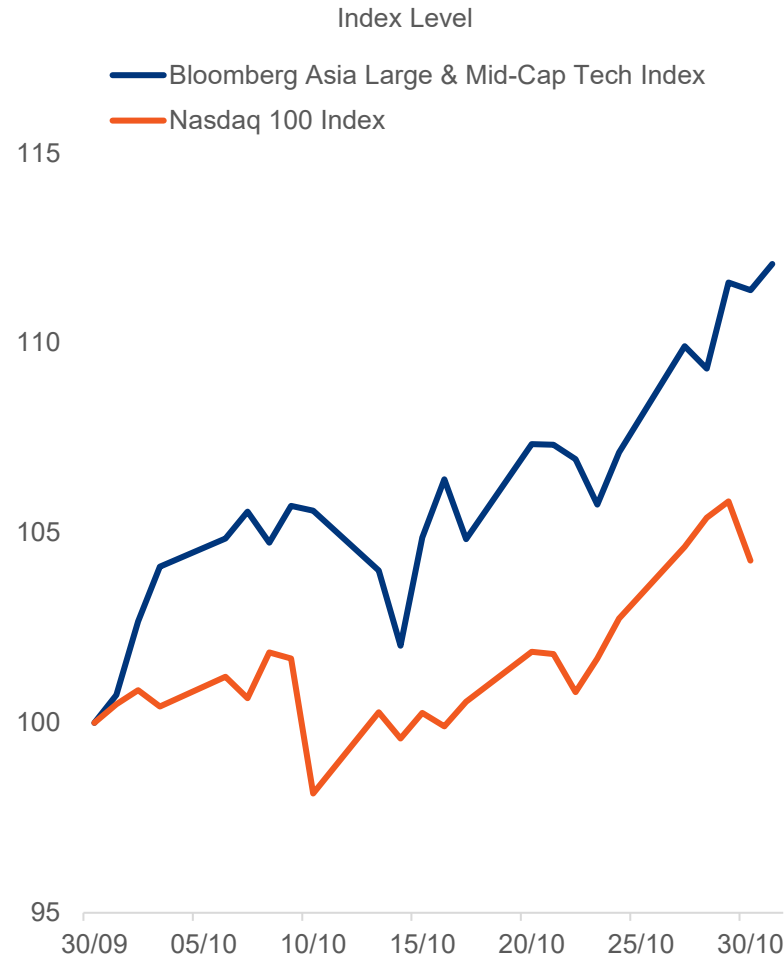


Source: Bloomberg, MSCI, KGI

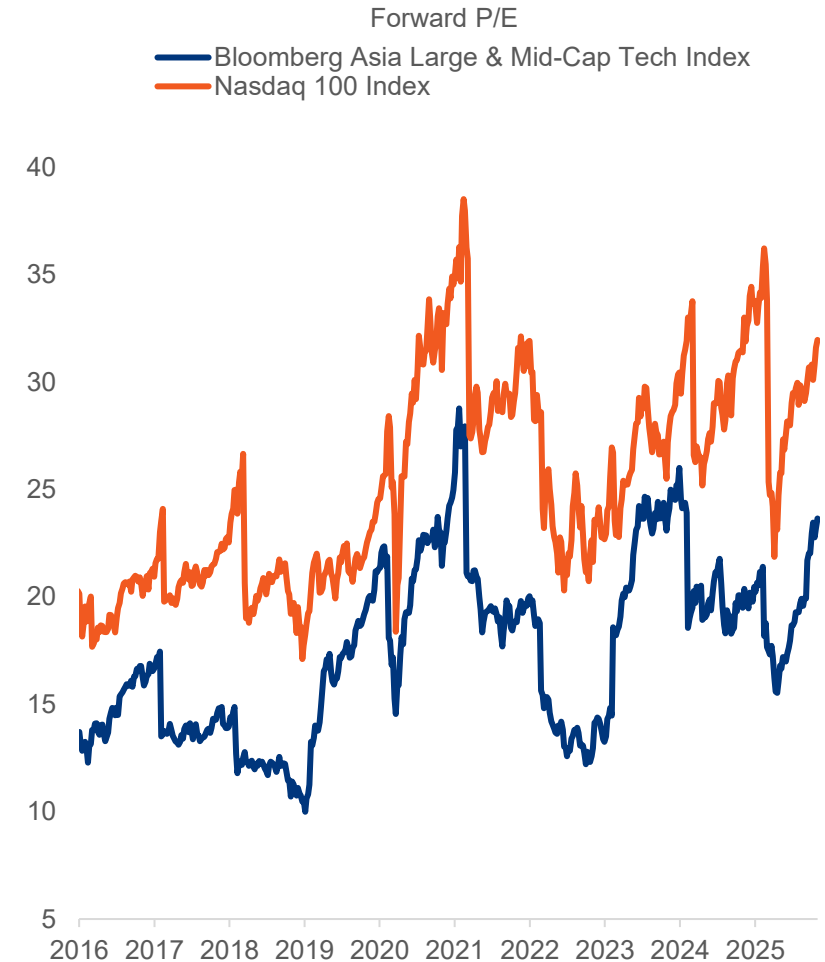
Trade Tensions Ease; Asia's Tech Hardware Supply Chain Remains Indispensable

- ▶ Overall, the four AI giants delivered solid revenue and profitability, with cloud services growing 20–40% YoY, showing strength beyond their core businesses and supporting sustained AI hardware demand.
- ▶ As previously noted, Asia maintains a comprehensive, diversified presence across the AI value chain. Key regional suppliers—TSMC, SK Hynix, Tokyo Electron, Advantest, ASE, and Hon Hai—remain critical in AI infrastructure. Strong compute demand is driving a new capex cycle into 2026, keeping semiconductor capacity tight. However, rising hardware prices may pressure consumer tech margins, though easing trade tensions could mitigate risks.
- ▶ Powell noted that today's AI boom differs from the 1990s Dot-Com bubble, as firms now possess profitability and mature business models rather than purely conceptual foundations.

Asia Tech Stocks Outperform Nasdaq in Recent Months



Asia Tech Valuations Rising but Still Below U.S. Peers



Source: Bloomberg

Asset Strategy

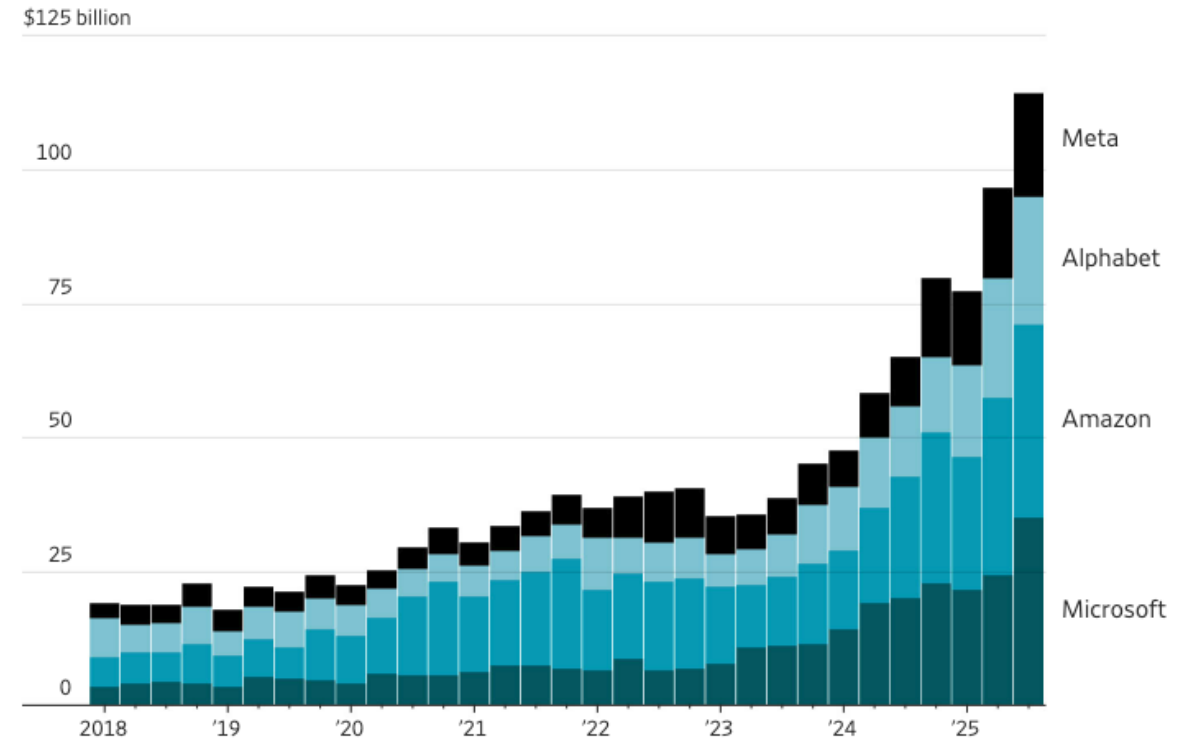
Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ With Democrats and Republicans still unable to reach a compromise, the U.S. government shutdown continues, while economic data remain unclear. As earnings season peaks, tariff-related costs may pressure profit margins and forward guidance, potentially heightening near-term market volatility. We suggest maintaining a balanced sector allocation and flexible liquidity to navigate fluctuations. At this stage, investors may add high-quality equities, while long-term investors should continue accumulating AI and tech names on pullbacks. ◆ European equities remain cheaper than U.S. peers, with U.K. and German stocks better positioned given lower trade exposure. The appointment of Sanae Takaichi as Japan's Prime Minister is supportive for Japanese equities, and improving wages further strengthen the outlook, making Japan an appealing component for diversified portfolios. 	<p>Strategy: Near term — Manage higher volatility with high-quality stocks. Long term — Gradually accumulate AI and tech sectors on dips</p> <p>Regions: Europe, U.K., Japan, and New Asia Tech Stocks</p>
Bonds	<ul style="list-style-type: none"> ◆ With growth slowing and the labor market cooling, the yield curve has steepened. Investors should focus on U.S. Treasuries and investment-grade bonds for yield capture and rate lock-in. Within IG credit, A-rated or higher blue-chip issuers are preferred, with attractive risk-adjusted spreads found in financials, utilities, and industrials. ◆ The U.S. dollar remains weak, supporting diversification into non-USD investment-grade bonds denominated in currencies such as the euro and Singapore dollar. 	<p>Duration: Short to medium-term Treasuries and high-grade bonds for yield lock-in</p> <p>Sector: High-quality financials, industrials, and utilities</p>
Forex	<ul style="list-style-type: none"> ◆ With growth slowing and the labor market cooling, the yield curve has steepened. Investors should focus on U.S. Treasuries and investment-grade bonds for yield capture and rate lock-in. Within IG credit, A-rated or higher blue-chip issuers are preferred, with attractive risk-adjusted spreads found in financials, utilities, and industrials. ◆ The U.S. dollar remains weak, supporting diversification into non-USD investment-grade bonds denominated in currencies such as the euro and Singapore dollar. 	<p>USD: Weak, consolidating</p> <p>EUR, JPY, GBP: Gradual upside with swings</p>
Commodity	<ul style="list-style-type: none"> ◆ The U.S. dollar is expected to weaken over the medium to long term as rate cuts lower yields. Persistent inflation risks, rising fiscal deficits, and continued central bank and institutional gold purchases all support a favorable long-term outlook for gold. Short-term pullbacks offer buying opportunities on dips. 	<p>Gold: Medium- to long-term bullish</p>



U.S. Tech Giants' Capex Boom Continues

- ▶ As expected, the Fed cut rates by 25 bps, setting the federal funds target range at 3.75%–4.0%, marking another step toward a more neutral stance. Chair Powell noted that the economy continues to expand moderately with little change in outlook. However, the labor market is gradually cooling, with rising downside risks to employment, though layoffs and hiring remain subdued. On inflation, Powell acknowledged that price pressures remain slightly elevated and short-term expectations have edged higher, but services inflation is easing and most long-term indicators remain aligned with target. While higher tariffs have lifted some goods prices, their impact on inflation should be short-lived under the baseline scenario. Powell emphasized that risks are now more balanced, policy carries no risk-free path, and despite internal divisions, the Fed stands ready to respond as needed — with another cut in December far from certain.
- ▶ Meanwhile, U.S. tech giants showed continued acceleration in AI-related capital expenditures in the latest earnings season, raising 2026 spending guidance. This trend should further benefit AI infrastructure providers. Although valuations in the AI sector remain elevated, investor appetite stays strong. We recommend focusing on companies with clearer growth visibility and more attractive valuations.

Capex of U.S. Tech Giants



Dell Technologies (DELL US)

Closing Price US \$162.01

Target Price US \$180

Dell Technologies provides computing products and services globally, including laptops, desktops, workstations, servers, storage, networking, and related software solutions.

AI Infrastructure Driving Record Growth

Dell continues to benefit from surging AI demand. Its Infrastructure Solutions Group (ISG) posted record 2Q revenue of USD 16.8 bn (+44% YoY), with servers and networking up 69%. The company shipped USD 10 bn worth of AI servers in 1H26 and raised its full-year AI server shipment target to USD 20 bn. As a key Nvidia partner and core supplier to clients such as CoreWeave and xAI, Dell now expects ISG's long-term revenue CAGR to reach 11–14%, up from the prior 6–8%, driven by accelerating AI adoption and robust data center demand.

PC Refresh Cycle to Support Client Solutions Group (CSG)

According to IDC, global PC shipments rose 9.4% YoY in 3Q25, supported by the end of Windows 10 support and growing AI-PC adoption. Dell's CSG revenue edged up 1% YoY to USD 12.5 bn, as a 2% rise in commercial demand offset a 7% decline in consumer sales. With enterprises upgrading devices ahead of Windows 11 migration and adopting AI-enabled PCs, Dell is positioned for incremental revenue and margin recovery within CSG.

Strong FY26 2Q Results with Continued Growth Outlook

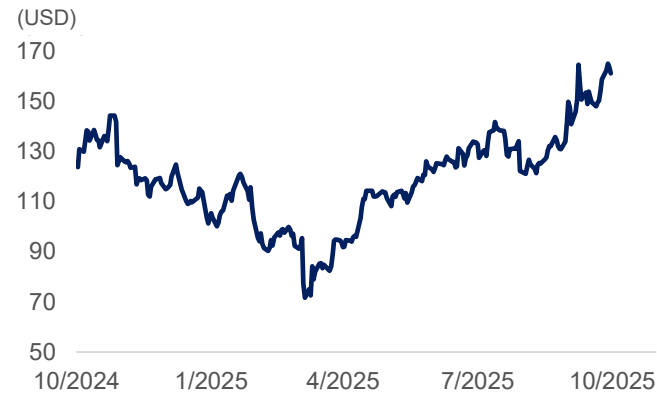
For FY26 2Q, revenue rose 19% YoY to a record USD 29.8 bn, with non-GAAP EPS of USD 2.32 (+19% YoY). AI-related revenue reached USD 10 bn in 1H26, exceeding the total from FY25. For 3Q, Dell guides revenue between USD 26.5–27.5 bn and non-GAAP EPS midpoint of USD 2.45. For FY26, revenue is projected at USD 105–109 bn, with EPS midpoint of USD 9.55.

Valuation Consensus

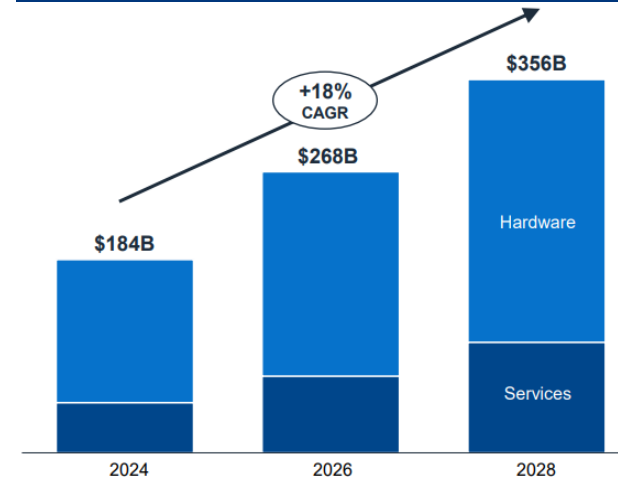
Bloomberg's 12-month consensus target price stands at USD 164.8, with a high of USD 200 and a low of USD 125.

Source: Bloomberg

1-Year Price



AI Hardware and Services Spending Growth



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	1.1	-13.6	8.1	13.0	9.0
EBITDA (%)	9.9	11.1	11.0	11.0	11.2
EPS(USD)	5.66	5.59	6.42	9.56	11.32
Net Profit Margin(%)	-8.8	-1.1	14.7	48.9	18.4

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B



Hewlett Packard Enterprise (HPE US)

Closing Price US \$24.42

Target Price US \$28

Hewlett Packard Enterprise provides enterprise IT solutions, including security, analytics and data management, application development and testing, data center maintenance, cloud consulting, and business process services for global clients.

AI Infrastructure and Network Transformation

HPE's pivot toward AI infrastructure and hybrid cloud has positioned it at the core of enterprise digital modernization. The successful acquisition of Juniper Networks doubled HPE's networking business and integrated AI-native technologies across hardware, software, and security—narrowing its competitive gap with Cisco. The newly formed Cloud and AI division enables HPE to capture surging enterprise demand for AI-driven workloads, with global AI infrastructure spending expected to reach USD 758 bn by 2029.

Strengthening GreenLake's Market Position

GreenLake has evolved from a pay-per-use infrastructure model into a hybrid cloud, edge, and AI platform. As of FY25 3Q, annualized recurring revenue (ARR) reached USD 3.0 bn (+77% YoY). The platform added 2,000 new customers, bringing the total to 44,000.

PC Refresh and AI-Driven Edge Growth

The ongoing Windows 11 refresh cycle and rapid adoption of AI-enabled PCs are spurring new infrastructure demand, benefiting HPE's edge computing and data services. According to IDC, global PC shipments grew **9.4% YoY in 3Q25**, with the upgrade cycle expected to extend into 2026. As enterprises modernize endpoints to support AI workloads, HPE is well positioned for growth in compute, storage, and network orchestration.

FY25 3Q Results Show YoY Improvement

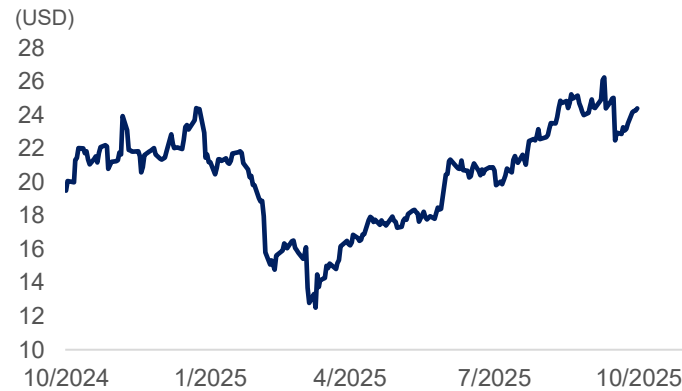
3Q revenue rose 3.1% YoY to USD 13.9 bn, with non-GAAP EPS of USD 0.75 (-10.7% YoY). The company returned USD 400 mn to shareholders via dividends and buybacks. For 4Q, HPE guides non-GAAP EPS of USD 0.87–0.97, and expects FY25 free cash flow of USD 2.6–3.0 bn.

Valuation Consensus

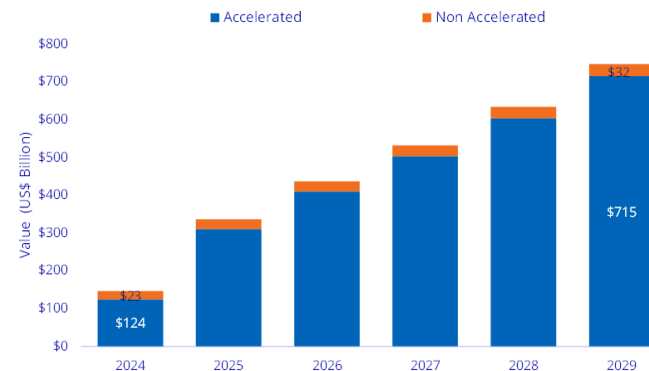
Bloomberg's 12-month consensus target price is USD 26.65, with a high estimate of USD 31 and a low of USD 21.

Source: Bloomberg

1-Year Price



Global AI Infrastructure Spending Growth

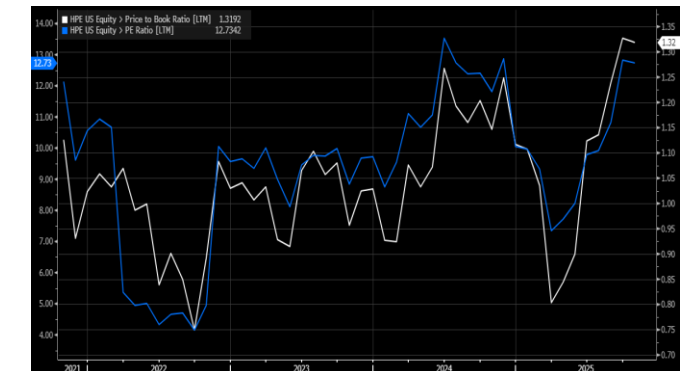


Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	2.6	2.2	3.4	14.7	18.0
EBITDA (%)	17.8	18.1	17.6	16.5	17.3
EPS(USD)	1.67	1.75	2.13	1.90	2.40
Net Profit Margin(%)	11.8	4.7	21.6	-10.7	26.4

Source: Bloomberg; 2025/26F are market estimates

P/E & P/B



Appendix

Key Economic Data / Events

► OCT 2025

27

Monday

- U.S. Sep Durable Goods Orders MoM (Prel.) (Act:- Est:-0.1% Prev:2.9%)
- Taiwan Sep Unemployment Rate (Act:3.35% Est:3.4% Prev:3.35%)

28

Tuesday

- U.S. Oct Conference Board Consumer Confidence (Act:94.6 Est:93.4 Prev:95.6)

29

Wednesday

30

Thursday

- U.S. Initial Jobless Claims (Weekly) (Act:- Prev:-)
- U.S. Oct Fed Funds Rate (Act:4.00% Est:4.00% Prev:4.25%)
- Eurozone Oct ECB Main Refinancing Rate (Act:2.15% Est:2.15% Prev:2.15%)
- Japan Oct BoJ Unsecured Overnight Call Rate (Act:0.5% Est:0.5% Prev:0.5%)

31

Friday

- U.S. Sep PCE YoY (Est:2.8% Prev:2.7%)
- U.S. Sep Core PCE YoY (Est:2.9% Prev:2.9%)
- Japan Sep Unemployment Rate (Act:2.6% Est:2.5% Prev:2.6%)
- Japan Oct Tokyo CPI YoY (Act:2.8% Est:2.4% Prev:2.5%)
- China Oct Manufacturing PMI (Act:49.0 Est:49.6 Prev:49.8)

► NOV 2025

3

Monday

- U.S. Oct S&P Global Manufacturing PMI (Final) (Prev:52.0)
- U.S. Oct ISM Manufacturing PMI (Est:49.2 Prev:49.1)
- Eurozone Oct HCOB Manufacturing PMI (Final) (Est:50.0 Prev:49.8)
- China Oct S&P Global Manufacturing PMI (Est:50.7 Prev:51.2)

4

Tuesday

- U.S. Sep JOLTS Job Openings (Prev:7,227k)
- U.S. Sep Durable Goods Orders MoM (Final) (Prev:2.9%)
- Japan Oct S&P Global Manufacturing PMI (Final) (Prev:48.5)
- Earnings: PLTR, UBER, PFE, ETN

5

Wednesday

- U.S. Oct ADP Employment Change (Est:25k Prev:-32k)
- U.S. Oct ISM Services PMI (Est:51.0 Prev:50.0)
- Eurozone Oct Services PMI (Final) (Est:52.6 Prev:51.3)
- China Oct S&P Global Services PMI (Prev:52.9)
- Earnings: ANET, AMD, AMGN, MCD

6

Thursday

- U.S. Initial Jobless Claims (Weekly) (Prev:-)
- Eurozone Sep Retail Sales MoM (Prev:0.1%)
- Taiwan Oct CPI YoY (Est:1.47% Prev:1.25%)
- Earnings: COST, APP, HOOD, DASH, QCOM

7

Friday

- U.S. Oct Nonfarm Payrolls (Prev:-)
- U.S. Oct Unemployment Rate (Prev:-)
- U.S. Nov Univ. of Michigan Consumer Sentiment (Prel.) (Est:54.0 Prev:53.6)
- China Oct Exports YoY (Prev:8.3%)
- Earnings: CEG

Source: Bloomberg

Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2025/10/28	UnitedHealth Group (UNH)	113.04B	113.2B	2.81	2.92	V	V
2025/10/28	NextEra Energy (NEE)	8.15B	7.97B	0.98	1.13		V
2025/10/29	Booking Holdings (BKNG)	8.72B	9B	95.44	99.5	V	V
2025/10/29	Visa (V)	10.61B	10.7B	2.97	2.98	V	V
2025/10/29	Boeing (BA)	21.93B	23.3B	-0.46	-7.47	V	
2025/10/29	Automatic Data Processing (ADP)	5.14B	5.2B	2.44	2.49	V	V
2025/10/29	Caterpillar (CAT)	16.76B	17.64B	4.55	4.95	V	V
2025/10/29	Verizon Communications (VZ)	34.2B	33.8B	1.19	1.21		V
2025/10/30	Microsoft (MSFT)	75.32B	77.7B	3.66	4.13	V	V
2025/10/30	Alphabet (GOOGL)	99.79B	102.35B	2.29	2.87	V	V
2025/10/30	ServiceNow (NOW)	3.35B	3.41B	4.26	4.82	V	V
2025/10/30	Meta Platforms (META)	49.36B	51.24B	6.68	1.05	V	
2025/10/30	KLA Corp (KLAC)	3.17B	3.21B	8.6	8.81	V	V
2025/10/30	Merck & Co (MRK)	16.98B	17.28B	2.35	2.58	V	V

Source: Investing.com

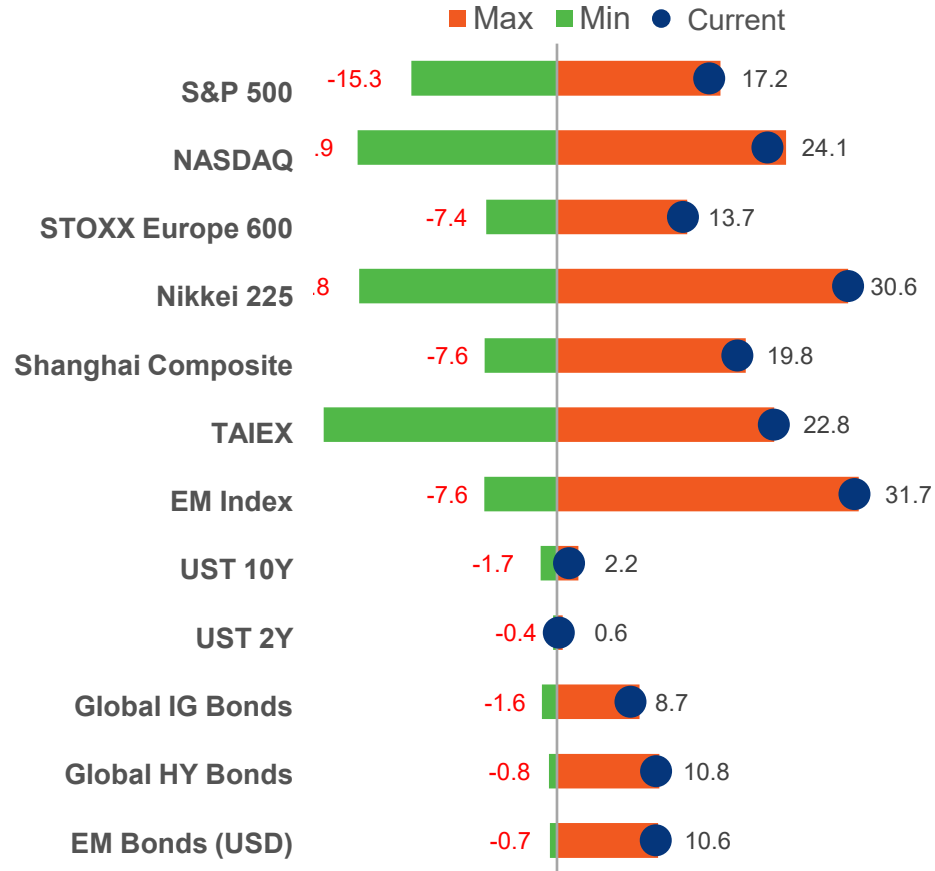
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2025/10/30	Eli Lilly (LLY)	16.07B	17.6B	5.89	7.02	V	V
2025/10/30	Mastercard (MA)	8.54B	8.6B	4.32	4.38	V	V
2025/10/30	Altria Group (MO)	5.29B	5.25B	1.44	1.45		V
2025/10/30	S&P Global (SPGI)	3.81B	3.89B	4.38	4.73	V	V
2025/10/31	Stryker (SYK)	6.04B	6.06B	3.13	3.19	V	V
2025/10/31	Amazon (AMZN)	177.75B	180.2B	1.56	1.95	V	V
2025/10/31	Apple (AAPL)	101.69B	102.5B	1.76	1.85	V	V
2025/10/31	Gilead Sciences (GILD)	7.45B	7.8B	2.15	2.47	V	V

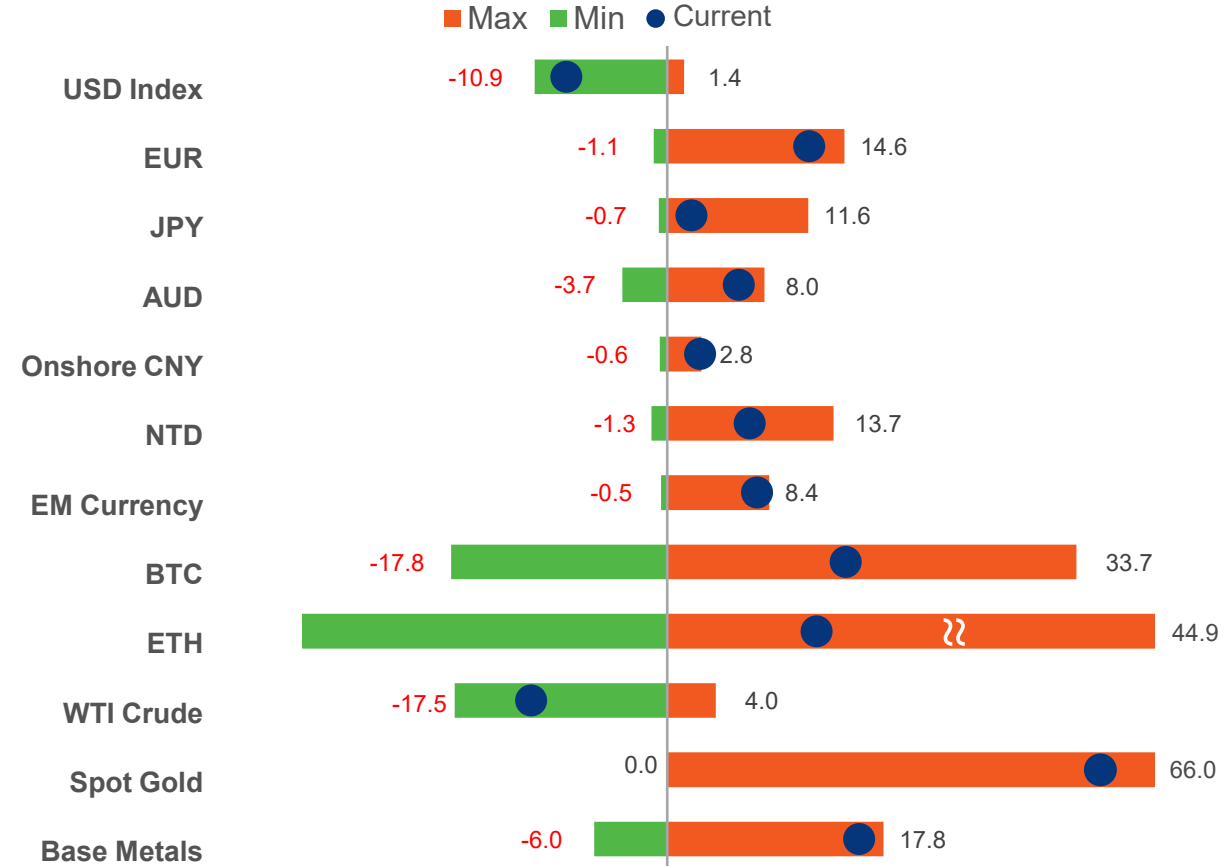
Source: Investing.com

YTD Major Market / Asset Performance

Equities & Bond Markets YTD Performance (%)

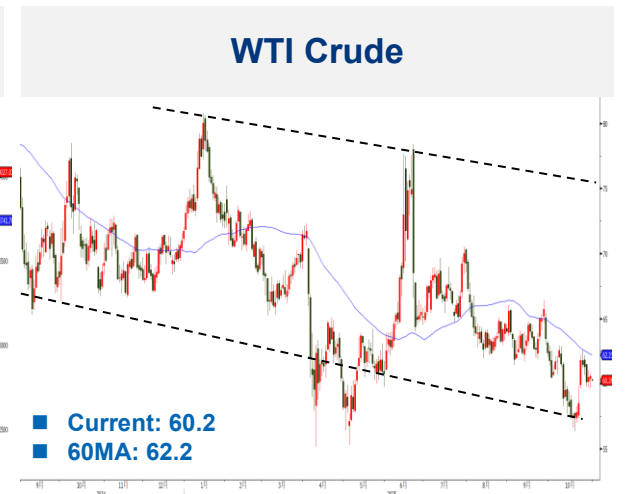
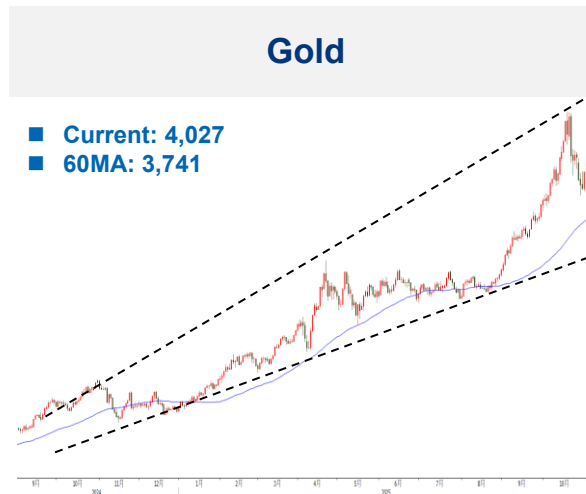
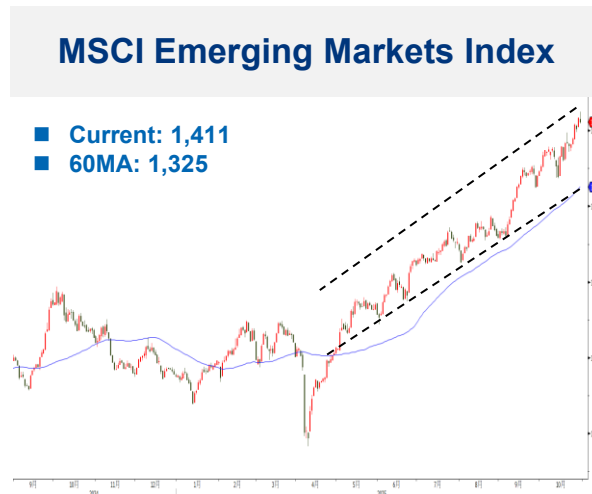
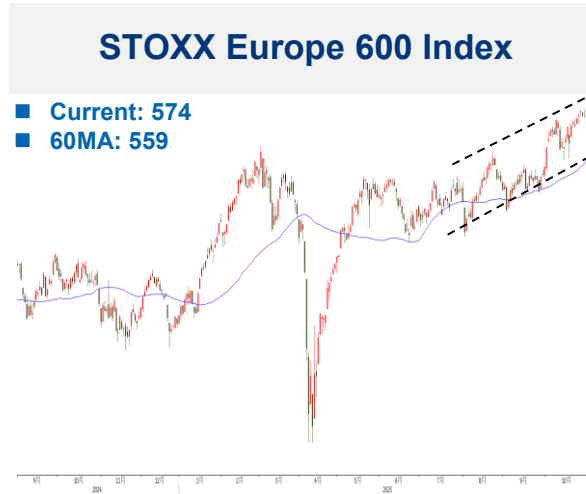


Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 31 Oct 2025

Technical Analysis



Source: Bloomberg, 31 Oct 2025

Market Monitor

U.S. CPI YoY (%)



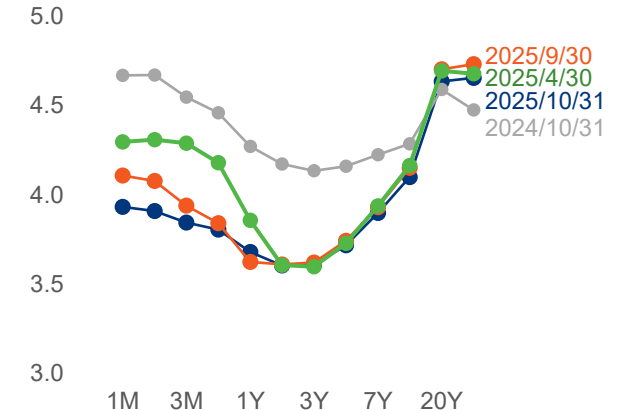
U.S. 10-Year Treasury Yield (%)



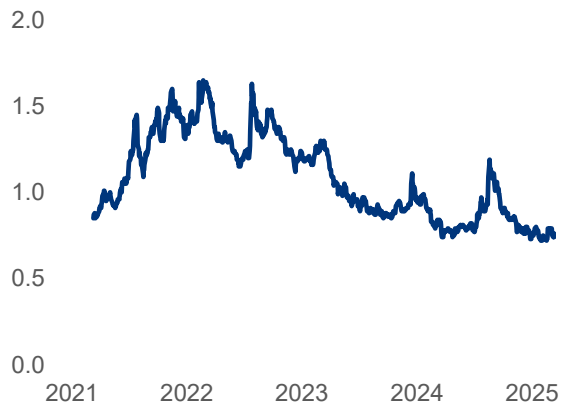
U.S. Treasury Yield Spread (bps)



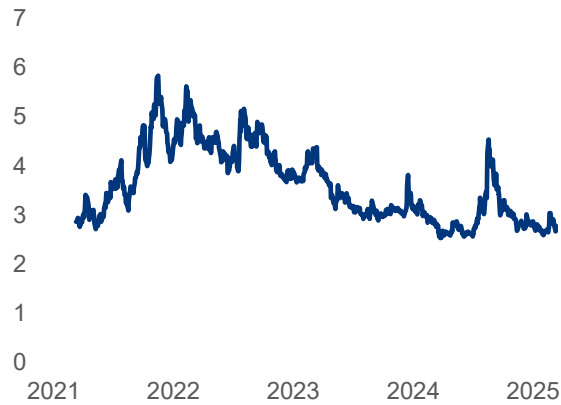
U.S. Treasury Yield Curve (%)



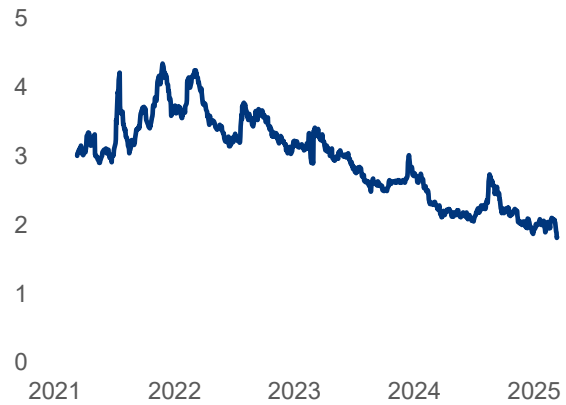
USD IG Credit Spread (%)



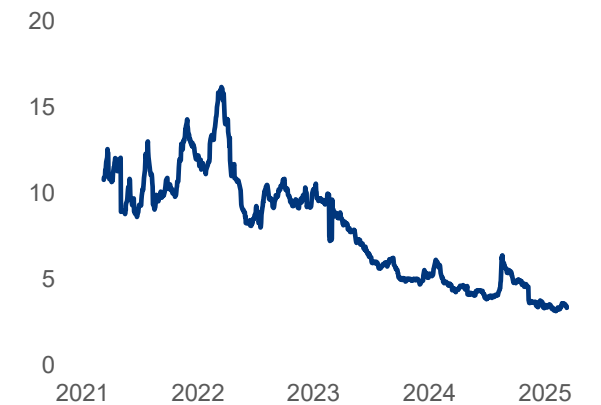
USD HY Credit Spread (%)



USD EM Credit Spread (%)



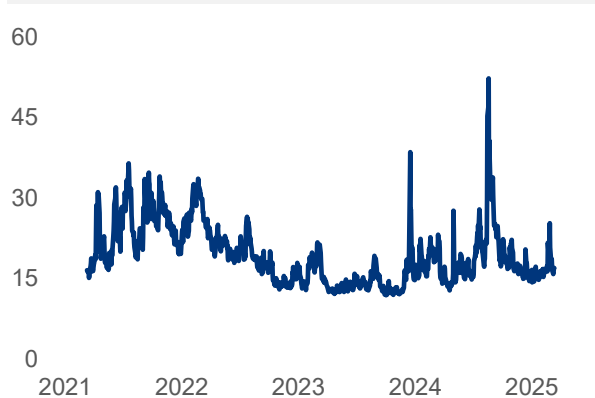
USD Asia Credit Spread (%)



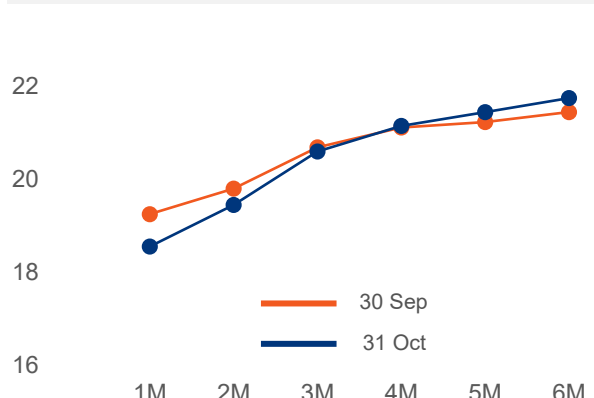
Source: Bloomberg, 31 Oct 2025

Market Monitor

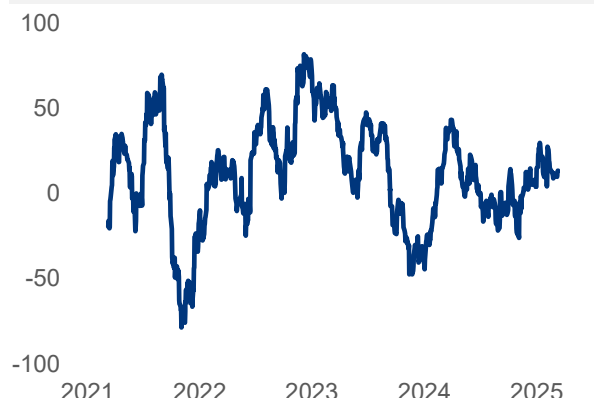
VIX Index



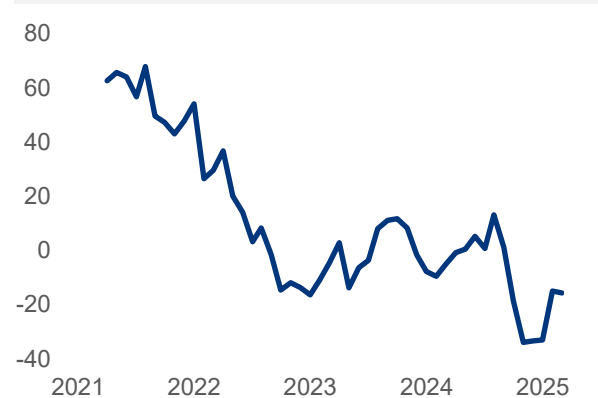
VIX Term Structure



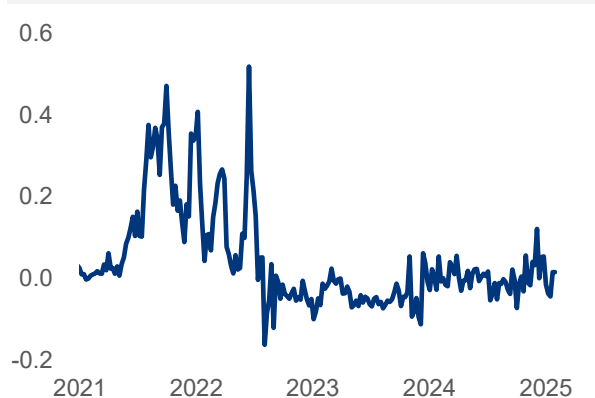
U.S. Citi Economic Surprise Index*



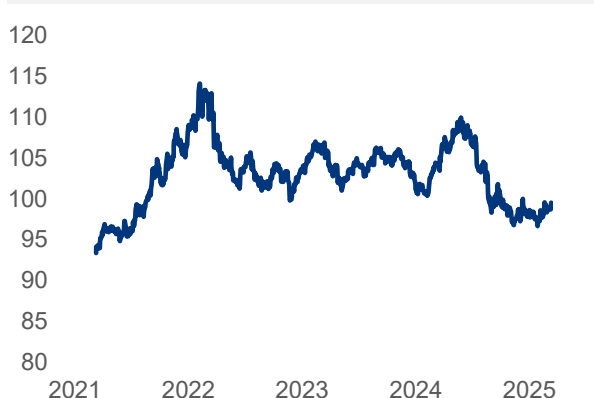
U.S. Citi Inflation Surprise Index*



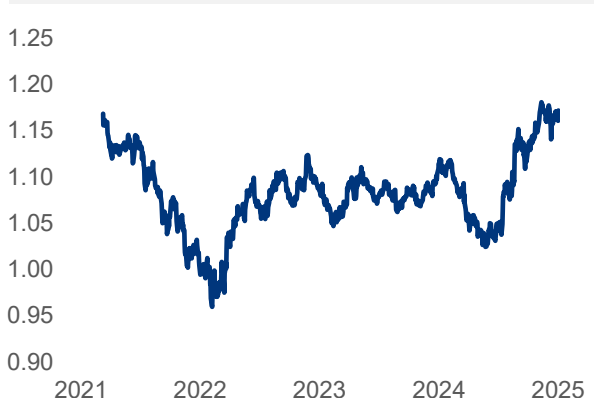
TED Spread (bps)



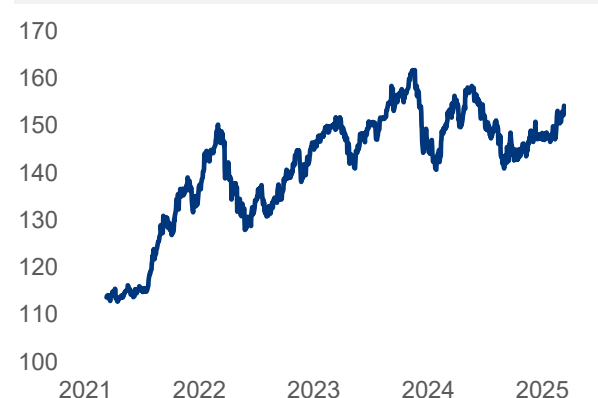
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, 31 Oct 2025 *The Citi Economic/Inflation Surprise Index measures the deviation between economic data/actual inflation and market expectations. A rising index indicates economic improvement/inflation exceeding market expectations.

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