

Morning Brief

QUICK SUMMARY OF THE MARKETS LAST SESSION

US equities displayed a stark divergence as investors rotated aggressively from technology into traditional cyclicals. The Dow soared 1.34% (48704), marking a fresh closing record and clearing previous resistance levels, driven by financial services sector strength—Visa surged 6% and Mastercard climbed 4.6% after a Bank of America upgrade on improved monetization trends. The S&P 500 edged up 0.21% (6901) to its 37th record close of 2025. The Russell 2000 jumped 1.2% for its ninth all-time high this year, reflecting strong appetite for domestically-focused cyclicals and small-cap stocks. Finally, the tech-heavy Nasdaq Composite fell 1%.

European equities rebounded with the STOXX 600 up 0.5%, reversing earlier weakness as the Fed's dovish messaging outweighed Oracle's earnings miss. Technology stocks remained under pressure across the continent with SAP down 0.8% and ASML down 0.5%, while Rheinmetall fell 0.5% on bidding competition.

Asian markets opened mixed with Japan's Nikkei 225 initially up 0.43% (50818 points), Hong Kong's Hang Seng up 0.66% (25710 points), and Australia's ASX 200 up 0.43% (8616 points), though sentiment remained cautious given overnight tech weakness and Mexico's tariff announcements targeting Chinese goods.

US 10-year Treasury yields fell significantly to 4.13% following the Fed's dovish rate cut and forward guidance, with the 2-year yield declining to 3.52% as the yield curve continued its bull-steepening trend. Fixed income benefited broadly from the easing bias.

Gold rallied 1.17% to close near 4275, supported by falling real yields and safe-haven demand amid tech volatility. Crude oil weakness persisted, with WTI falling 1.40% to close around 58, extending month-long declines amid demand concerns.

WHAT TO WATCH IN THE MARKET TODAY

The key focus will be Broadcom's margin trajectory following Wednesday's after-hours selloff on executive commentary about potential customer in-house development, particularly from OpenAI-linked projects.

Watch for continued sector rotation momentum between tech and cyclicals; any further weakness in large-cap tech or strength in financials/industrials will confirm the rotation is structural.

Oracle plummeted 14% after missing revenue estimates, while Nvidia declined 3.6% and Broadcom fell 5% in after-hours trading on margin guidance concerns and warnings about AI spending converting to customer in-house development. The sector weakness rippled across semiconductors and communication services as peak-AI fears resurfaced amid elevated valuations.

KEY HIGHLIGHTS YESTERDAY

Oracle missed Q2 cloud revenue expectations despite 14% YoY revenue growth, triggering a 10.8% decline; the company faces investor scrutiny over massive data center capex (with OpenAI representing significant exposure) and whether ROI justifies spending. Broadcom beat EPS estimates at \$1.95 (vs. \$1.87 consensus) on \$18.02 billion revenue (+28% YoY), with AI revenue surging 65% to \$20 billion, but stock reversed lower after management warned of narrowing profit margins and a \$73 billion AI backlog (raised questions about conversion timing and sustainability). Lululemon delivered strong Q3 results with \$2.59 EPS (17% beat), revenue of \$2.57 billion (+7.1% YoY), and announced CEO Calvin McDonald's January departure; FY25 guidance raised to \$11.07 billion (4% growth), though Q4 outlook of \$3.54 billion slightly trailed expectations at \$3.56 billion.

MACRO RELEASES TO WATCH TODAY

Friday, December 12 has minimal major economic data releases, with focus shifting to Fed speaker appearances from Paulson and Hammack (times to be confirmed). 2-year Treasury note auction at 1:00 PM ET and 6-month bill auction at 4:30 PM ET will test demand given compression in short-end yields.

The calendar is notably light, allowing markets to digest Fed messaging and corporate earnings without competing data flow.

MOST IMPORTANT NEWS YESTERDAY

Disney announced a major partnership with OpenAI featuring content integration and AI capabilities, sending shares up 2%. Kinsale Capital authorized a \$250 million share repurchase program, signaling confidence in capital allocation.

Munich Re announced Ambition 2030 strategy targeting 18%+ RoE with 8%+ annual EPS growth and >80% payout ratios through 2030. Lululemon's CEO succession announcement (McDonald's departure effective January) triggered an 11% after-hours jump as investors viewed leadership change positively after underperformance.

BIG CAPS TO FOLLOW TODAY AND WHY

Broadcom remains the focal point given its 5% after-hours reversal—watch whether the stock stabilizes today or slides further as fund managers reassess AI spending narratives and margin resilience in 2026. Nvidia sentiment hinges on whether Broadcom's weakness extends contagion or represents stock-specific profit-taking on AI backlog concerns.

Visa and Mastercard strength should be monitored for persistence; if rotation away from tech continues, financials may extend gains.

Tech-heavy mega-caps (Apple, Microsoft, Alphabet) should be tracked for any weakness confirming broader sector capitulation or stabilization proving the rotation is selective rather than broad-based.

IMPORTANT EARNINGS IN THE LAST FEW DAYS

The earnings season highlights a clear divergence: despite strong fundamentals markets are increasingly penalizing stocks on valuation and capital intensity rather than rewarding earnings surprises. AI-exposed mega-caps illustrate this shift: Broadcom beat revenue and earnings with a 74% surge in AI chip sales, yet shares fell 5% on margin concerns and questions around the sustainability of its \$73bn AI backlog. Oracle beat earnings by 37% but missed revenue and announced \$15bn in additional 2026 capex, triggering an 11% sell-off and weighing on AI and semiconductor names. Meta posted 26% revenue growth but fell 9% as investors focused on sharply rising AI spending. In contrast, Lululemon's strong earnings and CEO transition drove an 11% rally, highlighting the market's preference for capital discipline and execution. Overall, earnings remain solid, but investor focus has shifted toward margins, capex efficiency, and the timing of AI return

MOST IMPORTANT GLOBAL MACRO RELEASES EXPECTED

December 18 US CPI release will be crucial to gauge whether tariff pass-through is accelerating post-Fed guidance; any print above consensus could challenge the Fed's soft-landing narrative.

December 18-19 ECB and Bank of England policy meetings will be closely watched—the ECB likely continues gradual easing (January rate cut expected), while BoE signals will determine UK gilt direction given mortgage market sensitivity. Separately, the Bank of Japan faces mounting pressure to signal accelerated rate hikes or more hawkish messaging (next meeting December 18-19), as the yen continues weakening despite US Treasury yield declines, creating political friction with the new government.

MARKET DATA

EQUITY														
	Futures	Last	% 1D	% WTD	% MTD	%YTD		Last	% 1D	% WTD	% MTD	%YTD		
Europe	CAC 40	0.66%	8 085.76	0.8%	-0.4%	-0.5%	9.6% ▲	MSCI WORLD FACTORS	MSCI WORLD	4 444.32	0.4%	0.6%	1.0%	19.9% ▲
	DAX 30	0.79%	24 294.61	0.7%	1.1%	1.9%	22.0% ▲		GROWTH	6 989.02	0.1%	0.1%	0.5%	21.2% ▲
	SMI 20	0.57%	12 905.17	-0.1%	-0.2%	0.6%	11.2% ▲		VALUE	4 346.40	0.8%	1.1%	1.6%	18.3% ▲
	SPI	-	17 737.21	-0.1%	-0.2%	0.5%	14.6% ▲		MOMENTUM	4 788.88	0.2%	1.7%	2.4%	21.6% ▲
	FTSE MIB 40	0.60%	43 702.01	0.5%	0.6%	0.8%	27.8% ▲		LOW VOL	2 401.21	0.8%	0.2%	-0.9%	7.0% ▲
	EUROSTOXX 50	0.68%	5 753.96	0.8%	0.5%	1.5%	17.5% ▲		QUALITY	4 746.40	0.8%	0.3%	0.7%	15.6% ▲
	DJ STOXX 600	0.55%	581.34	0.5%	0.4%	0.9%	14.5% ▲		SIZE	6 374.34	0.8%	1.0%	1.4%	19.1% ▲
	FTSE 100	0.65%	9 703.16	0.5%	0.4%	-0.2%	18.7% ▲		HIGH DIV.	1 721.18	0.8%	1.1%	0.8%	15.4% ▲
								SMALLCAP	672.53	1.0%	1.8%	2.2%	19.5% ▲	
America	S&P 500	0.07%	6 901.00	0.2%	0.4%	0.8%	17.3% ▲	MSCI US SECTORS	MSCI USA	6 590.59	0.2%	0.4%	0.8%	17.3% ▲
	NASDAQ COMP	-0.16%	23 593.86	-0.3%	0.1%	1.0%	22.2% ▲		ENERGY	359.19	-0.4%	0.2%	1.4%	6.0% ▲
	S&P 500 EW		7 869.39	0.8%	1.4%	1.6%	10.8% ▲		MATERIALS	414.16	2.2%	2.4%	1.2%	8.1% ▲
	S&P 400 MIDCAP	0.29%	3 395.15	1.0%	2.3%	2.6%	8.8% ▲		INDUSTRIALS	609.94	1.1%	1.8%	2.4%	18.7% ▲
	S&P 600 SMALLCAP		1 526.39	1.1%	3.1%	3.7%	8.4% ▲		CONSUMER DISC.	805.96	0.1%	0.3%	1.2%	6.4% ▲
RUSSELL 2000	0.38%	2 590.61	1.2%	2.7%	3.6%	16.2% ▲	CONSUMER STAPLES	332.50	0.7%	0.2%	-1.3%	2.1% ▲		
Asia	NIKKEI 225	1.12%	50 836.55	1.4%	0.7%	1.2%	27.4% ▲	MSCI US SECTORS	HEALTH CARE	495.39	1.0%	-0.1%	-2.8%	11.6% ▲
	HANG SENG H	-	25 976.79	1.7%	-0.4%	0.5%	29.5% ▲		FINANCIALS	302.21	1.8%	2.3%	3.0%	13.9% ▲
	SHANGHAI COMP A	-	3 889.35	0.4%	-0.3%	0.0%	16.0% ▲		IT	1 268.27	-0.6%	0.6%	2.0%	25.8% ▲
	SHENZHEN COMP A	-	2 473.40	0.7%	0.2%	0.8%	26.4% ▲		COMM. SERVICES	143.47	-1.0%	-2.5%	-1.6%	31.2% ▲
									UTILITIES	255.29	0.8%	-0.7%	-5.1%	12.9% ▲
EM	BOVESPA	-	159 189.10	0.1%	1.2%	0.1%	32.3% ▲	MSCI EUROPE SECTORS	MSCI EUROPE	194.26	0.5%	0.4%	0.9%	14.4% ▲
SENSEX	-	84 818.13	0.5%	-1.0%	-1.0%	8.5% ▲	ENERGY		154.88	-0.3%	-2.0%	-2.1%	6.3% ▲	
Indices Total Return	MSCI WORLD 100% H Sfr NTR	2 444.02	0.2%	0.4%	0.8%	19.3% ▲	MATERIALS		338.62	0.6%	-0.3%	0.3%	5.6% ▲	
	S&P 500 TR	15 334.74	0.2%	0.5%	0.8%	18.8% ▲	INDUSTRIALS		491.84	0.8%	1.1%	2.2%	21.6% ▲	
	MSCI USA NTR	19 881.31	0.2%	0.4%	0.8%	18.3% ▲	CONSUMER DISC.		210.44	0.7%	-1.0%	0.8%	-1.3% ▼	
	MSCI EUROPE NTR	394.17	0.5%	0.5%	0.9%	17.3% ▲	CONSUMER STAPLES		270.44	0.6%	0.2%	-1.1%	3.7% ▲	
	MSCI EUROPE SMALL NTR	630.96	0.5%	-0.2%	-0.2%	13.3% ▲	HEALTH CARE		277.53	0.3%	0.1%	-0.1%	4.0% ▲	
	MSCI EM NTR	750.64	-0.4%	-0.6%	0.9%	30.8% ▲	FINANCIALS		117.41	1.0%	2.4%	2.4%	35.5% ▲	
	MSCI AC ASIA EX JAPAN NTR	747.29	-0.7%	-1.1%	0.3%	29.2% ▲	IT		226.02	-0.4%	-1.0%	2.8%	10.9% ▲	
	MSCI EM LATAM NTR	727.60	1.9%	1.6%	1.0%	54.6% ▲	COMM. SERVICES		57.88	-0.5%	-0.1%	-2.0%	2.0% ▲	
						UTILITIES	171.63	-0.6%	-1.5%	-2.5%	25.1% ▲			
FIXED INCOME														
	Yield	Duration	% 1D	% WTD	% MTD	%YTD	Range 1Y	Range 5Y	Last	Δ 1D	Δ WTD	Δ MTD	Δ YTD	
EUR	AGGREGATE 5-7Y	3.19	5.5	0.1%	-0.3%	-0.6%	2.3% ▲	45	69 44 113	46 bp	-0 bp	+0 bp	-1 bp	-18 bp
	CORP IG 5-7Y	3.61	5.3	0.1%	-0.3%	-0.5%	3.1% ▲	88	140 88 253	91 bp	+0 bp	+1 bp	-4 bp	-22 bp
	CORP BBB	3.59	4.5	0.1%	-0.2%	-0.3%	2.9% ▲	88	145 88 277	90 bp	-0 bp	+0 bp	-3 bp	-24 bp
	CORP HIGH YIELD	5.53	2.9	-0.0%	-0.1%	0.0%	4.9% ▲	256	446 256 668	261 bp	+2 bp	-2 bp	-8 bp	-46 bp
USD	AGGREGATE 5-7Y	4.32	5.1	0.0%	0.1%	-0.3%	8.0% ▲	27	47 18 67	28 bp	-0 bp	-0 bp	-2 bp	-8 bp
	CORP IG 5-7Y	4.45	4.1	0.0%	0.1%	-0.1%	7.6% ▲	64	111 57 155	69 bp	+0 bp	-0 bp	-3 bp	-2 bp
	CORP BBB	5.04	6.7	-0.0%	0.1%	-0.3%	8.0% ▲	91	146 91 198	98 bp	+1 bp	-0 bp	-4 bp	-2 bp
	CORP HIGH YIELD	6.63	2.7	0.1%	-0.0%	0.1%	8.0% ▲	255	453 252 588	271 bp	-4 bp	+5 bp	-3 bp	-16 bp
	EM AGG. 5-7Y	5.83	4.7	0.1%	0.0%	0.2%	11.2% ▲	186	321 186 483	201 bp	-1 bp	+1 bp	-14 bp	-55 bp
Sovereign		1Y	5Y	10Y	Δ 10y 1D	Δ 10y YTD			Last	Δ 1D	Δ WTD	Δ MTD	Δ YTD	
	US	3.60	3.73	4.16	+0 bp	-43 bp	CDS	CDX \$ IG 3Y SPRD	30 bp	-0 bp	-1 bp	-2 bp	-0 bp	
	Germany	2.03	2.46	2.88	-1 bp	+52 bp		CDX \$ HY 5Y SPRD	315 bp	-0 bp	-2 bp	-7 bp	+4 bp	
	Switzerland	-0.09	0.13	0.32	+2 bp	+0 bp		ITRAXX € IG 3Y SPRD	28 bp	-1 bp	-1 bp	-2 bp	-8 bp	
	Italy	2.16	2.85	3.53	-3 bp	+7 bp		ITRAXX € HY 3Y SPRD	173 bp	-5 bp	-7 bp	-9 bp	-88 bp	
FOREX, VOLATILITY & PHYSICAL ASSETS														
FX		Last	% 1D	% WTD	% MTD	%YTD	Physical Assets	GOLD	4 280.18	1.2%	2.0%	1.0%	63.1% ▲	
	EUR/USD	1.1738	0.4%	0.8%	1.2%	13.4% ▲		SILVER	63.56	2.8%	8.9%	12.5%	119.9% ▲	
	EUR/CHF	0.9337	-0.2%	-0.3%	0.1%	-0.7% ▼		COPPER	11 740.00	0.8%	0.8%	6.7%	34.8% ▲	
	USD/CHF	0.7954	-0.6%	-1.2%	-1.1%	-12.3% ▼		ALUMINIUM	2 873.32	1.2%	0.2%	1.1%	13.7% ▲	
	USD/JPY	155.59	-0.3%	0.2%	-0.3%	-1.0% ▼		IRON	100.20	-0.6%	-0.1%	-0.8%	5.1% ▲	
	USD/GBP	0.7469	-0.0%	-0.5%	-1.2%	-6.5% ▼		WHEAT	534.50	0.6%	-0.6%	0.7%	-3.1% ▼	
	USD/CNY	7.057	-0.2%	-0.2%	-0.2%	-3.3% ▼		CORN	435.25	0.1%	-0.3%	-0.1%	-5.1% ▼	
	USD/RUB	79.81	1.9%	4.4%	3.0%	-29.4% ▼		CRUDE OIL (WTI)	57.60	-1.5%	-4.1%	-1.6%	-15.1% ▼	
BTC/USD	92 885.26	0.5%	4.1%	1.9%	-0.9% ▼	BRENT	61.28	-1.5%	-3.9%	-1.8%	-14.0% ▼			
Vol	S&P500 VOL (VIX)	14.85	-5.8%	-3.6%	-9.2%	-14.4% ▼	US NATURAL GAS	4.23	-7.9%	-20.0%	-12.8%	16.5% ▲		
	ICE BOFAML MOVE INDEX	69.24	0.9%	2.9%	0.4%	-29.9% ▼	SWISS RES. REAL ESTATE	3 213.08	-0.4%	-0.4%	-1.4%	10.3% ▲		

Closing as of Thursday December 11, 2025, futures as of Friday December 12, 2025 10:04

DISCLAIMER

Legal information

This document intends to provide a summary of daily financial and stock market news. It is intended only for this purpose. This document does not constitute an advice, an offer nor a solicitation by Group Eric Sturdza or any of its affiliates, or on behalf of Group Eric Sturdza or any of its affiliates, to buy or sell any financial instrument or to subscribe to any financial instrument. This document does not contain any recommendation personal or generic and does not take into account the investment objectives, financial situation or needs, or knowledge and experience of any persons. This document does not contain any offer or any solicitation to purchase or subscribe to any financial services or to participate in any financial strategy in any jurisdiction. It does not constitute an advertisement or an investment recommendation or a research or strategy recommendation. Moreover, it is provided for informational and illustrative purposes only and does not contain financial analysis. This document mentions and presents benchmarks which may only be used for comparison. The information provided must not be relied on and must not be the only source to make a decision about financial investments. It is also not a legal or tax advice, or any recommendation about any kind of financial services and is not intended to constitute any kind of basis on which to make a decision on a financial investment. Group Eric Sturdza or any of its affiliates is not responsible and may not be held responsible for any loss arising from decision taken on the basis of the information provided in this document or for any liabilities arising from such decision. Although all due diligence has been performed to ensure that this information is accurate at the time of its publication, no guarantee is given regarding its accuracy, exhaustiveness or reliability. The information provided may change, even immediately after publication and there is no obligation to provide an up to date information at any time. Furthermore, the information provided in this document do not intend to provide all the legal and necessary information on financial instruments or on issuers. Other publications from Group Eric Sturdza or any of its affiliates may in the past or in the future reach different conclusions from the information contained in this document. Furthermore, the present document and the information provided do not in any way engage the responsibility of Group Eric Sturdza or any of its affiliates or its employees.

Information on risks

Investments are subject to a variety of risks. Before taking any decision of investment or entering in any transaction, any investor should request detailed information on the risks associated with the decision of investment and with the financial investment. Some type of products are in general bearing higher risks than others but general rules cannot be relied on. It is remembered that past performance is not a reliable indication of future results and that historical returns and past performance as well as financial market scenarios are not reliable indicator of future performance, significant losses remaining always possible. The value of any investment depends also on the fact that the base currency of the portfolio is different from the currency of the investment subject to the foreign exchange rates. The exchange rates may fluctuate and adversely affect the value of the investment when it is realized and converted in the base currency of the portfolio.

Distribution information

This document is not directed towards specified jurisdictions or toward specific person or entity resident in a specific jurisdiction and doesn't constitute any act of distribution, in jurisdiction where such publication or such distribution is contrary to the applicable law or regulation or would be contrary to any mandatory license requirement. This document is provided for the sole use of its recipient and must not be transferred to a third person or reproduced.