



Monthly Perspective

“Rates may fall, but the risk premium will still be demanded” – NDC

Market Overview — November Review & December Outlook

Global equities posted a resilient performance in November, led by continued strength in U.S. markets as investors rotated into quality value names and dividend-generating sectors. The S&P 500 advanced steadily despite mixed macro data, supported largely by improving earnings sentiment and optimism around a potential Federal Reserve rate cut in December.

However, our observation of recent economic releases and the latest Fed minutes suggests that there is no urgent macroeconomic need for an immediate rate cut. Employment remains stable, core service inflation is still sticky, and the Fed continues to emphasise data dependence. On fundamentals alone, monetary easing is not justified yet.

Despite this, Wall Street strategists and major investment banks have been increasingly vocal in calling for a December cut, effectively shaping market expectations ahead of the data. This collective narrative has helped sustain the current risk-on momentum and provided a supportive backdrop for U.S. equities into year-end.

At the same time, several underlying trends warrant caution. Corporate fundamentals are beginning to moderate, and we are starting to see more announcements of workforce reductions — partly driven by cost optimisation and the increasing integration of AI and automation. Equity valuations, particularly in certain growth and technology names, remain elevated. These factors suggest the potential for periodic realignment, especially if earnings growth fails to catch up with market expectations.

While December typically benefits from seasonal tailwinds and year-end positioning, history also reminds us that the March–April period often brings consolidation, especially in years where valuations run ahead of fundamentals. A New Year rally followed by a tactical correction would be consistent with this pattern, and it is a scenario we are monitoring closely.

Overall, we remain constructive but selective — staying invested in quality dividend payers and financials, maintaining liquidity for opportunities, and avoiding areas where valuations have become detached from fundamentals.

Portfolio Positioning Themes:

For December, the recommended posture is:

- Stays anchored in quality dividend payers
- Overweight Financials and Industrials
- Maintain a measured allocation to Technology
- Underweight Real Estate and Long-Duration bonds
- Hold adequate liquidity for tactical opportunities
- Continue active FX management.

Noteworthy Market Dates

- Dec 5th EZ Q3 GDP; Canada Unemployment
- Dec 8th Japan Q3 GDP
- Dec 9th RBA Rates
- Dec 10th BoC Rates
- Dec 11th FOMC Rates
- Dec 16th UK ILO Unemployment; US Nonfarm Payroll
- Dec 18th ECB Rates, US CPI
- Dec 19th US Core PCE
- Dec 22nd UK Q3 GDP
- Dec 23rd US Q3 GDP



From the News Desk to the Investment Team

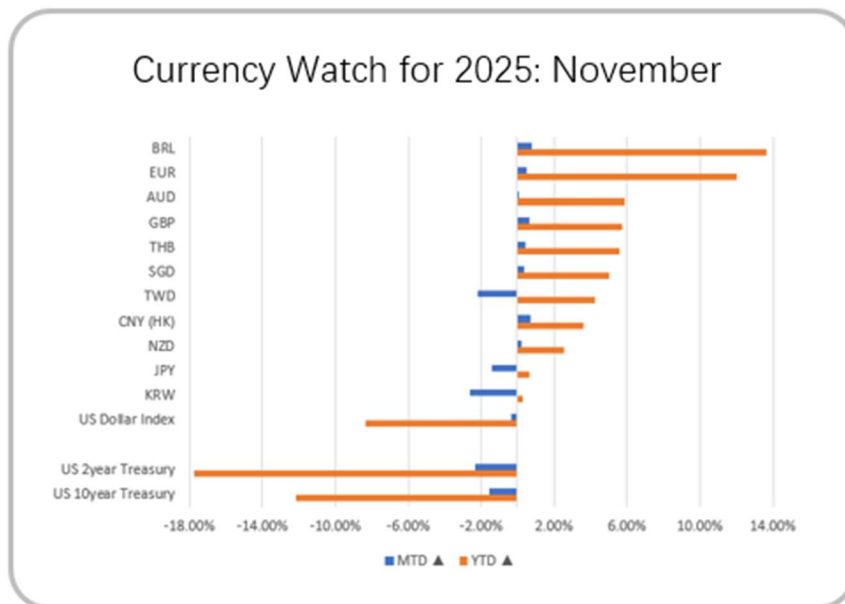
- Nov 3rd: Swiss firm MKS PAMP aims to help build Hong Kong as an international
- Nov 4th: RBA keeps rates unchanged at 3.6%
- Nov 5th: US ADP Employment Change (Oct) +42K vs exp +25K
- Nov 5th: Hong Kong exchange profit jumps 56% on surge in trading, IPOs
- Nov 6th: BoE keeps rates unchanged at 4.0% vs exp 4.0%
- Nov 13th: UK Q3 GDP 1.3% y/y vs exp 1.4%
- Nov 14th: EZ Q3 GDP 1.4% y/y vs exp 1.3%
- Nov 15th: Singapore Temasek invests in WeRide, Pony.ai to boost China tech holdings
- Nov 20th: US Nonfarm Payroll (Sep) 119K vs exp 50K
- Nov 25th: China pledges fresh Tonga investment as debt repayment looms
- Nov 26th: RBNZ cuts 25bps to 2.25%
- Nov 26th: Trump says close to Ukraine war deal, but Europeans cautious
- Nov 26th: Japanese premier vows dialogue with China amid tension over Taiwan
- Nov 26th: JPMorgan sees S&P500 reaching 7,500 in 2026 or surging past 8,000 if the Fed keeps cutting rates
- Nov 27th: Top EU official accuses US of 'blackmail' in trade talks
- Nov 27th: UK £26 billion tax hikes budget placate markets but risk Labour fortunes
- Nov 27th: China tops Saudi Arabia's trading partners in Q3
- Nov 28th: Trump says Xi agreed to expand farm buys
- Nov 28th: US is biggest recipient of Chinese loans, new study reveals.
- Nov 28th: China issues fresh travel advisory, urging citizens not to visit Japan amid escalating tensions.
- Nov 28th: Shanghai launches state-owned commodities trading firm to rival Trafigura



Market Overview



Equity markets remain broadly positive in 2025, with several major indices — including MSCI Korea, Hang Seng Index, and MSCI Emerging Markets — delivering powerful YTD gains above 30–45% despite monthly pull-back

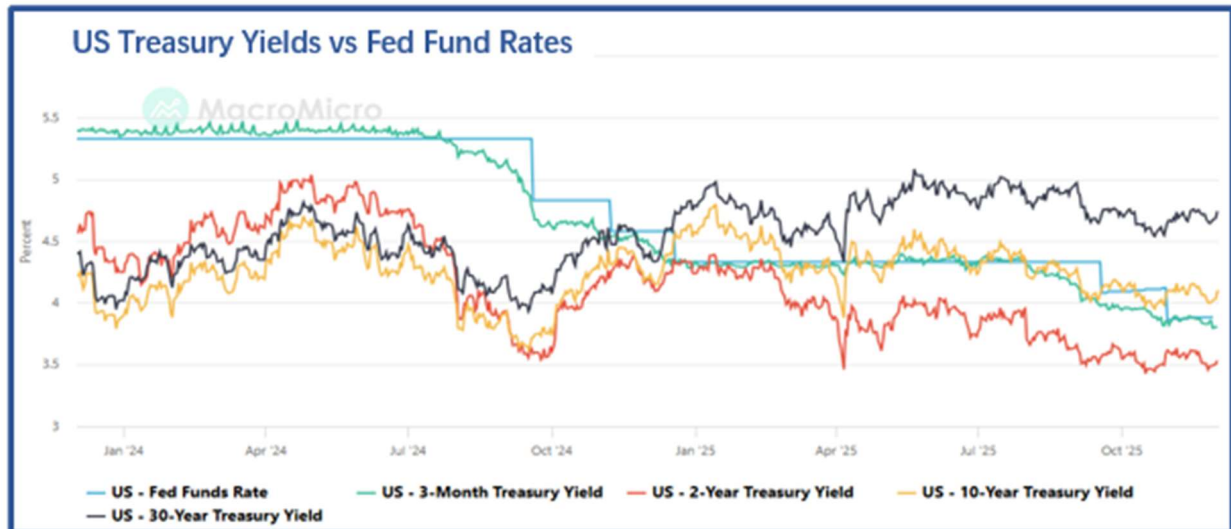


US rates continue to dominate macro direction, with the sharp YTD drop in 2-year and 10-year Treasury yields signaling a clear market shift toward an easing-bias environment.



Chart of the Month

“Long-term yields are rising not in spite of the Fed cut, but because the market now demands higher long-term risk compensation.”



“Why Long-Term US Yields Are Rising Despite a December Fed Cut”

This month's chart captures one of the most important—and misunderstood—developments in the bond market. While the Fed funds rate and short-end Treasury yields have been drifting lower ahead of the expected **December rate cut**, both the **10-year** and **30-year** Treasury yields have **turned higher again** in November.

At first glance, the behaviour looks abnormal. But the divergence reveals a deeper dynamic: **long-end investors are demanding higher compensation**, even as monetary policy is easing.

Why this is happening

1. Massive supply is hitting the market
A record wave of U.S. corporate bond issuance—especially from large tech firms funding AI infrastructure—has combined with heavy Treasury supply. Investors are showing clear signs of absorption fatigue, forcing issuers to offer higher yields.
2. Term premium is rebuilding
Global factors (BoJ tightening signals, fiscal concerns, and uncertainty over future Fed leadership) are pushing up the long-term risk premium embedded in the curve.
3. Investors want to be “paid up” for duration
Even with inflation moderating, long-end buyers are unwilling to hold duration without better compensation. This is why the 10Y and 30Y are rising while the front end falls.

Risk-Reward Implication:

The Risk

- A steeper curve in a cutting cycle introduces volatility
- AI-driven restructurings could lead to weaker employment data in early 2026
- The March-April period remains a window for consolidation

The Reward

- Higher long-end yields create the best entry point for quality bonds in years
- New-issue premiums on investment grade credit are now meaningfully attractive
- The income profile for 2026 – 2027 improves significantly at these levels

Our Positioning View

- 1) Maintain selective duration exposure
We prefer a controlled, tactical approach – accumulating only when yields overshoot
- 2) Stay anchored in quality and cashflow
Dividend-paying equities and financials remain core holdings
- 3) Keep liquidity ready
The current volatility offers opportunity



New Dimensions Capital

We invite readers, investors, and family offices to connect with us — to understand the shifting global environment and explore how New Dimensions Capital can help protect, grow, and sustain wealth across generations.

Get In Touch

**MAILING ADDRESS**

3 Killiney Road, #07-05
Winsland House 1
Singapore 239519

**EMAIL ADDRESS**

funds@newdimensionscapital.com

**PHONE NUMBER**

+65 6982 7133

**FAX**

+65 6982 7132

DISCLAIMERS: This report (including any enclosures and attachments) has been prepared for the exclusive use and benefit of the addressee(s) and solely for the purpose for which it is provided. Unless we provide express prior written consent, no part of this report should be reproduced, distributed, or communicated to any third party. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor to any third party in respect of this report.