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TITLE: Inflated Turkeys, Golden Signals, and an Economy Handing Over the Baton

TRANSCRIPT:

H Eric, welcome back — and happy Thanksgiving week to our listeners in the U.S. We're hearing about smaller turkeys, bigger price tags, and markets that don't quite know which way to look. Let's start there. What's the story behind these "inflated turkeys"?

Eric:

Yes — the turkey really became the symbol of the awkward cross-currents in the U.S. economy this week.

Wholesale turkey prices are up about 40% year-on-year, largely because avian flu hit flock sizes. Retailers have cushioned the blow, but even so, the price of a whole bird is still 25% higher than last year. So most families saw their 15-pound turkey shrink a little — even though the price didn't.

And this captures the bigger theme:

supply disruptions linger far longer than headlines, and inflation is very much still alive underneath the surface. It's not the dramatic, broad-based inflation of 2022, but it's sticky enough to keep policymakers and households uncomfortable.

And the irony is — supermarkets are now using turkey as a loss leader just to keep shoppers coming through the door. It's a classy reminder that inflation doesn't hit everywhere equally... but it hits somewhere.

Host:

And while turkeys were getting more expensive, gold was doing what gold does in moments like this — climbing. What's behind the move?

Eric:

Gold is quietly sending a very important signal.

The spot price has resumed its uptrend after stalling out in mid-October. And it's not just retail flows: expectations of a December Fed cut are rising, and that's supportive for gold.

But the bigger headline this week came from Deutsche Bank. They upgraded their 2026 gold forecast to \$4,450 per ounce, citing two forces:

1. Sustained institutional demand — particularly from reserve managers.
2. Tight physical supply — which is now structural, not cyclical.

That is a strikingly bullish number. And it tells you that large allocators are starting to think about gold not as a trade, but as a portfolio anchor in a world of fiscal overreach and geopolitical uncertainty.

Host:

Let's zoom out to the global macro picture. The U.S. data this week surprised again to the upside — but the tone feels very different. What did you take away from the releases?

Eric:

This was a fascinating week for U.S. data because the narrative is clearly shifting. The headline numbers were strong — jobless claims at their lowest since April, capital goods orders beating expectations, and businesses still willing to invest. That shows firms see enough demand and margin stability to keep spending.

But the consumer side is softening. Spending is flattening, confidence has slipped sharply, and households are feeling the strain. The Conference Board index falling to 88.7 — back near the tariff-driven lows — says a lot.

So the takeaway is simple: the U.S. economy is handing the growth baton from consumers to businesses. It's not a downturn, just a transition — but one that matters for how we think about positioning.

Host:

And the markets are still pricing in a December rate cut — despite all this mixed messaging. Is that realistic?

Eric:

The market thinks so — and increasingly so.

The probability of a December Fed cut is now sitting around 80%. Even with the positive data, several Fed governors have openly entertained the idea of easing pre-emptively — because inflation momentum remains muted and because the Fed is missing a lot of key data due to reporting delays. So the market is effectively saying: If the Fed doesn't have visibility, it may decide the safest move is a small cut. Equities certainly liked that idea. Bonds liked it even more.

Host:

Let's cross the Atlantic. The UK's budget saga was... colourful. What did you make of it?

Eric:

Colourful is a kind way to put it.

The accidental pre-release of the OBR numbers really set the tone — and the package itself was politically engineered rather than economically ambitious.

The UK is drifting deeper into a 38% of GDP tax burden by 2030. Frozen thresholds continue to drag more households into higher tax bands. Welfare spending expands. But non-ringfenced departments are squeezed to levels that simply don't look credible.

From a macro perspective?

Not much changes. The £26bn in tax rises is largely absorbed by higher welfare costs and energy support. Gilts firmed slightly, sterling bounced a bit, and markets generally shrugged.

But politically, this frames the rest of the Parliament. It's a tax-and-spend settlement — with the middle and upper-middle brackets carrying the load.

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