

DATE: December 5, 2025

TITLE: Rate-Cut Fever, Metaverse Hangovers, and a World Caught Between Cycles

TRANSCRIPT:

**Host: Eric, let's dive straight in — what jumped out at you the most this week?**

**Eric:**

The big story really begins with the U.S., because the data is finally lining up with what markets have been anticipating for weeks: a Fed rate cut is not just probable — it now feels almost inevitable.

We had another softening in the labour market. Challenger job cuts surged to 71,000 in November, the highest for that month since 2022. Year-to-date layoffs have now topped 1.17 million — not catastrophic, but definitely signalling that businesses are trimming around the edges. Factory orders came in light — up 0.2%, versus 0.5% expected — and that modest miss was enough for markets to double down on the view that the Fed will blink. Rate-cut odds are sitting near 90% for December.

And today's real wildcard is the PCE deflator. The expectation is a tiny uptick from 2.7% to 2.8%. Anything higher than that... and the December cut becomes a little less comfortable. But right now? The market is leaning hard toward easing.

**Host: And then we had that wonderful tech subplot: the Metaverse suddenly discovering the laws of gravity again. What's going on there?**

**Eric:**

Yes — the Metaverse made a rare cameo this week, and not in the way we all expected three years ago when it was supposed to change human civilisation. Salesforce posted a good revenue outlook and popped modestly, but the real theatre came from Meta. Reports surfaced suggesting management is looking at cutting the Metaverse division's budget by as much as 30% in 2026. Just think about that. This was the great frontier, the next internet, the next reality... and now it's being quietly, clinically shrunk.

It's a timeless reminder: Tech doesn't just sell products — it sells ideas. And sometimes those ideas get priced years before their economic value arrives... if it ever arrives.

Markets loved the pivot. Meta rallied 4%, and investors essentially said: "Thank you for spending money on the real world again."

**Host: India also stepped into the spotlight this week with a widely anticipated rate cut — but markets barely reacted. Why so muted?**

**Eric:**

Because investors had already priced every inch of it. The RBI delivered a 25 bps rate cut, exactly as expected. And normally you'd see equities or the currency throw a small celebration — but the Nifty barely flinched.

Why? Because the context around the cut is messy:

- The rupee has been under pressure, creeping above 90 per dollar.
- Foreign investors have been selling for weeks.
- And there's a lingering uncertainty about a potential US-India trade agreement.

So while the rate cut helps support domestic demand, it doesn't resolve the bigger story: global risk appetite for India has softened, but domestic fundamentals — growth, consumption, investment — remain healthy.

The muted market reaction simply reflects those cross-currents.

**Host: Let's turn to Europe, where the numbers felt... heavy.**

**Eric:**

Heavy is the right word. Euro area retail sales were flat, construction PMI was stuck in deep contraction, and the UK's construction PMI dropped to 39.4, which is recessionary territory for that sector. And then you had the headline-grabbing corporate story of the week: Prada buying Versace for \$1.4 billion.

Not only does this crystallise a major loss for the previous owner, but it reinforces a bigger theme — luxury is consolidating, but not because it's booming. It's consolidating because the business model is shifting from high-octane growth to operational discipline and scale. Versace will be just 13% of Prada's revenues. This isn't empire-building — it's restructuring.

**Host: Let's talk commodities — oil is sleepy, copper is flying. What's the real signal here?**

**Eric:**

Oil is remarkably subdued considering the geopolitical noise. Brent hovering in the low 60s tells you more about supply than about geopolitics: U.S. inventories are high, non-OPEC supply keeps growing, and demand is soft. But copper — copper is where the real story is. It hit fresh record highs above \$11,400 per tonne this week.

That's a 30% year-to-date move, and it reflects something deeper than cyclical dynamics:

- data-centre buildouts
- electrification
- defence manufacturing
- structural underinvestment in mines

Copper is no longer just a barometer of global growth — it's becoming a barometer of global transformation.

## DISCLAIMER

This document is for informational purposes only and does not constitute a solicitation or offer by GIS or any of its affiliates to buy or sell any securities, financial instruments, or strategies. Investors are advised to consider the investment objectives, risks, charges, and expenses of any investment carefully before investing. The information and data contained herein have been obtained from sources believed to be reliable but are not guaranteed as to accuracy or completeness. The opinions and estimates constitute our judgment and are subject to change without notice.