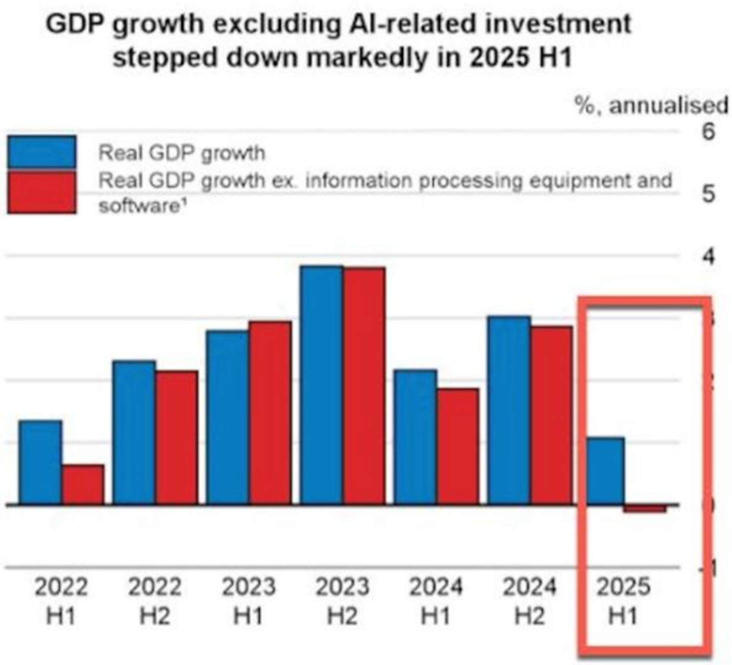
Equity Weekly

Syz Equity Research – week from 1 to 5 December2025

The Chart of the Week

AI investments remain a major driver of GDP growth



What happened last week?

Global markets

A good week for equity markets while waiting for a rate cut

Last week, global equity markets continued to move higher as investors are waiting for an interest cut by the Fed this week. In USD, the MSCI All Country World Index rose 0.6%. The S&P 500 was up 0.4% during the week, the Nasdaq 100 climbed 1.0% while Europe was up 0.8% and Emerging Market was up 1.4%. Semiconductors and software stocks were strongly up last week at +4.3% and +5.2% respectively. Within Emerging Markets, Taiwan and South Korea shined being up +1.7% and +5.0% helped by the sentiment towards semiconductors and AI.

US

Last week in U.S. equities climbed higher, with leadership coming primarily from growth and cyclical-oriented sectors. Worth noting is the outperformance of smaller caps with the Russell 200 up 0.9% helped by the strong performance of US regional banks (up +3.5% over the week)

The standout sectors were Communication Services, which posted the strongest weekly gain, closely followed by Consumer Discretionary and Information Technology. These sectors were powered by a rebound in mega-cap and semiconductor names, which regained momentum after recent softness. Software that had a difficult year so far did rebound following the good results of Salesforces.

In contrast, more defensive and rate-sensitive sectors lagged behind. Real Estate, Consumer Staples and Energy posted the smallest gains for the week, reflecting investors' preference for cyclicals and growth over safety despite the uncertainties.

Overall, the market's breadth was wide with all 11 of the S&P-500 sectors ended the week in the green, but it was the pro-growth areas and small-cap stocks that really drove the rally.

Europe

Last week European equity markets delivered a good performance being up 0.4% in EUR but 0.8% in USD, with cyclicals such as autos, industrials and financials emerging as the primary drivers of strength.

In particular, the autos & parts sector stood out, rising around 5–6 % as investors cheered stronger global vehicle demand and favorable sector momentum.

Technology shares posted moderate gains, helped by demand for semiconductor and chip-equipment names like in other regions.

Overall, the tone was constructive yet selective: investors rotated away from defensive and stable-yielding sectors toward industries more sensitive to economic cycles.

Rest of the world

Emerging-markets equities saw renewed investor interest last week, with equity-fund inflows hitting their strongest level in months, a clear sign that risk appetite has returned to the asset class.

Among regional performers, markets in East Asia (especially South Korea and Taiwan) outpaced many peers, supported by strength in semiconductor, tech and AI-supply chains, a recurring theme across EM this year.

Latin-American names also regained some ground, with Brazil and Mexico among the better-performing EM markets last week.

China and India lagged, partly due to mixed macro-economic signals and weaker near-term sentiment.

Our view on equities

Equity asset class

POSITIVE in current environment

We remain positive on equities. Demand for AI infrastructure remains strong while a broadening of corporate earnings will help offset rich valuation multiples, particularly in the US.

After an uneven year, earnings in 2026 are expected to accelerate and broaden. Technology stocks will continue to benefit from AI-related investments, while the “old economy” is expected to slowly recover thanks to lower interest rates and deregulation in the US.

We continue to advocate diversification while maintaining our overweight position in the US and China.

Earnings

Earnings remain a tailwind for equities, supported by a strong third-quarter earnings season and expectations that growth will accelerate and broaden in 2026. Technology stocks should continue to deliver robust performance, while the “old economy” is set to recover.

Valuation

US technology stocks remain expensive, although growth and profitability provide some support while international equities are more reasonably valued. Equity risk premia remains low in both the US and Europe.

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