



Flying Blind Into Fear

Week Ahead in
Markets
November 2025

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Flying Blind Into Fear: Week Ahead in Markets

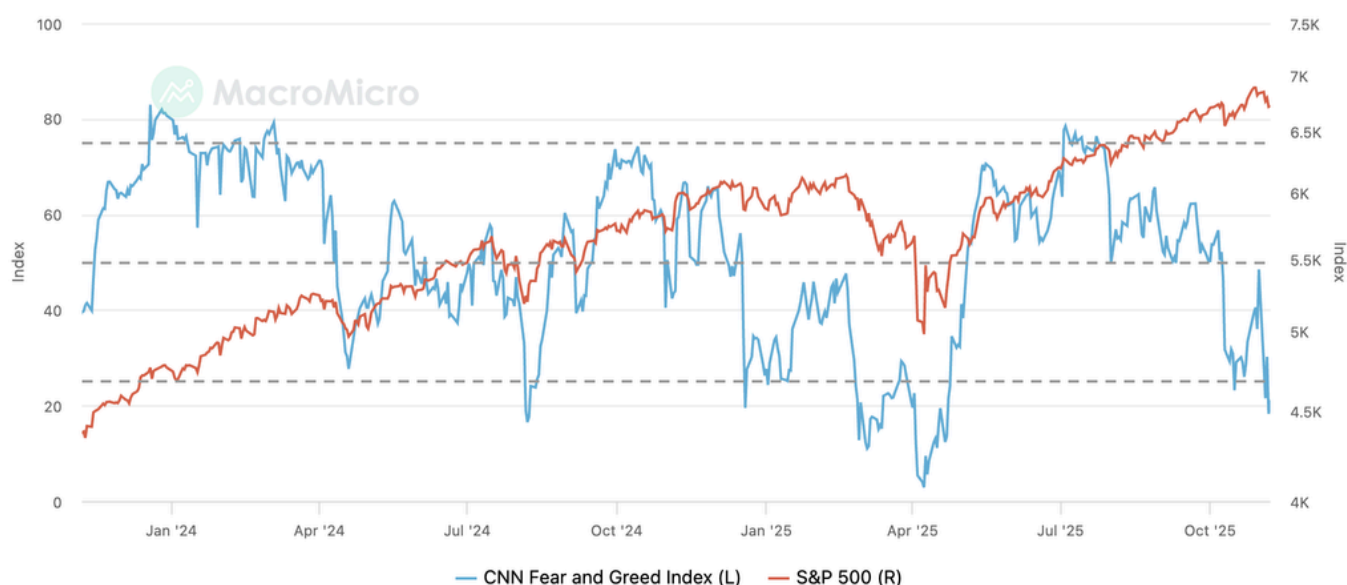
Devoid of macro data, markets have rediscovered something called valuations and are now fretting about it, as if that wasn't a problem a week back! Risk assets and growth sectors are in retreat with market sentiment clearly in the "fear" camp. This is despite yet another record, consensus beating earnings quarter. While the fundamental picture remains largely intact and solid, is price action presaging something nastier? Is this a pause for breath or the start of a bigger decline?

As valuations go, these are a byproduct of price action and earnings, with the latter driving the former - and earnings remain strong as does the guidance. Concerns on a FED unwilling to a December rate cut also appear unfounded - we would rather have no cuts and a stronger economy. But is the economy strong? The problem is lack of data which also explains the severe reaction to layoff data last week - but one datapoint does not make a trend, which otherwise remains robust.

So then if fundamental markers are okay, is price action the proverbial canary? Without doubt, a pullback in risk and growth assets (tech and discretionary equities, crypto) and stability in defensives (gold, defensive sectors) has increased risks of deeper pullbacks. HOWEVER, AND FOR NOW, risk assets are holding ground - the TREND IS DENTED, NOT BROKEN. If anything, sentiment (a contrarian indicator) has swung to "extreme fear". While we have added hedges to equities, this is a market flying blind into the fear zone - risks yes, panic no!

- **Fear Takes Hold** - Whether it's equities, or crypto, sentiment has swung to "extreme fear". As a contrarian indicator, this suggests potential for bounce-backs, even if short-lived.
- **Macro - Flying Blind** - A prolonged government shutdown has meant paucity of macro datapoints and a market latching on to whatever they get, as was evident in the layoffs data, prompting a deeper sell off. Add to this the FED unwillingness to commit to a December rate cut. The reality however is that there is just not enough evidence of a meaningful slowdown and if the FED is unwilling to cut, if anything it also suggests no major economic panic - we would rather have that than a weaker economy and rate cuts.
- **Earnings** - Earnings delivery and guidance remains robust with 13% EPS growth in 3Q, well ahead of the sub 8% expected at the start of the reporting season.
- **Equities** - Our proprietary signals added hedges mid-week last week. This is also reflected in defensive sectors gaining at the cost of growth (tech & discretionary). *However*, the critical 50 day moving average is not yet broken -as long as this holds, its not yet time to panic.
- **Gold & Bitcoin** - Gold's meteoric rally in 2025 has largely been powered by investments and particularly ETF flows (+134% y/y in 3Q'25; from 7% of demand to over 16%). While ETF outflows led the recent decline, Gold appears to have found a footing in the 4000 area, after a 50% retracement (of the Aug-Oct'25 rally). *However*, relative to S&P, gold faces critical resistance levels. A period of "time correction" on gold after a stellar 3Q appears in store. Bitcoin is in a critical support zone in the 98-100K area. Failure to hold these levels will open up larger risks. A breakout past 108-110K is needed to restore bullish narratives.

Equities Sentiment - "Extreme Fear" - Turning Point?



source: MacroMicro

Crypto Sentiment - Also in "Extreme Fear" Zone



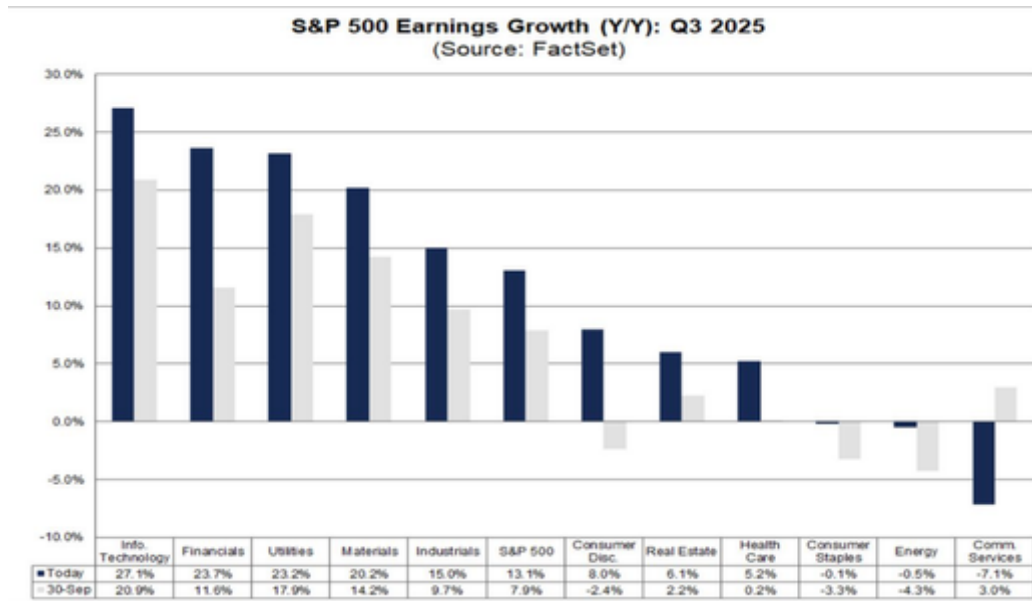
Source: CoinMarketCao

**Rate Cuts - Probability of Cuts in December have declined from 88% to 67% -
Rate Cuts will be Data Dependent - But Where is the Data?**

CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	275-300	300-325	325-350	350-375	375-400
10/12/2025	0.00%	0.00%	0.00%	66.93%	33.07%
28/01/2026	0.00%	0.00%	9.00%	91.00%	0.00%
18/03/2026	0.00%	0.00%	50.17%	49.83%	0.00%
29/04/2026	0.00%	0.00%	75.00%	25.00%	0.00%
17/06/2026	0.00%	32.93%	67.07%	0.00%	0.00%
29/07/2026	0.00%	65.00%	35.00%	0.00%	0.00%
16/09/2026	1.29%	98.71%	0.00%	0.00%	0.00%
28/10/2026	19.00%	81.00%	0.00%	0.00%	0.00%

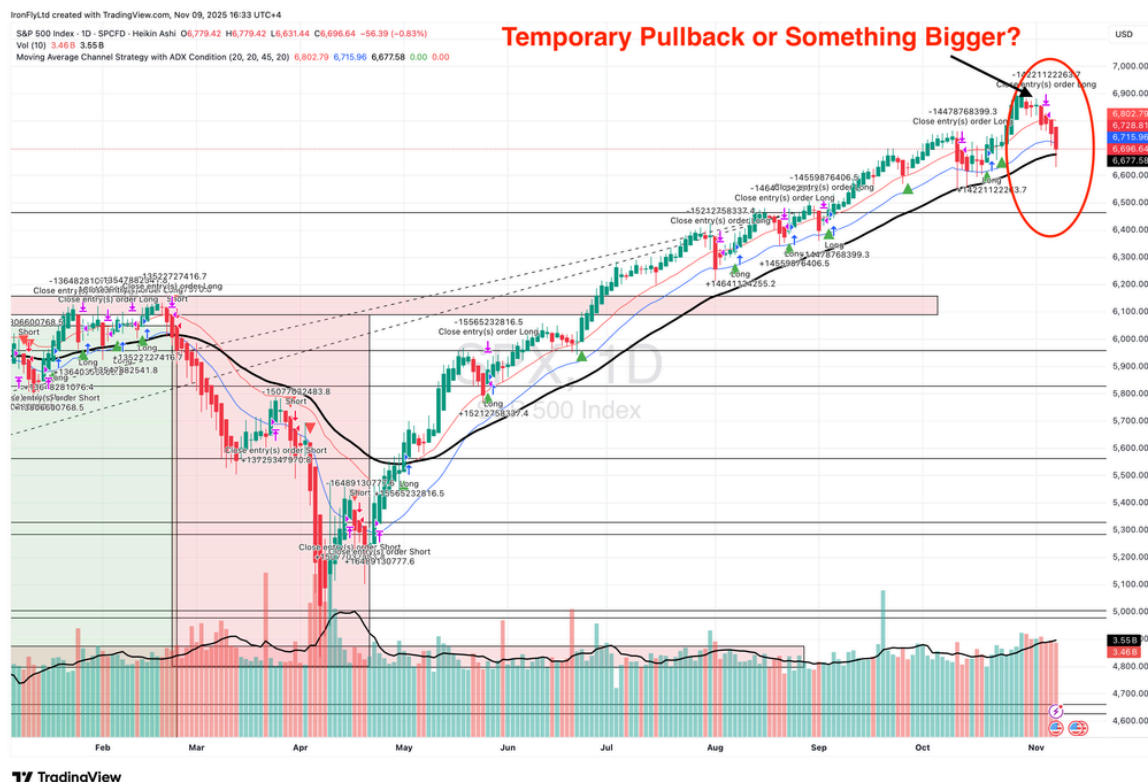
source: CME

Earnings - Yet Another Record, Consensus Beating Quarter



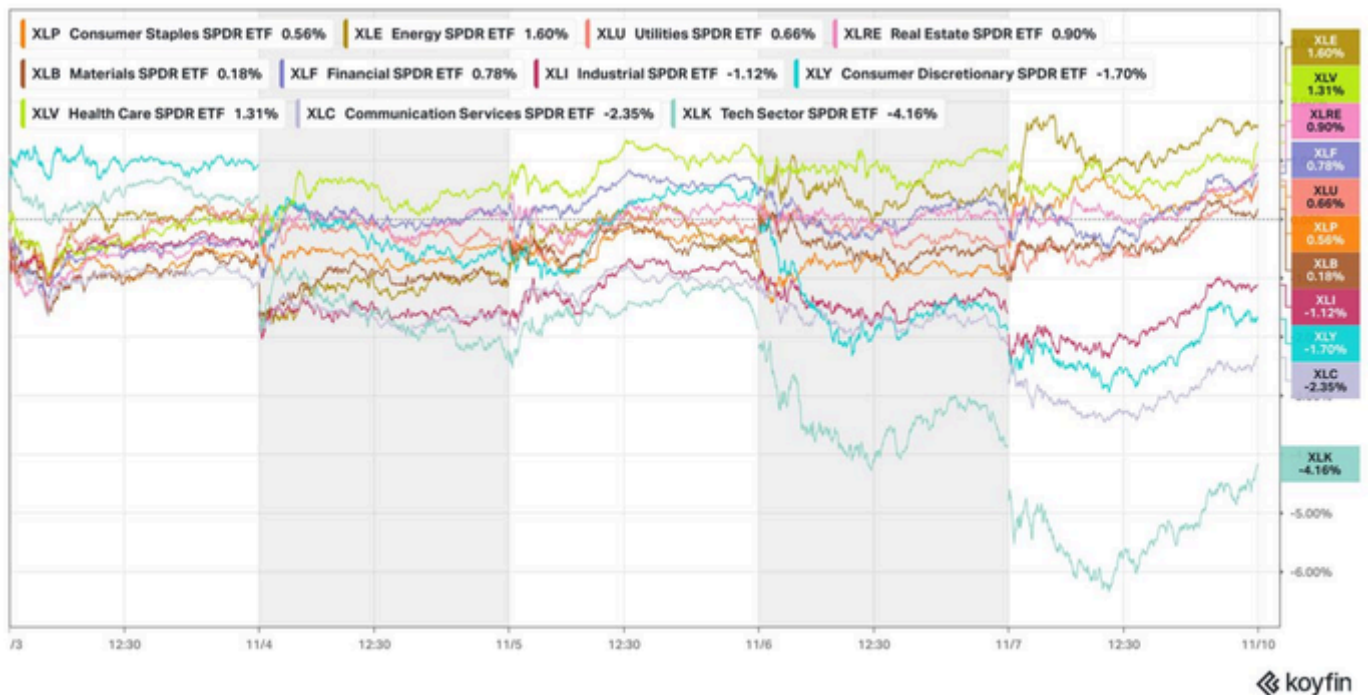
source: Factset

S&P - A temporary pullback or a bigger decline? Holding the 50dma will be critical



source: TradingView

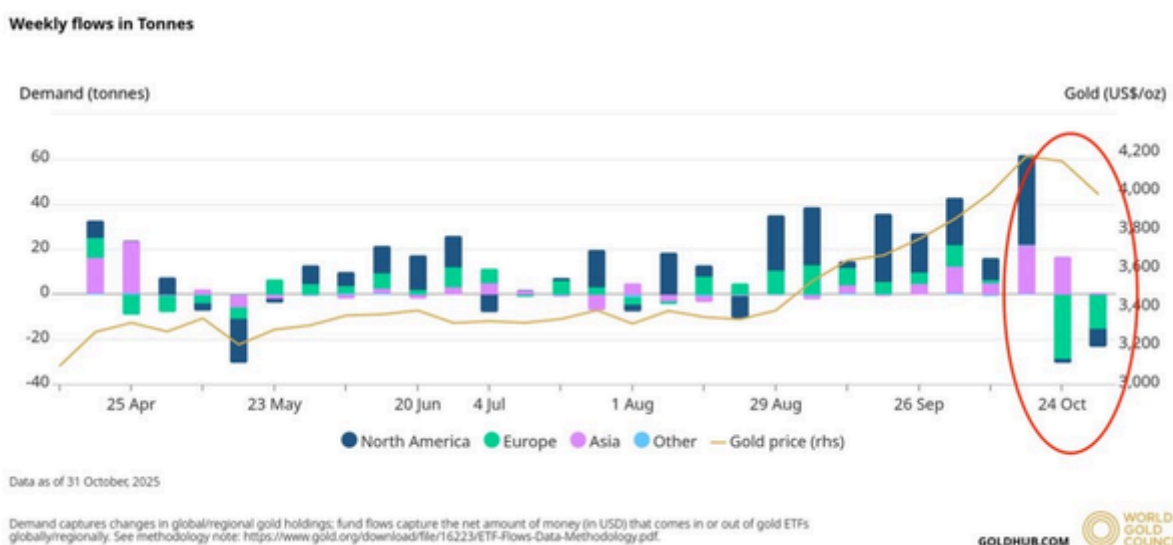
Sectoral Positioning - A Defensive Hue



source: Koyfin

Gold - ETF Flows Turn Negative

Gold ETF flows



source: World Gold Council

...Driving Gold Prices Lower - But now finding a footing in the 4000 area



source: TradingView

...But Gold Relative S&P, faces critical resistance



source: TradingView

Bitcoin - Defending 98-110K Critical. Bullish narratives only above 108-110K



Source: TradingView

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