

The left side of the cover features a vertical strip with a blue-tinted background. It contains a financial candlestick chart with several numerical values (48.173, 39.281, 64.827, 71.474, 88.380, 74.849, 14.411, 40.404, 48.397, 98.937, 66.63) and a city skyline at night. A yellow line graph is also visible, showing a downward trend.

• NOVEMBER 2025

Macroeconomic Focus

Part 1:
United States

Part 2:
Eurozone

Part 3:
China

LAZARD
FRÈRES GESTION

United States

An Economy Staying Resilient Despite Weaknesses



The U.S. economy is expanding at a more moderate pace than in recent years—1.5% in H1 2025—but has managed to withstand two major shocks in 2025. The first came in the spring with the introduction of tariffs. In practice, the actual tariffs were lower than initially announced (around 12%), and leading indicators eventually began to rebound over the summer. The second shock arrived in the fall with the federal shutdown: 43 days of partial government paralysis weighed on household confidence and delayed the release of several key statistics. Its resolution, thanks to a temporary funding agreement, removed an immediate obstacle, but the deal only runs through the end of January 2026 for most services, leaving the risk of renewed budget tensions in the coming months.

Despite these disruptions, overall activity has remained relatively stable. The labor market is showing mixed signals, as illustrated by the September jobs report, which showed both a rebound in hiring and a rise in the unemployment rate. Weekly jobless claims are steady at around 220,000—well below the 280,000 threshold that would signal a downturn. Inflation, however, remains high: recent data point to the first signs of tariff-related price increases in certain goods categories (such as household equipment), and the Yale Budget Lab estimates that full pass-through to consumers could add 1.5% to inflation. Business surveys confirm rising costs, keeping short-term price pressures in play.

Against this backdrop, the Fed faces a dilemma. Minutes from its latest meeting reveal a split between members favoring steady rates to contain inflation and those advocating preemptive cuts in response to a weakening labor market. Markets are currently pricing in another 25-bps cut on December 10, though the outcome remains uncertain. The White House's growing influence over the Fed—through appointments and political pressure—also introduces institutional uncertainty that could erode the central bank's credibility. Jerome Powell's term ends in May 2026, and Donald Trump could soon name his successor, with White House economic adviser Kevin Hassett currently seen as the frontrunner.

54.8pts

Composite PMI
(November 2025)

4,4%

Unemployment rate
(in September)

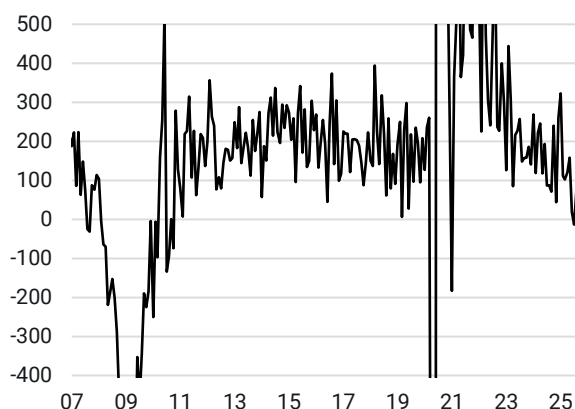
3,0%

Core inflation
(year-on-year change
in September)

3,75-4,00%

Fed key interest rate

United States | Job creation (in thousands)



Source: Bloomberg. Latest data: September 2025

Eurozone

Economic Rebound Confirmed



The Eurozone is approaching the end of 2025 with decent growth momentum, despite the shocks it has faced (US tariffs, political crisis in France).

In the third quarter, GDP grew by +0.2%, slightly above expectations. France surprised on the upside with growth of 0.5%, Spain remained buoyant, while Germany and Italy experienced stagnation.

Leading indicators continue to point to an improvement in the European economy. The Eurozone composite PMI remained stable in November at 52.5, a level consistent with growth of around 0.3% to 0.4%. Activity continues to be driven by peripheral countries and is improving in France, thanks to the easing of political uncertainty, although the vote on the 2026 budget remains uncertain. On the other hand, PMI surveys have signaled a slowdown in the German economy, due to a deterioration in services and industry. Germany should nevertheless gradually regain momentum as the government rolls out its stimulus plan.

Regarding inflation, the latest data has been slightly less favorable. Core inflation has stabilized at +2.4% year-on-year, with price increases remaining fairly high in services at +3.4%. In this context, there is little reason for the central bank to resume its rate cuts. The markets are anticipating that key interest rates will remain unchanged over the coming months. This means that both the growth gap and the interest rate differential between the Eurozone and the United States could narrow in the coming quarters. This could have positive implications for the euro.

+0,2%

GDP growth
(quarter-on-quarter
in Q3 2025)

52,5pts

Eurozone PMI
(November 2025)

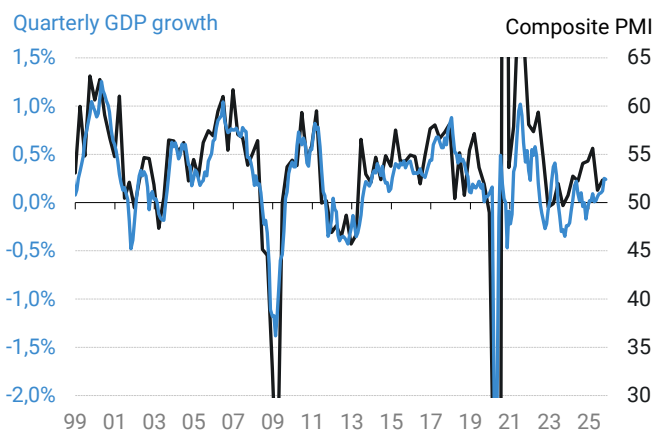
2,4%

Core inflation (year-
on-year change in
October 2025)

2,00%

ECB key interest
rate (deposit
rate)

Eurozone | GDP Growth and Composite PMI



Source: Bloomberg. Latest data: November 2025.

China

A Slowdown Under Control



The agreement reached at the end of October between the United States and China helped ease trade tensions that had escalated earlier in the month. Under the deal, U.S. tariffs on Chinese goods will be reduced to 20%, while China has pledged to increase purchases of U.S. agricultural products and postpone restrictions on rare earth exports for one year. The agreement is therefore time-limited and leaves unresolved the deeper disputes between the two countries, notably over Taiwan’s status and controls on strategic technologies. Even so, the risk of a further hike in U.S. tariffs in the coming months has fallen sharply—welcome news for the Chinese economy at a time of worsening domestic conditions.

Third-quarter growth surprised to the upside, but the underlying trend is slowing, with year-on-year growth easing from 5.2% to 4.8%. The deceleration is driven mainly by weaker investment, reflecting the real estate crisis and government efforts to curb industrial overcapacity. Consumption’s contribution has stabilized, while foreign trade remains a significant driver. October data on domestic demand point to a continued slowdown, with another steep drop in investment and a moderation in retail sales. In addition, the foreign trade engine stalled, as exports outside the United States turned down. The only bright spot was a slight easing in deflationary pressures.

For now, the authorities appear reluctant to step up support for the economy. Part of the slowdown is deliberate, as the government addresses structural imbalances—so it is not necessarily negative. Moreover, the official growth target of around 5% for the year still looks achievable. However, a shift in policy is likely if economic conditions deteriorate beyond the authorities’ tolerance threshold.

4,8%

GDP growth
(year-on-year
in Q3 2025)

-11,2%

Investment
(year-on-year
in October)

-1,1%

Exports
(year-on-year
in October)

+0,2%

Inflation
(year-on-year
in October)

China | Domestic demand
Year-on-year change



Source: Bloomberg. Latest data: October 2025.

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