GIBRALTAR ASSET MANAGEMENT

STOCKBROKERS & INVESTMENT MANAGERS

Market Commentary - November 2025

FTSE 100	**9,682**	S&P 500	6,728
Resistance	9,775	Gold	$4,083
Support	9,350	GBP/EUR	1.1382
VIX	19%	GBP/USD	1.3183

Introduction:

The pound has gained more than 6% against the US dollar this year, but the rally may already be over. Sterling's strength owes much to the Bank of England, which has been slower to cut interest rates than central banks in many other developed economies. However, inflation may finally have peaked at 3.8%. The prospect of lower rates ahead removes the last *"prop"* supporting the pound. With a flatlining economy and the public finances bleak, it's a struggle to find many reasons for optimism about *"UK Plc"*. Taking a longer view, sterling has shed more than a third of its value since 2007, when it traded at more than two dollars to the pound.

Market Outlook:

Over the long term *(since 1984), the FTSE 100 has returned 6% per annum and that does not include the dividend yield (~3.3%) earned on top. Therefore, 'strategically', it pays to be in the market. Also, considering inflation averaged 6.2% over the same period, it is vital that an investor invests in equities in order to preserve the purchasing power of their money. However, markets can be subject to swings in the interim and investors should be mindful of these with a view to protecting their capital and thus maintain a 'tactical' view.*

Our allocation to the stock market remains at overweight. The all-important US stock market tends to outperform its already strong fourth-quarter performance history when the S&P 500 ends September up in double digits for the year, as it did this year.

The stock market has recovered strongly from its April lows - treating every minor setback as a buyable dip. How have investors been able to overcome their earlier fear of tariffs and in the process sending stock markets to all-time highs? Many factors are contributing. There is FOMO (*"fear of missing out"*); rallies tend to feed on themselves, as investors agonising on the sidelines finally commit before it is too late. Then there is the AI rally, now approaching three years old (since the ChatGPT's launch in November 2022). Investors have also swung back to optimism on the growing sense that tariffs will be minimally impactful to economic growth.

Interestingly, despite the stock market recovery, the S&P 500's forward P/E ratio of 22x is within the normal range of 15-24x. Other valuation measures, including the S&P 500 dividend yield in relation to 10-year Treasury yields and the S&P 500 price in relation to the price of gold, signal reasonable multiples for stocks. A further positive is lessened concentration risk. The year-to-date 2025 sector map shows impressive breadth. As the old adage goes, *"breadth equals validity"*.

The stock market appears primed to carry momentum into year-end. There is always the danger that the

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Market Outlook (cont):

only thing behind that momentum is…more momentum. But with corporate earnings set to rise and interest rates set to fall, the stock market is well positioned to carry rally strength in the final few months of the year.

Market Commentary

Recommended Investment:

Bitcoin

Bitcoin is the world's first and best-known cryptocurrency. It was created in 2009 by an anonymous person (or group) using the name Satoshi Nakamoto. Unlike traditional money issued by governments, Bitcoin is completely decentralised - no central bank, company, or individual controls it. Instead, it runs on a public network called the blockchain, which acts like a global ledger where every transaction is permanently recorded and visible to everyone.

At its core, Bitcoin is simple but revolutionary. It allows anyone, anywhere, to send money directly to someone else without needing a bank or payment company in between. The network is maintained by thousands of computers ("miners") around the world that process transactions and secure the system. In return, miners receive newly created Bitcoin (BTC) as a reward - this is how new coins enter circulation.

There will only ever be 21 million Bitcoin, making it a scarce digital asset. This built-in limit is one reason many people call it *"digital gold."* Just like gold, Bitcoin can't be printed or inflated away by governments (or easily seized by them), and it's portable, divisible, and easy to store digitally. For investors, that scarcity gives Bitcoin its appeal as a store of value - especially in times of inflation or when confidence in traditional currencies weakens.

Over time, Bitcoin has evolved from an experiment in digital cash into a global financial asset. Large institutions, hedge funds, and even some public companies now hold Bitcoin as part of their portfolios. The approval of Bitcoin exchange-traded products (ETPs) has made it easier for traditional investors to gain exposure without managing the coins themselves. El Salvador even made Bitcoin legal tender in 2021, marking a major milestone for mainstream adoption.

Still, Bitcoin remains volatile. Its price can rise or fall sharply due to speculation, regulatory news, or macroeconomic factors. It doesn't produce earnings or cash flow like a company does, so its value is determined entirely by what others are willing to pay for it. That makes it both exciting and risky.

Despite the swings, Bitcoin's long-term growth has been extraordinary. It has outperformed nearly every major asset since launch, driven by increasing adoption and the perception that it offers protection from currency debasement. Its transparent and secure technology has also inspired thousands of other cryptocurrencies and innovations, forming the foundation of the entire digital asset industry.

There are some bullish price targets for Bitcoin that have been issued by serious institutions. Ark Invest's "Big Ideas 2025" report gives three scenarios for 2030: $300,000 in their bear case, $710,000 in their base case and $1.5 million in their bull case. This is based on the broad adoption of Bitcoin as digital gold, large institutional flows, and global regulatory clarity. Bitwise Asset Management projects Bitcoin will reach $1.3 million by 2035, driven by institutional demand and limited issuance. Cantor Fitzgerald has a $1,000,000 long-term price target based on corporate treasury accumulation and Bitcoin's adoption as a reserve asset.

We recommend exposure via 21Shares Bitcoin ETP, which holds physical BTC tokens. It trades on the London Stock Exchange in GBP (ABTC.L) and USD (BTCU.L) and has a TER of 1.49%. Note this investment is suitable only for high-risk investors who have passed an Appropriateness Assessment.

Market Commentary

Post of the Month:

"The S&P 500 is now on its longest monthly winning streak for four years. Should investors be bullish, bearish, or confused?"

As the UK nervously awaits another big Budget, there are also warning signs across the Atlantic. Big US companies are cutting jobs more regularly - and with the government shutdown delaying the publication of official data, reassurance isn't close at hand. And, at this point, every incremental gain for the stock market only adds to the nerves many are feeling.

There's a lot of froth among these gains, even for companies that don't feature in the main US index. Yet top-heavy markets are still the most common concern. This is hardly a new story, but there are signs things are worsening. We recently saw the fewest number of risers on an 'up' day for the S&P 500 since 1990. The Magnificent Seven have been doing a lot of the heavy lifting; the 'artificial intelligence (AI) versus the rest' narrative is alive and well.

All this said, there are good reasons for the bulls to feel emboldened. Tech giants' share price moves may stand out, but there aren't many indications that the rest of the market is struggling. Of the 60% of US companies to have reported quarterly results, more than four-fifths beat earnings estimates. That's an indisputably above-average result. This may be in part because the industries most affected by tariffs account for less than a fifth of S&P 500 earnings. Even so, full-year 2025 earnings are almost back at pre-'liberation day' levels.

Better news on tariffs has also helped. The 12-month trade deal agreed by the US and China last month has lifted sentiment further. This is partly a tech story: the postponement of export controls on rare earths and chips boosted the sector with Nvidia rising 7% in the past month.

It has been a mixed picture, however, for the tech giants. Alphabet and Microsoft's cloud computing arms are raking in cash from increased AI usage. Meanwhile, Meta's lack of a dedicated, proven product is a cause for concern and the market has started to get nervous. Investors' discrimination here could be viewed as a positive - this, at least, is not the behaviour of a euphoria-driven market. Rather it speaks to the dominant sentiment of the day: indecision.

This is a time of heightened political, economic and market uncertainty. Under the circumstances, it's only natural for investors to adopt something of a wait-and-see approach. This is perhaps most clearly expressed by the simultaneous run-up in both equities and gold this year.

When it comes to equity investing, the approach translates into a philosophy of simply staying invested. That makes intuitive sense, as anyone who has tried to time the market could tell you. Getting out isn't that difficult, but getting back in is. For those who don't want to find themselves caught up in an endless trading cycle, or left on the sidelines far longer than intended, the best strategy is to make sure you are adequately diversified, grit your teeth and stay the course.

Gibraltar Asset Management

STOCKBROKERS & INVESTMENT MANAGERS

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Quote of the Month:

"Bitcoin reminds me of gold when I first got into the business in 1976" - Paul Tudor Jones

Jones likens Bitcoin to gold - a scarce, uncorrelated asset appealing when fiat currencies are devalued. As inflation hedges, both rely on limited supply and market perception of safety. His comparison frames Bitcoin as a macro hedge, particularly in a world of unprecedented monetary expansion. Institutional investors found validation in his endorsement, marking a turning point in Bitcoin's legitimacy among hedge funds. For Jones, it's less about digital ideology and more about portfolio diversification - owning an asset that may protect purchasing power if traditional currencies weaken.

Economics:

Despite some late momentum in the markets that the Bank of England (BoE) would announce a cut, the MPC has decided to keep the base rate at 4% in a close-run result by five votes to four. While the most recent inflation print came in lower than expected and below the Bank's forecast of 4%, it was still 3.8%, and almost double the BoE's target. Add in that with the Budget approaching soon, it's likely that rate setters would have wanted more clarity over fiscal policy and the opportunity to assess the market reaction to the Budget before changing rates. Nevertheless, economic growth remains slow, and it's part of the BoE dual mandate to protect and enhance financial stability as well as keep inflation in check. The latest reading from August showed just a 0.1% expansion. Those economic concerns mean that if inflation does fall in line with expectations in the next print, then it's very likely that there will be one further cut in December before the end of 2025.

The euro zone economy expanded at its fastest rate since May 2023 in October, breaking out of the subdued growth pattern seen earlier this year as service sector activity accelerated and demand conditions improved. The Purchasing Managers' Index climbed to 52.5 in October from 51.2 in September, marking the 10th consecutive month of growth and reaching its highest level in 29 months. The European Central Bank kept interest rates unchanged at 2% for the third meeting in a row and repeated policy was in a *"good place"*. It has finished cutting interest rates as inflation holds around its 2% target and the economy marches steadily on.

The federal government shutdown dragged consumer sentiment in the US to a near record low in November, according to a monthly survey conducted by the University of Michigan. The results come amid a blackout on federal data, such as the monthly jobs report, which was due on Friday, with the usual slate of monthly reports suspended due to the government shutdown. In their absence, investors have been turning to smaller, privately funded research reports. ADP, the US's largest payroll supplier, said private employers added 42,000 new jobs in October, a dramatic slowdown from the three-month moving average from November to January of 188,000 jobs. *"Americans are losing faith in the economy …. Every day it becomes clearer that President Trump has no real interest in improving the lives of American families,"* said Alex Jacquez, chief of policy and advocacy at the thinktank Groundwork Collaborative, in a statement on the Michigan survey report. *"His economic mismanagement has left households buried under record debt and rising prices. It's no surprise consumer sentiment is at its lowest point since 2022."*

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Seasonality: *"History doesn't repeat itself, but it does rhyme" - Mark Twain*

The January Barometer 🙂

Historically, the returns in January have signalled the returns for the rest of the year. If they are positive, the returns for the whole year tend to be positive and vice versa. First mentioned by Yale Hirsch in the Stock Trader's Almanac in 1972, a variant has it that returns for the whole year can be predicted by the direction of the market in just the first 5 days of the year. Judging by the first 5 days, 2025 is likely to be a positive year for the stock market.

November 🙂

Since 1984, the FTSE 100 has risen in 59% of years in November, with an average return of 0.9%, making it the 4th best month of the year. In an average November, the market rises in the first three days, but those gains are then given up in the following few days. In the middle of the month prices increase and then fall back again, before finally rising strongly in the last seven days of the month.

Fourth Quarter 🙂

The FTSE 100 has risen 30 of the 41 years (73%) between 1984 and 2024, posting an average gain of 3.4%.

November - April 🙂

The FTSE 100 has returned 6.7% since 1984 during the winter 6-month period. This compares with -0.2% for the summer 6-month period. There is a 1-in-1,000 chance of this occurring by luck. One explanation for this is that as the nights draw in during winter, we become anxious and depressed, which means share prices fall and expected returns rise. This then leads to a decent winter rise.

First-Year US Presidential Cycle ☹

The stock market tends to bottom out during the second year of each new presidential term and then recover strongly in the final two years. This is due to each Administration ensuring that the economy is strong by re-election time. Unfortunately, the excessive stoking of the economic fires creates excesses, including over-priced stocks, leading to poor stock market returns in the first two years of the next term.

Chinese New Year - Year of the Snake ☹

Chinese calendar revolves around a 12-year cycle where each year is associated with an animal (rat, ox, tiger, rabbit, dragon, snake, horse, goat, monkey, rooster, dog and pig). Each New Year starts between 21st January and 21st February, the exact date being dependent upon a variety of complex factors. The best performing animals since 1950 have been the goat and dog. The worst performing animals have been the rooster and snake. *In Chinese astrology, the Snake symbolises wisdom, caution, and strategic thinking. These traits might culturally inspire investors to adopt a more analytical or conservative approach. Interestingly, this is the Wood Snake Year, which comes about every 60 years. Wood represents expansion, innovation, and flexibility. This could favour industries like tech, renewable energy, and AI, which thrive on evolution.*

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Investment Calendar:

5th November	Full Moon (markets tend to reach a low point around this time)
19th November	CPI Inflation. Expected to slightly rise; important for rate expectations
20th November	New Moon (markets tend to reach a high point around this time)
21st November	Options Expiry Day
29th November	UK Budget. Has market implications for bonds & tax policy

Technical Analysis:

The FTSE 100 rose again last month - by 191 points (2%), reaching yet new all-time highs. To us, the market looks technically extended after the strong rally. The RSI at 74 signals overbought conditions, suggesting momentum may be stretched and vulnerable to short-term profit-taking. However, the ADX at 28 indicates a solid, still-strengthening trend rather than exhaustion. Markets remain supported by disinflation optimism and resilient earnings, but persistent inflation, delayed rate cuts, weak global growth, and geopolitical instability form a volatile backdrop. A modest correction or risk repricing is likely if any of these pressures intensify. We continue to advise investors against entering long positions at this moment despite the favourable seasonal factors.

"The illusion of randomness gradually disappears as the skill in chart reading improves" – John Murphy

Chart Legend:

red dashed line	20 day moving average	(signifies the short-term direction of the security. prices tend to gyrate around their 20 day m/a)
red line	50 day moving average	(signifies the medium-term direction of the security)
thick red line	200 day moving average	(signifies the long-term direction of the security - whether it is in a bull or bear market)
blue line		(an indicator that measures 2 standard deviations away from the 20 day m/a)

Technical Analysis Guide:

RSI (relative strength index) - indicates whether a security is overbought (above 70) or oversold (below 30). Also when the RSI moves above 50 that is considered bullish (or vice versa).

ADX (average directional index) - indicates whether a security is in a trend (above 20) or not in a trend (below 20). For trending markets moving averages work best when considering lines of support/resistance. ending markets Bollinger Bands work best (sell at upper band, buy at lower band).

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