

GENERAL INVESTMENT CLIMATE

Economy

Uncertainty surrounding trade conditions remained high in Q3, though the environment was less tense than in the second quarter thanks to preliminary trade agreements that reduced some of the pressure. Global economic growth is still expected to slow, but the pace of deceleration looks less severe than feared in June. Inflation in the eurozone stayed close to the ECB's projection of an annualized 2.1% for 2025, while unemployment fell to 6.2% in July, underscoring the resilience of the labour market. Industrial activity reached a 41-month high in August on the back of increasing domestic demand, though momentum flattened in September as export sales weakened after the surge in March in anticipation of US trade barriers. Overall, both manufacturing and services business confidence continued to expand, with the composite PMI at 51.2, but political uncertainty in France and weak external demand are weighing on confidence and visibility for the months ahead.

In the United States, the economy continued to send mixed signals. New tariffs in the second quarter did not trigger a significant rise in inflation, but upward price pressures kept policymakers cautious. The Fed eventually cut interest rates in September to 4.0–4.25%, its first cut since December, citing a cooling labour market and slower growth as the main drivers. GDP growth surprised to the upside in Q2 at 3.8% on an annualized basis after revisions, driven by lower imports after hoarding in Q1 and volatile consumer spending. However, the data has been noisy and the policy outlook remains clouded by political pressure from the White House, which is testing the independence of both the Fed and the Bureau of Labour Statistics. The overall picture is one of resilience in headline growth but increasing fragility in the underlying momentum.

China's economy showed resilience on the export side despite US tariff announcements. Exports benefited from temporary exemptions and a rebound in global manufacturing sentiment, while diversification toward other markets helped offset weaker US demand. Industrial production rose 5.2% in August. Domestically, however, the slowdown persisted: the property sector remained under strain, dragging down investment and household confidence, while consumer spending and industrial output stabilized at relatively low levels. Inflation remained subdued, with consumer prices rising by less than 1% year-on-year and producer prices in deflationary territory, highlighting weak demand. Labour market pressures were visible in elevated youth unemployment, though overall urban employment was steadier thanks to government support. Beijing responded with targeted stimulus in infrastructure, credit support, and selective monetary easing, but authorities remain cautious, balancing short-term stabilization against the risks of rising debt.

Foreign exchange and money markets

Throughout the third quarter, the US dollar stabilized but remained under pressure. The dollar index, which tracks the currency against a basket of major trading partners, had already fallen by about 11% in the first half of the year. A brief recovery of 3.2% in July helped offset some of the depreciation, but the trend quickly reversed as concerns mounted over softening payroll numbers, the risk of a government shutdown, and foreign investors increasing their hedging of US exposures. The euro benefited moderately from dollar weakness, supported by resilient labor market data and a steady inflation trajectory. The Chinese renminbi gained against the dollar during much of Q3, though the appreciation was less pronounced due to tighter capital controls.

Stock markets

Table 1.1 - General

	30-Sept-25	30-Jun-25 - 3 mnth	31-Mar-25 - 6 mnth	31-Dec-24 - 9 mnth	30-Sept-24 - 12 mnth
AEX	942,78	3,23%	4,89%	7,30%	3,59%
BEL20	4820,57	7,70%	11,19%	13,04%	12,11%
DAX	23880,72	-0,12%	7,75%	19,95%	23,57%
EU50	5529,96	4,28%	5,36%	12,95%	10,59%
DJ	46397,89	5,22%	10,47%	9,06%	9,61%
SP500	6688,46	7,79%	19,18%	13,72%	16,07%
Nasdaq	22660,01	11,24%	30,99%	17,34%	24,58%
EUR/USD	1,1734	-0,45%	8,49%	13,34%	5,38%
Euribor 3 maanden	2,02	0,07	-0,32	-0,70	-1,26
NL govt 10 jaar	2,87	0,06	-0,09	0,27	0,45

After an already strong second quarter, stock market momentum was carried into the third. Unsurprisingly, AI was again the driving factor that pushed share prices of US mega-cap names like Nvidia and Oracle to new highs. In Europe, stock market performances showed more divergence. The Bel20 set a new record for the first time in 17 years, and the AEX benefited a rally of ASML in September. Meanwhile, the German DAX took a breather in Q3 after setting a new record high in the previous quarter. The French CAC40 continued to move sideways as the country is struggling with mounting debt and political unrest.

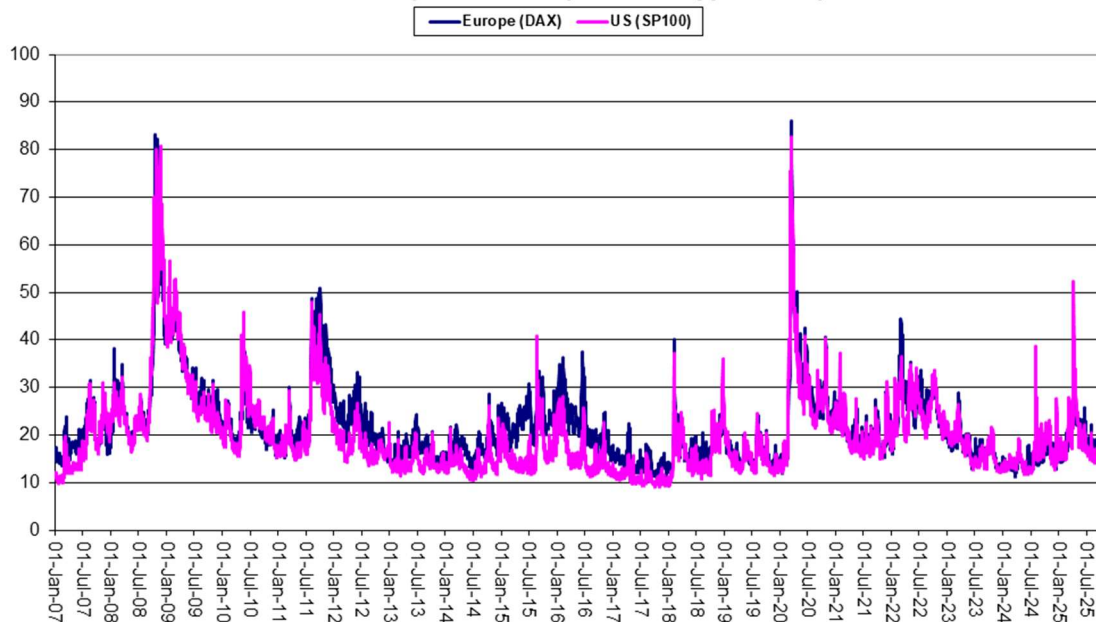
Other markets

The persisting lack of clarity on global economic development, geopolitical tensions, and mounting speculation on the possibility of an AI-bubble pushed gold price to new all-time-highs. During the third quarter, gold prices noted an increase of almost 17% to a price per ounce of \$3,855. Meanwhile, oil prices were again under pressure from worries on the global economy, while traders expected more oil supply to hit the market later this year with a planned output boost by OPEC+ members.

Implied volatility

Implied volatility trended lower after the moderate spike seen in April when the US tariffs were announced and uncertainty soared. Calmer markets without new significant shocks made way to a relatively lower volatility environment in the third quarter of the year, both in the US and Europe.

Table 1.2 Development of the implied volatility jan 07 - sep 25



The long term

The AEX index has been trading around the 900-point for most of the year, besides the short-lived drop in April and new uptick in September, which is clearly shown in the flat development of the 200-day moving average. The index ended the quarter above the moving average with positive momentum, paving the way for a new rising trend in the coming months.

Table 1.3 Long-term development AEX jan 03 - sep 25

