



(UBS)

CIO continues to expect two more rate cuts through the first quarter of 2026

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Market expectations for a Federal Reserve rate cut in December climbed further on Tuesday after the latest data signaled some softening in the US economy. Fed funds futures now imply an 84% probability of a 25-basis-point cut at the next policy meeting, up from 50% last week.

Rate-cut expectations were initially lifted by comments from Fed Vice Chair John Williams and Governor Christopher Waller, who signaled support for easing policy in the near term. The latest economic releases also reinforced the outlook. ADP's weekly jobs report showed private payrolls falling by an average of 13,500 jobs per week through early November, and September's retail sales were below consensus estimates. Core wholesale prices also came in below expectations, according to September's producer price index (PPI). Last week, the official employment report showed the unemployment rate rose to 4.4%, the highest level since October 2021.

We continue to expect two more rate cuts through the first quarter of 2026, providing a positive backdrop for equities, quality bonds, and gold.

So with more policy easing ahead, investors should ensure sufficient exposure to these asset classes according to their financial plan. Investors should also review their currency allocations as the appeal of the US dollar erodes. We favor the euro and Australian dollar over the US dollar.

Original report: [US data reinforce Fed cut expectations, 26 November 2025.](#)

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