Allianz Global Investors

THE WEEK AHEAD, 28 NOVEMBER 2025

Asia: Weaker growth, strong policy support in 2026

We think Asia's macro environment will remain resilient in 2026, though growth-inflation mix may soften upon increased trade uncertainty and an inflation up-tick due to base effects. Despite external pressures, particularly from heightened U.S. tariffs, Asia continues to demonstrate resilience, supported by strong technology exports and room for policy easing. We expect Asia to continue out-growing other regions in the world.

In the course of the year, most Asian economies secured trade deals with the United States, resulting in discounted rates from the punitive reciprocal tariffs announced by U.S. President Trump on 2 April "**Liberation Day**." **India**, however, did not reach an agreement and continues to face a 50% punitive tariff. For those that did, U.S. tariff levels still stand at an elevated 15% to 20% — sharply higher compared to a year ago. That said, there are potential upside risks stemming from the imposition of more sectoral tariffs by the Trump administration.

Christiaan Tuntono
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China stands apart from the rest of the world by having a genuine trade negotiation with the U.S. Leveraging upon the country's dominance in global rare earth supplies, China was able to curb the U.S.'s attempt to further restrict China's access to high-technological goods and impose maritime charges. We estimate that the U.S.'s trade weighted effective tariff rates on China have been lowered to 32%, from 42% previously, after U.S. President Trump decided to lower China's fentanyl-related tariff rates by 10 percentage points in late October. Both sides also agreed to a one-year suspension on bilateral sanctions and opened the door for mutual state visits which signal a détente in relationship.

Nevertheless, we think heightened U.S. tariff rates will exert negative pressure on Asia's external trade, slowing down the driving engine of regional growth. Domestic demand is also weakening across the region, though we think more Federal Reserve (**Fed**) policy rate cuts will open the rooms for Asian central banks to cut and ease monetary conditions also to support growth. Market is pricing-in the Fed to cut the U.S. policy rate to 3.2% by mid-2026, though we think concerns over U.S. tariff passthrough may prompt the Fed to be more conservative and ease more cautiously.

PUBLICATIONS

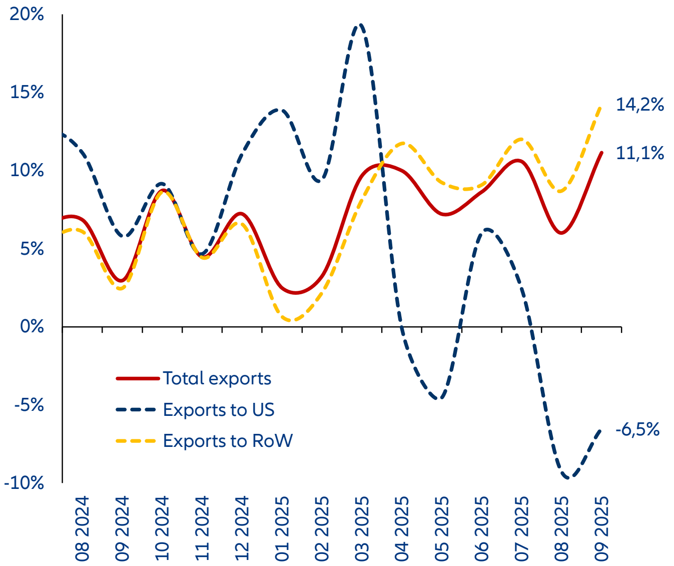
→ Outlook 2026: Navigate new pathways
As we enter a new year, an investment landscape is emerging that requires a combination of vigilance and ambition.

→ Investing across the energy spectrum
Addressing climate change requires ambitious transformation efforts, including a shift in the global energy system from fossil-fuel dominance to a system based on clean energy.

→ Responsible AI
We think AI can only sustain its growth by respecting environmental, social and governance standards.

In our view, Asia continues to evolve as a key driver of global growth. The interplay between policy flexibility, trade realignments, and sectoral strengths will shape investment opportunities and economic trajectories in 2026.

Asia's Nominal export growth (% year-on-year)



Note: RoW = Rest of the World
Sources: Bloomberg, Morgan Stanley, AllianzGI Economics & Strategy, as of November 2025. Past performance does not predict future returns.

UPCOMING POLITICAL EVENTS 2025

1 December	G20	US G20 presidency begins
10 December	US	Central Bank Meeting
18 December	UK	Central Bank Meeting
18 December	EZ	Central Bank Meeting
18–19 December	EZ	European Council

The week ahead

Next week will mainly feature **Europe's** leading indicators, inflation and third-quarter gross domestic production (GDP = Gross Domestic Product) data, along with the **U.S.'s** leading indicators and employment data.

In the **euro area**, the release of the manufacturing (Monday) and services (Wednesday) purchasing manager index (PMI) for November will reflect the latest economic conditions on the ground. We will also have the Eurozone's November consumer price inflation and core consumer price inflation data to be released on Tuesday and October producer price inflation data to be released on Wednesday. Thursday will feature the Eurozone's October retail sales growth data, while Friday will release the revised estimates for third-quarter GDP growth data.

In the **U.S.**, the release of the Standard & Poor's (S&P) and Institute of Supply Management (ISM) manufacturing and services purchasing manager index (PMI) for November in the beginning of the week shall reflect the latest business sentiment. We will also see the release of the U.S.'s job market data on Tuesday (Job Openings and Labor Turnover Survey), Wednesday (Automatic Data Processing National Employment Report) and Thursday (Initial and continued jobless claims). Friday will release the preliminary December reading of the University of Michigan sentiment index.

Wish you all good luck, good returns.

Yours,
Christiaan Tuntono

Calendar Week 49

Monday			Consensus	Previous
UK	Nationwide house price yy	Nov	1.4%	2.4%
GE	HCOB Mfg PMI	Nov	--	48.4
EC	HCOB Mfg Final PMI	Nov	--	49.7
UK	S&P GLOBAL MANUFACTURING PMI	Nov	--	50.2
US	S&P Global Mfg PMI Final	Nov	--	51.9
US	ISM Manufacturing PMI	Nov	--	48.7
US	ISM Mfg Prices Paid	Nov	--	58.0
Tuesday				
EC	HICP Flash YY	Nov	--	2.1%
EC	HICP-X F,E,A&T Flash YY	Nov	--	2.4%
EC	Unemployment Rate	Oct	--	6.3%
US	JOLTS Job Openings	Oct	--	--
Wednesday				
GE	HCOB Services PMI	Nov	--	52.7
GE	HCOB Composite Final PMI	Nov	--	52.1
EC	HCOB Services Final PMI	Nov	--	53.1
EC	HCOB – Composite Final PMI	Nov	--	52.4
UK	S&P GLOBAL SERVICE PMI	Nov	--	50.5
UK	S&P GLOBAL PMI: COMPOSITE - OUTPUT	Nov	--	50.5
UK	Reserve Assets Total	Nov	--	219,612.88M
EC	Producer Prices YY	Oct	--	-0.2%
US	ADP National Employment	Nov	--	42k
US	Import Prices YY	Sep	--	0.0%
US	S&P Global Svcs PMI Final	Nov	--	55.0
US	ISM N-Mfg PMI	Nov	--	52.4
Thursday				
GE	HCOB Construction PMI	Nov	--	42.8
UK	S&P Global CONSTRUCTON PMI	Nov	--	44.1
UK	S&P GLOBAL PMI: MSC COMPOSITE - OUTPUT	Nov	--	51.4
EC	Retail Sales YY	Oct	--	1.0%
US	Initial Jobless Clm	24 Nov, w/e	--	--
US	Cont Jobless Clm	17 Nov, w/e	--	--
US	International Trade $	Sep	-65.5B	-59.6B
Friday				
GE	Manufacturing O/P Cur Price SA	Oct	--	-3.8%
GE	Consumer Goods SA	Oct	--	107.8
UK	Halifax House Prices YY	Nov	--	1.90%
EC	Employment Overall Final	Q3	--	170,278.9k
EC	GDP Revised QQ	Q3	--	0.2%
EC	GDP Revised YY	Q3	--	1.4%
US	U Mich Sentiment Prelim	Dec	--	51.0
Pending				
US	GDP 2nd Estimate	Q3	--	--
US	GDP Deflator Prelim	Q3	--	--
US	Core PCE Prices Prelim	Q3	--	--
US	PCE Price Index YY	Oct	--	--

The calendar data for the current week comes directly from LSEG Datastream. They are published in the week in which "The Week Ahead" appears. These are economic data that come from official sources. Where available, the previous figure is collected together with the consensus estimate. The consensus estimate is collected by LSEG Datastream through a survey of analysts and economists. It is the average of all estimates submitted.

If not mentioned otherwise data and information sources are from LSEG Datastream.
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