

# Global Stocks End 2025 with a Strong Finish as the Fed Lowers Rates

Global equity markets gained during the fourth quarter to finish 2025 with strong returns. The broad Russell 3000 Index was up 2.40% for the quarter to close the year with gains of 17.15%. While 2025 saw a weakening job market, overall growth was resilient, and markets reacted favorably to the Federal Reserve making three additional rate cuts during the later part of the year. Globally, most other central banks decreased policy rates, with the notable exception of Japan.

Stocks delivered strong returns generally outside the US with developed markets up 4.96% in the fourth quarter to close 2025 up 32.18%. Emerging markets kept pace with developed markets, up 4.31% for the fourth quarter to end the year up 31.38%. Returns for Communications Services stocks were strong in 2025 and, despite lagging during the fourth quarter, Information Technology stocks outperformed as well. Much of these gains were fueled by enthusiasm for artificial intelligence as key AI-related stocks delivered strong returns.

Materials and Financials sector stocks also outperformed, and all sectors posted positive returns for the year.

Bond returns were positive as well, as global ex US bonds returned 2.80% and US bonds returned 7.30%. US investment grade corporate credit spreads remain tight at 0.78% as of December 31, 2025, ranking in the lowest third percentile of observations back to June 30, 1989<sup>1</sup>. With the backdrop of looser monetary policy, including the Fed beginning reinvestment into Treasury bills, the Bloomberg US Government Bond Index returned 6.31%. Municipal bonds, as measured by the S&P Intermediate Term National AMT-Free Municipal Bond Index, lagged for the year, returning 4.65%. Data released towards the end of the quarter showed that inflation, while still above 2% year-over-year, had declined from both earlier in the quarter as well as the end of 2024.

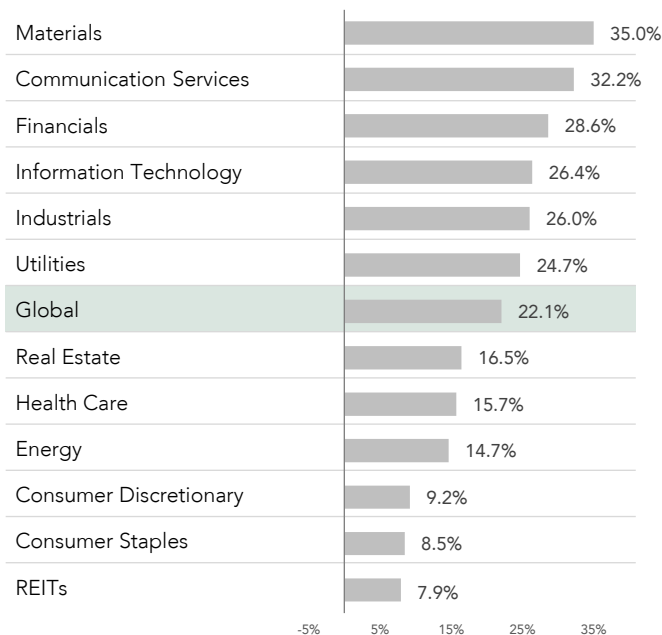
## GLOBAL ASSET CLASS RETURNS 2025

<b>STOCKS</b>	US	<b>17.15%</b>
	Developed ex US	<b>32.18%</b>
	Emerging Markets	<b>31.38%</b>
<b>BONDS</b>	US	<b>7.30%</b>
	Global ex US	<b>2.80%</b>

## GLOBAL PREMIUM RETURNS 2025

<b>SIZE</b>	Large	23.5%
	Small	17.2%
<b>VALUE</b>	Value	25.1%
	Growth	20.4%
<b>PROF</b>	High	20.3%
	Low	25.6%

## GLOBAL SECTOR RETURNS 2025



1. Source: Barclays Live, using the Bloomberg US Corporate Investment Grade Index OAS.

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