30 OCTOBER 2025

Weekly Market Snapshot
Why Utilities are NOT boring

Weekly Recap

- **A meeting between Trump and Xi Jinping** will be taking place on 30 October in Seoul to further discuss the trade deal between the two countries.
- Prior to his meeting with the Chinese Premier, the American president signed a series of deals with several South Asian Countries mainly related to rare earths.
- US September CPI, published on Friday the 24th, was lower than expectation.
- Moody's downgraded France's outlook to Negative on Friday the 24th of October, following rating downgrades by 3 other agencies.
- Stock market indices have reached yet new record highs, led notably by Asian markets such as the Nikkei 225 and the Korean KOSPI.

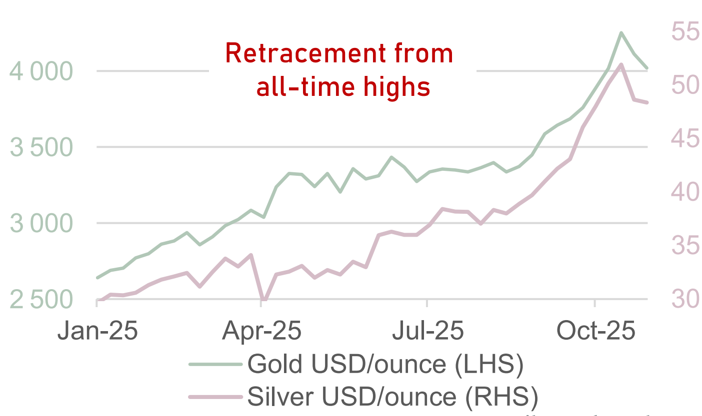
Market	28 October Level	% Chg 1 Wk	Return Trend 1 Month	Return Trend 1 Year
Stocks				
S&P 500	6891	*+2,3%*	↗	↗
Euro STOXX 50	5704	*+0,3%*	↗	↗
FTSE 100	9697	*+2,9%*	↗	↗
Nikkei 225	51308	*+4,1%*	↗	↗
MSCI EM	1403	*+1,6%*	↗	↗
Bonds	***Yield***			
US 10Y	4,0	*+0,7%*	↗	↗
Gm 10Y	2,6	*+2,1%*	↗	↗
UK 10Y	4,4	*-1,7%*	↗	↗
Jp 10Y	1,7	*+0,5%*	↗	↘
IG Credit	***Yield***			
US	4,9	-	↗	↗
EU	3,0	*+0,6%*	↗	↗
UK	5,1	*-2,3%*	↗	↗
Alternatives				
Gold	3998	*-2,4%*	↗	↗
Copper	5,2	*+4,5%*	↗	↗
S&P Global Infra	3522	*+0,2%*	↗	↗
EU REITs	1659	*-0,9%*	↗	↗
BBG Hedge Fds	1770	*-0,0%*	↗	↗

Snapshot

As per the International Energy Agency (IEA), global electricity consumption is set to rise rapidly in the coming years due to an acceleration of electrification of transport, growing industrial production and proliferation of AI data centres. These consume a lot of electricity and require a reliable, uninterruptible, continuously available and stable source of electricity. In response to this demand, interest in cheaper and more climate-considerate sources of energies (wind, solar and nuclear) is increasing.

The global Utilities sector is one of the sectors most impacted by this structural increase in electricity demand. Note too the superior long-term performance of this defensive sector over time: over the last 25 years, the US and EU Utilities sectors have both outperformed the broader S&P 500 and STOXX Europe indices respectively.

AFTER IMPRESSIVE PERFORMANCE SINCE 2024, TIME FOR CONSOLIDATION



Source: BNP Paribas, Bloomberg

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The Utilities sector benefits from a surge in electricity demand

As per the International Energy Agency (IEA), global electricity consumption is set to rise at a fast pace in the coming years due to an acceleration of electrification of transport, an increase of industrial production and the proliferation of AI data centres.

Indeed, AI, the major theme this year, is not only related to semiconductors, software or technological applications. It also requires reliable electrical power generation and infrastructure grid. The recent rise in AI-related energy demand is driving growth in overall electricity consumption as AI models are very energy-hungry, both for powering servers and for cooling systems. Global data centres, based around the world, require an uninterruptible, reliable and stable source of energy.

The Utilities sector is thus one of the indirect beneficiaries of this massive investment in AI via growing electricity generated from fossil fuels, nuclear power or renewable energies such as solar.

A revival of renewable energies and nuclear power

The resurgence of climate consideration mainly in Europe drives the need for cheaper, cleaner sources of energy. Wind, solar and nuclear power have resurfaced recently as clean sources of electricity in which governments and companies are investing.

Renewable energies however still face challenges from a shift in governments priorities (e.g. away from wind and solar in the US) and from public suspicion (e.g. nuclear).

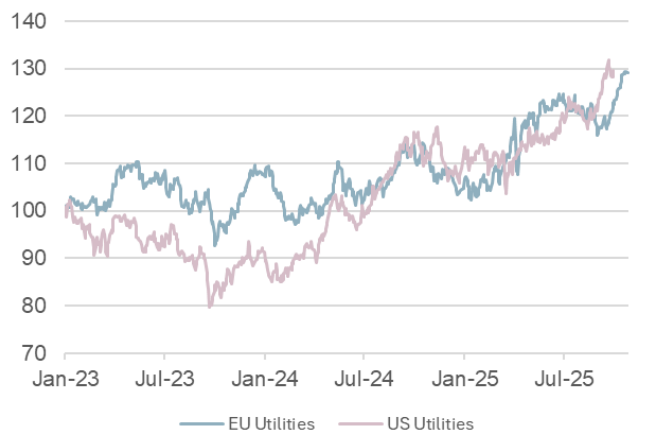
This increased need of electricity has also brought to light the importance of adequate storage of renewable energy. Indeed, wind and solar energy, which are reliant on weather conditions and dependant of external factors, produce electricity that is intermittent by nature. Industrial battery storage allows the release of surplus electricity generated by solar panels and wind turbines when needed day and night, thus providing a more stable power supply for data centres.

A good year for the European Utilities sector

In Europe, the stimulus measures announced beginning of 2025 to rearm Europe and the 10-year German government infrastructure spending plan have both supported the Utilities sector. The STOXX Utilities Index, not exposed as other sectors to higher US import tariffs, has outperformed the STOXX Europe Index in 2025 to date with a 20% return.

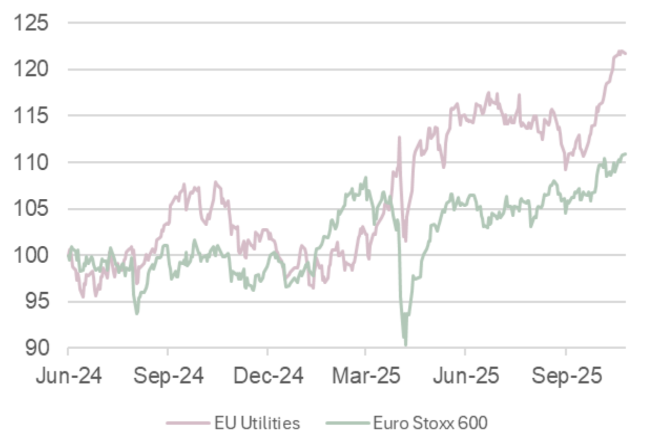
We favour investing in the Utilities sector through ETFs and Funds that follow either electrical infrastructure companies, smart grid companies or companies related to Electronic and Electrical Equipment.

CHART 1 – BOTH US AND EU UTILITIES ARE ON THE RISE



Source: BNP Paribas, Bloomberg

CHART 2 – EU UTILITIES OUTPERFORMED THE EURO STOXX 600



Source: BNP Paribas, Bloomberg

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