US Market Wrap - 6th November 2025

Risk off trade on soft job proxies while AI concerns mount

- **SNAPSHOT**: Equities down, Treasuries up, Crude down, Dollar down, Gold flat.
- **REAR VIEW**: Disappointing US labour market proxies; Challenger Layoffs surge, RevelioLabs saw 9k job losses in Oct., Chicago Fed Oct. u/e rate rose; BoE hold rates, as expected, but with a dovish 5-4 vote; Altman says do not have or want government guarantees for Open AI data centres; Hammack toes usual hawkish tone; Goolsbee reluctant to cut rates, for now; LLY & NVO to lower drug prices; NVDA CEO Huang said China will win AI race; QCOM sees solid report & guidance but lofty valuation & Samsung hits shares.
- **COMING UP**: **Data**: German Exports/Imports, Trade Balance, Canadian Jobs, NY Fed SCE, US University of Michigan Prelim, Chinese Trade Balance **Speakers**: Fed's Williams, Jefferson and Miran, ECB's Elderson and Nagel, BoE's Pill **Supply**: Australia **Earnings**: Daimler Truck.

MARKET WRAP

It was a risk-off day on Thursday amid AI concerns and soft labour market proxies. On AI, NVIDIA (NVDA) CEO Huang warned that China could win the AI race vs the US, while the OpenAI CFO spoke on a government backstop for its USD 1tln expansion; however, this was later walked back. CEO Altman also later clarified that they do not have or want government guarantees for OpenAI data centres. On the labour market proxies, Challenger layoffs surged to a 7-month high, while RevelioLabs' estimate of nonfarm payroll declined by 9k in October. The Chicago Fed estimate of the unemployment rate also ticked up slightly. The combination led to sharp equity pressures while T-Notes settled firmer across the curve with traders bolstering dovish Fed bets. In FX, the Dollar was sold but Antipodeans were the clear laggards while JPY was the outperformer alongside GBP and CHF. For the pound, it initially saw weakness on the dovish hold at the BoE, but losses were reclaimed in the BoE presser and thereafter. Oil prices were sold quite aggressively from the peaks to the troughs, but settled off worst levels. Elsewhere, the US added uranium, copper and silver to a government list of critical minerals.

US

NY Fed President Williams said the natural rate of interest is difficult to pin down, but model-based estimates of the neutral rate are around 1%. He emphasized the need to remain focused on the effective lower bound and believes the low R-star era is still ongoing. He noted that movements in data are more important for policymaking than model-based estimates of R-star, adding that getting inflation back to 2% as quickly as possible is the right goal. Likewise, he described the 2% inflation target as a very good compromise that serves the economy well. He also highlighted AI as the next stage in productivity growth but cautioned that there could be labour market issues related to AI.

Governor Barr said progress has been made on inflation, but there is still more work to do. Barr echoed a known theme of a two-speed economy, with wealthier households thriving, while reiterating that the Fed has to pay attention to ensuring the job market is solid. Barr added low hiring part of the low-hire and low-fire environment may be showing some effect of AI adoption in some sectors.

Hammack (2026 voter, hawk) stated it's not obvious the Fed should cut rates again given persistent inflation and argued that policy should remain modestly restrictive to bring inflation down. Noted that monetary policy is barely restrictive at the moment, with pressures on both sides of the Fed's mandates. However, she believes the Fed's bigger miss is on the inflation side relative to the jobs mandate. She expects elevated inflation through 2026 and believes it will take two to three years to bring inflation back to the 2% target, with inflation potentially overshooting by 1% this year, adding that the over shoot goes beyond tariff pressure. While she does not expect a labour market downturn, she sees it as more fragile than data suggests and anticipates unemployment will eventually tick down. Stressed that financial conditions are quite accommodative, and she is a little nervous about current policy in the context of inflation, noting she would not want to cut rates into accommodative territory. She emphasised the importance of closely monitoring inflation expectations and believes the AI boom could have a similar impact on the economy as the internet build-out.

Goolsbee (2025 voter) noted that most labour market indicators show stability in the market, and there is little downside risk to the labour market. On interest rates, the Chicago Fed President remarked that he may be reluctant to continue the rate-cutting cycle, and there is very little private sector information about inflation, and it will be some time before they see any problems, so it makes him more uneasy about front-loading rate reductions. Goolsbee echoed Powell in the post-Fed presser that when things are "foggy", it leads more towards caution and is best to slow down. Goolsbee did add that he is not hawkish on rates, and the settling point for rates will be a fair bit below where it is today. Lastly, he said you cannot count on inflation being transitory and reiterated concerns about persistent services inflation, and hopes it was a blip.

US Labour Market Proxies: Amid the government shutdown, there is greater focus on non-government data surrounding US data, particularly employment. The monthly Challenger Layoffs report saw job cuts spike to a 7-month high of 153k from the 54k in September, with the report noting it was much higher than average for the month. It noted how some industries are correcting after the hiring boom of the pandemic, but this comes as AI adoption, softening consumer and corporate spending, and reasoning costs drive belt-tightening and hiring freezes. It added that those laid off are now finding it harder to quickly secure new roles. Elsewhere,

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RevelioLabs released its US Nonfarm Employment data for October which saw 9k job losses, vs. the prior month's +60.1k, with losses primarily driven by the government sector. At the same time, the Chicago Fed estimate of the October unemployment rate ticked up slightly to 4.36% from 4.35% due to the result of a decrease in its estimate for the hiring rate for unemployed workers and an increase in the layoffs and other separations rate. The data contributed to the risk-off trade on Thursday, with T-Notes rising and money markets pricing in more rate cuts.

BOE REVIEW

All eyes on CPI with Bailey seemingly set to once again have the deciding vote in December

As expected, the BoE held rates at 4.0%. The vote split was more dovish than thought at 5-4 (exp. 7-2 or 6-3), dissent came from Dhingra (exp.), Taylor (exp.), Ramsden (somewhat expected) and Breeden (unexpected); dissent that has led to the decision being characterised as a dovish one, sparking GBP pressure and Gilt upside. The statement saw a slight change to forward guidance, though only a marginal tweak. Significant focus on inflation in the report, a large portion of the MPC and particularly Governor Bailey emphasised that the welcome September print was just one series and they need more data; a point emphasised by the only minor tweak to the CPI view. In terms of market pricing, Bailey described it as a "fair description", pre-BoE this pointed to two cuts and around a one-in-four chance of a 3rd, or a terminal at/just-under 3.50%, pricing that hasn't really changed. In the presser, Bailey stuck to the script, doubling down on the inflation focus and outlining that he has no view on neutral but sees current policy as still being restrictive. One point of note was the nod to a new measure in the next APF. Overall, no major changes to the outlook post-BoE with a December cut still the base case but very much dependent on CPI and the November Budget. The 5-4 vote split perhaps makes a December cut more likely, with the decision now seemingly set to hinge on Bailey as those in favour of and against easing seem relatively entrenched in their positions (ex-Breeden, though her concerns are perhaps more of a factor when the discussion gets to terminal); as such, the October CPI print on November 19th, budget on November 26th and the November inflation print on December 17th draw particular focus ahead of the December 18th BoE.

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLED 16 TICKS HIGHER AT 112-26+

T-Notes rally on weak labour market proxies and risk-off trade . At settlement, 2-year -6.6bps at 3.566%, 3-year -7.1bps at 3.577%, 5-year -7.6bps at 3.689%, 7-year -7.3bps at 3.877%, 10-year -6.4bps at 4.093%, 20-year -5.5bps at 4.660%, 30-year -5.0bps at 4.686%.

INFLATION BREAKEVENS: 1-year BEI -5.3bps at 2.761%, 3-year BEI -4.2bps at 2.495%, 5-year BEI -3.4bps at 2.307%, 10-year BEI -2.5bps at 2.268%, 30-year BEI -2.0bps at 2.218%.

THE DAY: T-Notes were sideways overnight but caught a bid in the European morning on the early release of the Challenger Layoffs. The data saw a spike in layoffs to 153k in October, a 7-month high, rising from the prior 54k in September. It also warned that those laid off are finding it harder to quickly secure new roles, which could further loosen the labour market. Meanwhile, the Chicago Fed Unemployment rate estimate for October ticked up to 3.46% from 3.45%, while RevelioLabs' total non-farm payrolls saw a -9k print - both helping T-Notes push higher. After the opening bell, US equities plummeted on AI concerns, with AI darlings tumbling in Thursday trade, but the AI concerns, coupled with labour market concerns, resulted in broad-based losses, sparking a flight-to-quality move. T-Notes were firmer across the curve, with yields lower by 5-7bps as the curve steepened. T-Notes did settle off peaks while stocks also bottomed out, with some of the AI concerns easing after OpenAI CEO Altman assured the market that they are not looking for a government backstop after the CFO's commentary Thursday night. Note, energy prices saw sharp moves from peaks to troughs, which also likely supported the move higher in T-Notes. 10-year yields completely pared the prior day's move, with T-Notes falling from the 4.15% peak seen after the ADP data back to 4.09% today after the weaker proxies seen today. The 10-year yield traded within the prior day's range of 4.05-4.16%, trading between 4.08% and 4.16% today.

SUPPLY

Bills

- US sells USD 110bln of 4-wk bills at high-rate 3.875%, B/C 2.73x; sells 8-wk bills at high rate 3.815%, B/C 2.90x
- US to sell USD 95bln of 6-week bills, USD 86bln of 13-week bills, and USD 77bln of 26-week bills on November 10th; all to settle on November 13th.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Dec 17bps (prev. 16bps), January 27bps (prev. 23bps), March 36bps (prev. 32bps).**
- NY Fed RRP op demand at USD 10.8bln (prev. 12.7bln) across 14 counterparties (prev. 12)
- NY Fed Repo Op demand at USD 0.001bln across two operations today (prev. 0.102bln; well down from the USD 50bln peak on October 31st (month-end))
- EFFR at 3.87% (prev. 3.87%), volumes at USD 94bln (prev. 94bln) on November 5th.
- SOFR at 3.91% (prev. 4.00%), volumes at USD 3.145tln (prev. 3.147tln) on November 5th. Back within the Fed Funds target range while repo usage falls back to around zero.

CRUDE

WTI (Z5) SETTLED USD 0.17 LOWER AT 59.43/BBL; BRENT (F6) SETTLED USD 0.14 LOWER AT 63.38/BBL

Oil swung between profits and losses on Thursday, but ultimately settled in the red . Through the European morning, WTI and Brent ground higher to hit peaks of USD 60.51/bbl and 64.04/bbl, respectively, and coincided with some punchy Israeli remarks. Israeli Defence Minister Katz said he is declaring war on smuggling operations through drones on their border with Egypt, and ordered the

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border area with Egypt to be turned into a closed military zone. Benchmarks began selling off from troughs, but really extended lower on a couple of potential catalysts: 1) Dismal US labour market data, which sparked broad risk-off trade, and 2) BBG reports that EU lawmakers plan to push for longer delay of new carbon market. This saw WTI and Brent print lows of USD 58.83/bbl and 62.62, respectively, but peel off them into settlement. Lastly, and on the geopolitical footing, CNN, citing lawmakers, said the Trump admin is not currently planning to launch strikes inside Venezuela and doesn't have a legal justification that would support attacks against any land targets right now.

EQUITIES

CLOSES: SPX -1.12% at 6,720, NDX -1.91% at 25,130, DJI -0.84% at 46,914, RUT -1.88% at 2,417.

SECTORS: Energy +0.88%, Health +0.19%, Consumer Staples -0.26%, Financials -0.32%, Materials -0.40%, Industrials -0.41%, Utilities -0.43%, Real Estate -0.43%, Communication Services -0.67%, Technology -2.00%, Consumer Discretionary -2.50%.

EUROPEAN CLOSES: Euro Stoxx 50 -1.10% at 5,607, Dax 40 -1.27% at 23,744, FTSE 100 -0.42% at 9,736, CAC 40 -1.36% at 7,965, FTSE MIB -0.85% at 43,069, IBEX 35 +0.12% at 16,118, PSI -1.26% at 8,377, SMI -0.56% at 12,294, AEX -1.01% at 961.

STOCK SPECIFICS:

- **Brighthouse Financial (BHF)** to be acquired by Aquarian Capital for USD 70.00/shr in an all-cash transaction valued at c. USD 4.1bln; BHF closed Wednesday at USD 51.80/shr.
- **CarMax (KMX)** appoints board member David McCreight as interim CEO with dismal Q3 EPS guide.
- **Charles Schwab (SCHW)** is nearing a deal to acquire **Forge Global Holdings (FRGE)** for up to USD 600mln, paying USD 45/shr; FRGE closed Wednesday at USD 26.12/shr.
- **Ford (F)** reportedly considers scrapping its electric version of the F-150 truck, according to WSJ.
- **Google (GOOGL)** is rolling out its most powerful AI chip, taking aim at NVDA with custom silicon.
- **NVIDIA (NVDA)** CEO Huang said China will win the AI race, telling the FT that the country is only "nanoseconds behind" the US. He urged the US to win by expanding its developer base globally and warned that excluding China's AI developers could harm US interests in the long term.
- **OpenAI** CEO Altman said they do not have or want government guarantees for OpenAI data centres. This followed commentary from the CFO about a government backstop for its USD 1tln AI expansion, albeit she later walked back the commentary.
- **Penn Entertainment (PENN)** and ESPN terminate US online sports betting agreement. Following this, ESPN signed with **DraftKings (DKNG)**.
- Senior Trump admin officials announce two deals with **Eli Lilly (LLY)** and **Novo Nordisk (NOVOB DC)**, including lower obesity drug prices; Cos. to get 3-year US tariff reprieve.

EARNINGS:

- **AppLovin (APP):** All major metrics beat, impressive guidance and raised share buyback programme.
- **Arm (ARM):** EPS and revenue topped with a strong next quarter outlook.
- **Datadog (DDOG):** Stellar report with strong guidance.
- **DoorDash (DASH):** Weaker-than-expected profit and guidance for heavy spending on new initiatives in '26 overshadowed solid revenue growth and order gain.
- **Duolingo (DUOL):** Light Q4 bookings view, despite raising FY revenue outlook following a Q3 beat.
- **Elf Beauty (ELF):** Dismal report with weak guidance and concerning macro environment.
- **Fortinet (FTNT):** Weak next quarter top-line view.
- **Qualcomm (QCOM):** Investors viewed its strong sales and profit forecast as insufficient to justify elevated expectations following a broad semiconductor rally, while sentiment was additionally weighed on by expectations of reduced chip share in Samsung's next Galaxy model.
- **Snap (SNAP):** Shallower loss per share than expected, revenue topped, USD 500mln share buyback programme and solid outlook. It also announced a USD 400mln deal with Perplexity.

FX

The Dollar Index was lower and is heading into APAC trade just above the lows of 99.67 as poor labour market data and broad US concerns weighed. Adding to the weak labour data (more details shortly), there were added concerns around US AI after NVIDIA CEO Huang said China is going to win the race, while the OpenAI CFO asked about a government backstop, albeit this was later walked back. Back to data, which prompted Dollar selling, was a trifecta of poor metrics, which have taken more focus given the ongoing US Government shutdown, which may have otherwise been ignored. Challenger layoffs surged to 153.07k in Oct. from 54.064k, to a seven-month high and prompted DXY to fall below 100. RevelioLabs Total US Nonfarm Employment fell 9.1k M/M (prev. +60.1k M/M), and US Chicago Fed Estimates Unemployment Rate ticked higher, which triggered a fresh bout of Dollar selling. Elsewhere, Fed speak was plentiful, but little moved the needle.

Across the globe, there have been numerous rate decisions since the US cash close on Wednesday. In terms of G10 FX performance, **Antipodeans** are the clear laggards and weighed on by broader risk-averse sentiment, while **haven FX (JPY, CHF)** have profited on said sentiment. AUD/USD and NZD/USD hit troughs of 0.6464 and 0.5627, respectively, while USD/JPY hit an earlier low of 152.84 from a peak of 154.14.

GBP ended as one of the outperformers vs. the Buck and eventually benefitted from the aforementioned Dollar selling. However, the Pound saw immediate pressure in wake of the dovish BoE hold. Recapping, the MPC held rates at 4.00% in a 5-4 vote (exp. 6-3,

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prev. 7-2), with Breeden, Ramsden, Dhingra, and Taylor dissenting in favour of a cut. It also tweaked its guidance to put more focus on inflation progress. The accompanying MPR maintained 1-yr and 2-yr ahead CPI forecasts, but lowered its Q4 25 inflation forecast. GDP projections were modestly upgraded, signalling a slightly improved growth outlook. In the post-meeting statement, Governor Bailey reiterated that the UK remained on a gradual downward path for rates, noting that “with every cut in the Bank Rate, it becomes a closer decision on how much further rates need to fall.” He also suggested he was comfortable with current market pricing. Cable traded between 1.3047-3142.

SEK saw modest strength after hotter-than-anticipated inflation metrics. **NOK** saw gains after Norges Bank left rates unchanged at 4.00%, as expected, but Governor Bache said "The job of overcoming inflation is not complete, and we are in no hurry to lower interest rates".

EMFX was almost exclusively firmer against the Greenback, ex-TRY. In rate decisions, BCB maintained the Selic rate at 15.00%, as expected, in a unanimous decision; the Copom reaffirmed commitment to a “significantly contractionary” policy for a “very prolonged period” which desks note may help anchor sentiment, though the warning that policymakers “will not hesitate to resume the rate hiking cycle if appropriate” underscores how distant any easing remains. Banxico cut rates by 25bps to 7.25%, as anticipated, with Heath once again a hawkish dissenter. Banxico still expect headline inflation to converge to the target (3%) in Q3 ’26, but it did revise up forecasts for Q1 and Q2 in ’26. Looking ahead, the Board will evaluate reducing the reference rate (prev. Looking ahead, the Board will assess further adjustments to the reference rate). In CEE, CNB held rates at 3.5%.

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