

Markets see two-way trade, eyes turn to resumption of US data

- **SNAPSHOT:** Equities mixed, Treasuries down, Crude up, Dollar flat/up, Gold down
- **REAR VIEW:** US & Switzerland announce trade deal, tariffs on Swiss cut to 15% in exchange for \$200B in US investments; Improved UK forecasts reportedly led Reeves to drop income tax hike; Iranian navy seizes ship for smuggling fuel; China data underwhelms; WH memo reportedly claims BABA is helping Chinese military target the US, BABA denies report.
- **COMING UP: Monday Data:** US NY Fed Manufacturing, Canadian CPI. **Speakers:** Fed's Williams, Jefferson, Kashkari, Waller; ECB's Lane, Villeroy, de Guindos, Cipollone; BoE's Mann; BoC's Kozicki. **Earnings:** XPeng
- **WEEK AHEAD:** Highlights include NVDA earnings, Minutes from FOMC and RBA, CPI from Canada, UK and Japan, and Global PMI data. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** Previewing RBA Minutes, FOMC Minutes, PBoC LPR; Reviewing BoJ SOO, BoC Minutes. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Earnings season abates with retailers & tech-behemoth NVDA the highlights. [Click here for the full report.](#)

MARKET WRAP

Equity futures started the day in the red with a lot of weakness in the tech sector, once again following a soft handover from Asia into Europe, with European indices closing well in the red. Pressure was attributed to further AI valuation concerns with Baidu (BIDU) tumbling overnight after its latest AI model failed to impress investors. However, a revival was seen in the risk tone after the US open, taking global indices off lows. Europe still closed red, but the US managed to pare the majority of its losses with SPX and NDX closing flat, while RUT outperformed, but DJI and RSP lagged. Sectors were predominantly lower, with outperformance seen in Energy, Tech and Real Estate. Elsewhere, markets broadly tracked the risk tone with T-notes rallying when it was risk off, but paring the upside as sentiment improved. The Dollar was flat with the Yen initially rallying, but now looks to close the week flat around 154.50 after hitting a trough earlier of 153.63. CHF also pared initial gains. NZD was the clear outperformer as AUD/NZD gave back some of its recent run higher. The Pound was the focus after the Chancellor U-turned on income tax hikes thanks to improved forecasts, which saw GBP lower, hitting a low of 1.3109 but now has pared to 1.3165 at pixel time. Gilts remained pressured throughout UK trade. Energy prices were bid amid continued attacks on Russian oil and Hormuz tanker troubles. We have started to get some of the data released, with the BLS scheduling the September NFP for Thursday, 20th November 2025. [Please click here for other scheduling](#)

FED

SCHMID (2025 voter): The Fed hawk and dissenter said the rationale for October dissent continues to guide him as he heads towards December, noting policy is modestly restrictive, which is where it should be. On the inflationary footing, he remarked that further rate cuts won't patch job market cracks, and could do damage to inflation. Kansas City President noted concerns on inflation 'much broader' than tariffs alone, and he prefers to focus on the overall inflation rate when setting policy; no room to be complacent on inflation expectations. Schmid, on the balance sheet, supported the decision to stop shrinking it, saying the Fed could lower the rate paid on reserves, ease access to the standing repo facility to support a smaller Fed balance sheet and ease liquidity. Schmid concluded the central bank could also shift its balance sheet portfolio to short-duration securities.

LOGAN (2026 voter): The Dallas Fed President, who argued to hold rates at the October meeting, said it would be hard to support another rate cut at the December meeting. Logan says she would need to see convincing evidence of inflation coming down, or the labour market worsening, to support such a decision. Similar to Schmid (2025 voter), Logan said her inflation concerns are not just about tariffs, but she is rather focused on persistent underlying inflation. Logan noted the labour market is cooling and is roughly balanced, with risks looking more balanced on the dual mandate than in September. She described the labour market as gradually cooling, which is appropriate amid the fight against inflation, and further argued that it is not appropriate to deliver more pre-emptive insurance to the labour market via a rate cut. Logan views a modestly restrictive policy as appropriate and sees PCE inflation at ~2.9% at year-end end.

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLED 7+ TICKS LOWER AT 112-24+

T-Notes see two-way trade, tracking risk sentiment. At settlement, 2-year +2.7bps at 3.616%, 3-year +2.9bps at 3.618%, 5-year +3.3bps at 3.736%, 7-year +3.7bps at 3.922%, 10-year +3.9bps at 4.150%, 20-year +4.4bps at 4.720%, 30-year +4.4bps at 4.746%.

INFLATION BREAKEVENS: 1-year BEI -1.4bps at 2.768%, 3-year BEI +0.2bps at 2.494%, 5-year BEI +0.3bps at 2.324%, 10-year BEI +0.1bps at 2.284%, 30-year BEI +0.3bps at 2.242%.

THE DAY: T-notes saw two-way trade on Friday, with the sharp risk off seen in the pre-market leading to haven demand in Treasuries. Bloomberg highlighted that the move higher was supported by chunky volume with 135k 10-year contracts traded within

10 minutes. The amount of contracts traded was the largest since the chunky sales seen in the wake of the stronger-than-expected ADP report and ISM Services PMI on November 5th, with the latest flow seeing the largest buy volume since the October month-end. T-notes rose back above 113-00 to peak at 113-04+. The upside was swiftly pared. The downside coincided with a revival in US equities, with indices turning green after the US equity open, with T-notes largely trading off risk sentiment on Friday amid the ongoing lack of data. However, some of the dates have been released for US data. The Commerce Dept. announced the 2nd reading of Q3 GDP will be released November 26th at 08:30 EST, ahead of the October PCE at 10:00 EST. November PCE will be released on December 19th, and October trade will be released on December 4th.

SUPPLY:

Notes

US to sell USD 16bln of 20-year bonds on November 19th, to settle December 1st; to sell USD 19bln of 10-year TIPS on November 20th, to settle November 28th.

Bills

- US to sell USD 86bln of 13-week bills on Nov 17, to settle on Nov 20.
- US to sell USD 77bln of 26-week bills on Nov 17, to settle on Nov 20.
- US to sell USD 95bln of 6-week bills on Nov 18, to settle on Nov 20.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Dec 10 (prev. 12bps), January 21 (prev. 23bps), March 30 (prev. 34bps).**
- NY Fed RRP op demand at USD 1.56bln (prev. 3.9bln) across 10 counterparties (prev. 8)
- NY Fed Repo Op demand at USD across two operations today (prev. 6.05bln).
- EFFR at 3.88% (prev. 3.87%), volumes at USD 78bln (prev. 77bln) on November 13th.
- SOFR at 4.00% (prev. 3.98%), volumes at USD 3.197tln (prev. 3.209tln) on November 13th.

CRUDE

WTI (H5) SETTLED USD 1.40 HIGHER AT 60.09/BBL; BRENT (F6) SETTLED USD 1.38 HIGHER AT 64.39/BBL

The crude complex saw strength amid continued attacks on Russian oil and Hormuz tanker troubles. WTI and Brent saw significant strength in overnight trade to hit peaks of USD 60.65/bbl and USD 64.87/bbl, respectively, after a Ukrainian drone attack damaged apartment buildings, and also an oil depot in the Russian Black Sea port of Novorossiysk. Thereafter, benchmarks pared through the European morning to European/US troughs of around USD 59.30/bbl and USD 63.55/bbl. However, the energy space saw another fillip higher, albeit not quite testing earlier peaks, amid reports of an incident off the coast of UAE's Khor Fakkan [near the Strait of Hormuz], and believed to be state activity; Vessel is transiting towards Iranian territorial waters. Once again, benchmarks chopped and pared some of this strength, albeit on no specific headline driver, but perhaps as global risk sentiment initially was sour. Nonetheless, once US players entered for the day, the move higher re-emerged and as risk appetite improved to see WTI and Brent close well in the green, but not quite at the overnight highs. For the record, in the weekly Baker Hughes Rig Count, oil +3 at 417, natgas -3 at 125, with the total +1 at 549.

EQUITIES

CLOSES: SPX -0.05% at 6,734, NDX +0.06% at 25,008, DJI -0.65% at 47,147, RUT +0.22% at 2,388.

SECTORS: Materials -1.18%, Financials -0.97%, Communication Services -0.80%, Health -0.63%, Consumer Discretionary -0.61%, Consumer Staples -0.05%, Industrials -0.02%, Utilities +0.02%, Real Estate +0.28%, Technology +0.74%, Energy +1.37%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.80% at 5,697, Dax 40 -0.64% at 23,887, FTSE 100 -1.11% at 9,698, CAC 40 -0.76% at 8,170, FTSE MIB -1.70% at 43,995, IBEX 35 -1.40% at 16,346, PSI -0.78% at 8,250, SMI -0.92% at 12,624, AEX -1.00% at 952.

STOCK SPECIFICS:

- Ahead of retail earnings next week, Piper has a favourable bias on **Walmart (WMT)** & a more neutral bias to Home Depot (HD), Lowe's (LOW), & Target (TGT).
- **Anavex Life Sciences (AVXL)** said the CHMP delivered a negative trend vote on its MAA for oral blarcamesine for early Alzheimer's disease after an oral explanation.
- **Apple (AAPL)** will cut App Store commissions for mini apps from up to 30% to 15%.
- **Applied Materials (AMAT)**: EPS & rev. beating w/ solid next Q guidance.
- **Baidu's (BIDU)** new Ernie 5.0 AI model failed to impress investors, weakening hopes of recovering ground lost to competitors.
- **Cidara Therapeutics (CDTX)** is to be acquired by **Merck (MRK)** for \$9.2bln or \$221.50/shr; note, CDTX closed Thurs. at \$105.99/shr.
- **Google (GOOGL)** submitted remedies to the European Commission following its EUR 2.95bln fine for ad tech dominance.
- **Samsung Electronics (SSNLF)** - Hiked prices of server memory chips by up to 60% in November, according to Reuters, citing sources.
- **Paramount (PARA), Comcast (CMCSA), & Netflix (NFLX)** prepare bids for Warner Bros Discovery (WBD) as the deadline approaches.
- **StubHub (STUB)**: 1st post-IPO results saw revenue beat, but quarterly guidance lacked & showed a \$1.33bln loss from IPO-related charges.
- **Under Armour (UAA)** ended 13yr partnership with/ Steph Curry.

- **Walmart (WMT)** CEO Douglas McMillon to retire as of January 31st, 2026; John Furner appointed as CEO, effective February 1st, 2026.
- US President Trump reportedly seeking a probe into Epstein's relationship with **JPMorgan (JPM)**, according to Bloomberg.

FX

The Dollar Index was slightly firmer on Friday, but still ended lower on the week for the second consecutive time. Upside vs GBP, CHF, and EUR, offset marginal weakness against CAD. Domestic developments had little bearing on USD moves today as global news, particularly in the UK, was behind much of the intraday move. Nonetheless, more Fed speakers arrived, only bolstering the existing view that the FOMC find itself in a tricky position on December's policy decision. Money market pricing continued its hawkish run since Thursday, now pricing a 40% chance of a 25bps cut from ~ 68% earlier in the week. Schmid (2026 voter) and Logan (2026 voter) again highlighted inflation concerns that are not just about tariffs, with the latter needing to see convincing evidence of inflation coming down, or the labour market worsening, to support a December rate cut. Elsewhere, the US and Switzerland reached a deal on trade which sees the tariffs on Switzerland cut to 15% from 39% and in exchange, the Swiss will invest USD 200bln in the US. It is growing more apparent that the frustration amongst US consumers on higher prices is becoming a top priority in the Trump administration to regain support, as reports continue to suggest they are looking at lower tariffs on beef, tomatoes, coffee and bananas.

Sterling dominated the headlines to end the week, as UK Chancellor Reeves yet again pulled a U-turn on the policies included in her upcoming November budget. Reports now show that the latest forecasts of improved current/expected future wage growth have lent Reeves a hand, which allows her to drop the income tax hike. Additionally, she is expected to extend the income tax threshold increase, allowing for additional headroom. Cable came off 1.3109 lows to around 1.3160, likely more of a dollar move. EUR/GBP was flat, again. Meanwhile, gilts settled over a point lower near lows, ahead of what's probably to be a volatile few weeks in the UK landscape.

CHF ended its recent rally as the US and Switzerland formalised their trade deal, likely allowing traders to take profits driven by trade optimism and the recent risk off in a typical sell-the-news trade. EUR/CHF sits just above 0.9200. JPY also lagged amid the improved sentiment surrounding global equities, while AUD/NZD extended on its rapid decline from Thursday's highs, as NZD takes preference. AUD/NZD heads into the weekend at around 1.1501 from Thursday's highs of 1.1637, with the antipodean cross paring some of the recent rally.

TWD: The US and Taiwan reached an agreement on exchange rate policies that swiftly favoured TWD, resulting in USD/TWD trading lower at ~30.76 from 31.17 pre-announcement. Both sides are committed to avoiding intervention except when combating excess volatility and disorderly movements in exchange rates.

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