newsquawk

US Market Wrap - 20th November 2025

Stocks see aggressive selling, fading post-NVDA upside and more

- **SNAPSHOT**: Equities down, Treasuries up, Crude down, Dollar up, Gold flat.
- **REAR VIEW**: Strong NVDA earnings and guidance, but stocks fail to hold gains; US NFP beats, unemployment rate rises; IJC falls to 220k, Continued Claims rise to four-year high; Philly Fed misses; Existing home sales beat; Ukraine to look at US peace proposal; Fed's Cook sees increased likelihood of outsized asset price declines; Goolsbee warns of possible AI bubble; ABT to buy EXAS; WMT earnings and guidance beat
- **COMING UP**: **Data**: UK PSNB (Oct), Retail Sales (Oct), EZ, UK & US Flash PMIs (Nov), US Real Weekly Earnings (Sep), Canadian Retail Sales (Sep), US Uni. of Michigan (Nov). **Events:** Euro Area Indicator of Negotiated Wage Rates (Q3). **Ratings**: Moody's on the UK & Italy. **Speakers**: ECB's de Guindos, Lagarde, Nagel; Fed's Williams, Barr, Jefferson, Logan; SNB's Schlegel.

MARKET WRAP

US indices, and markets for that matter, saw a day of two halves (to put it lightly), but ended with heavy selling. Initially, markets saw notable risk on sentiment, with US indices seeing extensive gains, high beta FX outperforming, and the crude complex strengthening, which came after a stellar NVIDIA (NVDA) report and guidance. As such, this helped quell some of the AI over-valuation fears, and set in risk-on sentiment. Before the change in sentiment, there was the US labour market data, which saw s strong headline NFP beat, but a dovish reaction was seen with attention on the downward revisions and rising unemployment rate. Briefly recapping, September NFP beat expectations, but was accompanied by downward revisions and a tick up in the unemployment rate and participation rate. Meanwhile, jobless claims data were released, with the latest week falling to 220k, while the missed data hovered around 230k each week during the government shutdown. Continued claims hit a four-year high. However, as the US session continued, there was a marked turnaround in risk, with US indices seeing heavy selling pressure, to settle at troughs, with NVDA seeing losses of c. 3% after being up around 6% at peaks. Bitcoin seemed to lead the selling and bottomed out at USD 86.04k, which saw other risk assets sold, alongside high-beta FX, with the Yen clawing back some of its recent extensive losses. The risk-off trade had no fresh driver, but AI valuations remain a concern, even after the strong NVDA report, while Goldman Sachs warned Wednesday of USD 39bln in equity sales from trend-following hedge funds after the SPX fell to sub 6,725 on Monday. There had also been commentary in yesterday's FOMC minutes about risks of equity downside, while Fed's Cook echoed the same concern today. Ahead of November's OpEx tomorrow, desks highlight that it is the largest expiry in November's history. Treasuries bull steepened on US jobs data and risk-off tone, despite initial two-way moves on said data.

US DATA

SEPTEMBER NFP: The September nonfarm payrolls report saw headline NFP rise to 119k, well above the 50k forecast and towards the top end of analyst forecast ranges (-20 to +120k). 97k of these jobs were private payrolls too, which was above the 62k forecast. However, the prior NFP headline was revised down to -4k from +22k, with the two-month net revisions at -33k, continuing to show the tendency that NFP is revised lower. Within the household survey, the unemployment rate ticked up to 4.4% from 4.3%, above forecasts, but it was accompanied by an uptick in the participation rate to 62.4% from 62.3%. Meanwhile, earnings rose 0.2% M/M (exp. 0.3%, prev 0.4%), with Y/Y at 3.8% (exp. 3.7%, prev. 3.8%). Regarding NFP, as a basis of comparison, the September ADP saw -32k jobs, while Revelio Labs' early September NFP estimate of 60.1k was later revised to 33k. Regarding the unemployment rate, the 4.4% compares to the Chicago Fed Sept. estimate of 4.34%. This is the last NFP report the Fed will see before the December FOMC, which puts the Fed in a tricky position, as they are still flying somewhat blind. Although on the face of it, it seems like a solid report, markets took a dovish response amid the rising unemployment rate and lower revisions. WSJ's Timiraos highlights that it is difficult to tell how the jobs report will resolve divisions on a fractured Federal Reserve. Reminder, the October FOMC meeting minutes revealed "many" suggested it would be appropriate to keep rates on hold through year-end, but most judged further cuts would be appropriate, and several said a cut could be warranted.

CLAIMS: The DoL resumed weekly claims data today, and also filled in the blanks for the missed weeks during the government shutdown. The latest Initial Jobless Claims (w/e 15th Nov) fell to 220k from 232k, despite expectations for a 230k print. The data missing had been from the week of the 27th September, up until now, which largely hovered around 230k, before dropping to 220k in the latest print. The continued claims meanwhile (w/e 8th Nov), rose to 1.974mln from 1.946mln, above the 1.951mln forecast. This is the highest level in four years and has been creeping up throughout the government shutdown from 1.93-1.974mln in the latest update. Oxford Economics highlight that "These claims should fall sharply now that the shutdown is over, and furloughed employees are returning to work." OxEco notes the latest claims data does not change their call for the Fed to keep rates on hold in December, noting the Fed would need to see a significant deterioration in the labour market to cut. It warns there are some signs of softening in various private sector metrics, but that is not the signal coming from the jobless claims data.

PHILLY FED: The Philly Fed Business Index printed -1.7, worse than the expected +2.0, albeit improving on October's -12.8. In the breakdown, new orders tumbled to -8.6 from 18.2, while the inflationary gauge of prices paid rose to 56.1 from 49.2. Employment and capex came in at 6.0 (prev. 4.6) and 26.7 (prev. 25.2), respectively. Ahead, the 6-month index notably improved to 49.6 from 36.2, and future indicators suggest that firms continue to expect growth over the next six months.

EXISTING HOME SALES: Existing home sales rose 1.2% in October to 4.1mln, above the expected 4.08mln and the prior 4.05mln.

Within the report, the inventory of homes for sale was 1.52mln units, 4.4 months' worth, against September's 4.6 months' worth. Median home prices rose 2.1% Y/Y to USD 415.2k. NAR Chief Economist Yun notes, "Home sales increased even with the government shutdown due to homebuyers taking advantage of lower mortgage rates." Yun added, "rents are decelerating, which will reduce inflation and encourage the Fed to continue cutting rates and pulling back their QT". Overall, Yun notes this will help bring more homebuyers into the market since the Fed rate has an indirect impact on mortgage rates.

FED

COOK (Voter): The Fed Governor said that the US financial system is resilient and sees an increased likelihood of outsized asset price declines, though added it is not a risk to the financial system. The Governor doesn't see private credit posing a current threat to financial stability, but says it is worth keeping a close eye on it. Cook added that hedge fund trading strategies in Treasuries are a potential risk to market liquidity.

GOOLSBEE (2025 voter): The Chicago Fed President reiterated the Fed's sacred promise of 2% inflation, stressing that 3% is too high and expressing unease that inflation appears to have stalled. He said he's uneasy with frontloading rate cuts or assuming inflation will prove transitory, particularly given the current data disruptions, which have left the Fed more paranoid about the inflation side. He acknowledged a notable slowdown in job creation but remains doubtful it signals a recession, describing the current low hiring and firing as a sign of uncertainty. Goolsbee noted that AI-related investment and data centre growth complicates the assessment of where they are in the cycle, and he warned of possible AI bubble risk.

HAMMACK (2026 voter): The Cleveland Fed President warned that easing monetary policy now could encourage financial risk-taking and potentially increase financial stability risks, adding that cutting rates too soon risks prolonging high inflation. She stressed that financial conditions remain quite accommodative, with the financial system and banks in good shape, and household finances holding up. She said the September jobs report was mixed but in line with expectations, highlighting the policy challenge in a low-hire, low-fire environment. She emphasised that inflation remains too high, particularly in services, with significant pressure reported by district contacts and households increasingly squeezed. She noted that inflation expectations are contained—"a really good thing"—but just one piece of the puzzle. She described the current policy as barely restrictive, if at all, and stated that policy should stay somewhat restrictive given ongoing inflation concerns. Hammack said she will approach the December meeting with an open mind, and added she would like to see more consistent SRF usage, accepting that money market fluctuations are to be expected.

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLE 6 TICKS HIGHER AT 112-28

T-Notes bull steepen on US jobs data and risk-off tone. At settlement, 2-year -3.8bps at 3.560%, 3-year -4.1bps at 3.551%, 5-year -3.5bps at 3.673%, 7-year -3.1bps at 3.865%, 10-year -2.7bps at 4.104%, 20-year -2.6bps at 4.697%, 30-year -2.2bps at 4.730%.

INFLATION BREAKEVENS: 1-year BEI +3.0bps at 2.662%, 3-year BEI -2.4bps at 2.421%, 5-year BEI -2.4bps at 2.266%, 10-year BEI -2.4bps at 2.238%, 30-year BEI -2.2bps at 2.205%.

THE DAY: T-Notes meanders overnight before selling off on the positive risk tone seen overnight and in Europe following the strong NVIDIA (NVDA) results after the close on Wednesday. However, a turnaround was seen with the curve bull steepening after the September US jobs report and jobless claims releases. The NFP headline was strong at 119k, well above the 50k forecast, but the prior was revised down to -4k with two-month net revisions of -33k - reminding us of the tendencies NFP has to be revised lower. The unemployment rate rose to 4.4% from 4.3%, albeit this was accompanied by an uptake in participation too. Meanwhile, the jobless claims data was released, with the missing weeks also announced - seemingly hovering around/just under the 230k level, until the latest release, which fell to 220k - showing no signs of stress in the labour market. However, continued claims surged to a four-year high at 1.974mln, albeit analysts at Oxford Economics expect this to fall in the weeks ahead as furloughed public workers return to work following the government shutdown. Nonetheless, T-Notes moved higher across the curve in a steeper fashion as rate cut bets for December were added on again. Markets are now pricing a 33% probability of a 25bps cut in December, vs 20% pre-data. T-Notes continued to push higher after the data, with upside supported by extreme equity selling pressures (SPX fell from 6,770 to 6,553 at extremes). The risk-off trade had no fresh driver, but AI valuations remain a concern, even after the strong NVDA report, while Goldman Sachs warned Wednesday of USD 39bln in equity sales from trend-following hedge funds after the SPX fell to sub 6,725 on Monday. There had also been commentary in yesterday's FOMC minutes about risks of equity downside, while Fed's Cook echoed the same concern today.

SUPPLY:

Notes

The US sold USD 19bln of 10-year TIPS at a high yield of 1.843%, tailing the when issued by 1.9bps. The tail was not as large as the prior 5.0bps, but it was larger than the 1.4bps six-auction average. The bid-to-cover of 2.41x was above the prior 2.20x and the average 2.36x. Meanwhile, the breakdown saw direct demand slip to 23.7% from 26.1%, but marginally above the 23.0% average. Indirect demand offset the slip, rising to 61.5% to 56.1%, but below the 65.5% average. This left dealers with an above-average share of 14.8%, below the prior 17.8%.

US Treasury to sell (all to settle December 1st):

- USD 69bln of 2-year notes on November 24th
- USD 70bln of 5-year notes on November 25th
- USD 44bln of 7yr notes on November 26th

Bills

US Treasury to sell (all to settle Nov 28th):

- USD 86bln 13-week bills on Nov 24th
- USD 77bln 26-week bills on Nov 24th
- USD 85bln 6-week bills on Nov 25th

STIRS/OPERATIONS

- Market Implied Fed Rate Cut Pricing: Dec 8bps (prev. 7bps), January 22bps (prev. 21bps), March 32bps (prev. 31bps).
- NY Fed RRP op demand at USD 1.1bln (prev. 0.905bln) across 8 counterparties (prev. 8)
- NY Fed Repo Op demand at USD 0.001bln across two operations today (prev. 0.006bln).
- EFFR at 3.88% (prev. 3.88%), volumes at USD 76bln (prev. 78bln) on November 19th.
- SOFR at 3.91% (prev. 3.94%), volumes at USD 3.179tln (prev. 3.220tln) on November 19th.

CRUDE

WTI (F6) SETTLES USD 0.25 LOWER AT 59.00/BBL; BRENT (F6) SETTLES USD 0.13 LOWER AT 63.38/BBL

The crude complex was hit on positive Ukraine/Russia developments and broader risk-off sentiment . In the European morning, benchmarks saw modest upside as the Kremlin said that consultations or negotiations with the US on peace in Ukraine are not taking place, but contacts are. However, as Europeans left for the day, benchmarks saw a bearish catalyst as Ukraine's President Zelensky said he agreed to work on the US draft plan to end the war, and was ready to work with the US and Europe for peace. That started the move lower, but as risk sentiment got dramatically hit, albeit on no particular driver, WTI and Brent saw heavy selling to hit troughs of USD 58.59/bbl and 62.94/bbl, respectively. Notable risk off was seen, with US equity futures and Bitcoin tumbling lower, with NVIDIA wiping out all post-earnings gains and sitting with losses of c. 2.5%, at the time of writing, despite strong earnings and guidance.

EQUITIES

- **CLOSES**: SPX -1.56% at 6,539, NDX -2.38% at 24,054, DJI -0.84% at 45,752, RUT -1.82% at 2,305.
- **SECTORS**: Consumer Staples +1.11%, Real Estate -0.37%, Utilities -0.52%, Health -0.62%, Financials -0.90%, Energy -1.07%, Communication Services -1.07%, Materials -1.62%, Industrials -1.70%, Consumer Discretionary -1.73%, Technology -2.66%
- **EUROPEAN CLOSES**: Euro Stoxx 50 +0.33% at 5,560, Dax 40 +0.63% at 23,308, FTSE 100 +0.21% at 9,528, CAC 40 +0.34% at 7,981, FTSE MIB +0.62% at 42,918, IBEX 35 +0.63% at 15,989, PSI +0.98% at 8,152, SMI +0.16% at 12,550, AEX +0.17% at 935.

STOCK SPECIFICS:

- **NVIDIA (NVDA)** had a stellar report; EPS and revenue beat with upbeat guidance; data centre sales rose 66% driven by Blackwell and GB300 demand; added cloud GPUs are sold out.
- **Abbott (ABT)** confirmed it is to acquire **Exact Sciences (EXAS)** for USD 105/shr; source reports emerged yesterday and EXAS closed at USD 86.18/shr with gains of 23.7%
- **Bath & Body Works (BBWI)** had dismal results; EPS and revenue light, weak next-quarter guidance and slashed FY view.
- **Jacobs Solutions (J)** reported solid quarterly metrics with midpoint of FY profit view above Street expectations.
- **Marsh & McLennan (MMC)** authorises renewal of USD 6bln buyback programme.
- **Moderna (MRNA)** secures 1.5bln 5yr credit agreement from Ares Management.
- **Palo Alto Networks (PANW)** results and outlook failed to excite investors, and after it unveiled a new AI-focused deal, as it will acquire Chronosphere for 3.35bln in cash; note, EPS and revenue beat.
- **Walmart (WMT)** saw EPS, revenue and comparable sales beat with solid guidance
- **Warner Music Group (WMG)** revenue topped.

US FX WRAP

The Dollar saw marginal gains amid the broad risk-off trade, although the moves in FX were somewhat contained in comparison to other asset classes, particularly US equities and crypto. The Dollar Index rose to highs of 100.35, from an earlier trough of 100.02, with the low hit in the wake of the US labour data. Recapping, the headline jumped to 119k in Sept. (exp. 50k), from a revised -4k in August. Highlighting the strong number, Chair Powell previously said the break-even rate could be estimated between 0-50k. Elsewhere, u/e rate ticked higher to 4.4% (exp. & prev. 4.3%), but the participation rate also rose to 62.4% from 62.3%. Note, Fed September SEP sees the median u/e at 4.5% at year-end, which are set to be updated in December. As a reminder, this is the last NFP report we get before the December FOMC meeting (10th), as both Oct. & Nov. are released on December 16th. Initial jobless claims (w/e 15th Nov) printed 220k (exp. 230k, prev. 232k). However, as the session progressed, risk sentiment noticeably soured, with US equities tumbling into the red, and NVDA paring all gains, and more, amid no particular headline driver, but the moves favoured the Dollar.

G10 FX was broadly hit on the aforementioned risk environment, with AUD, CAD, and NZD lower, with the pairs trading at respective weakest levels, at the time of writing. The Pound still managed to eke out gains, albeit well off earlier highs, while the Yen was lower but reclaimed a lot of its earlier losses. Prior to the drastic change in sentiment, which benefited haven FX, the Kiwi was the clear outperformer, due to the initial positive risk tone, spurred on by strong NVIDIA results. However, even before the turnaround, the Aussie was lagging, largely conforming to the subdued Chinese risk tone, with metals underperforming.

EUR ultimately moved at the whim of the USD and traded within a 1.1508-1.1549 range; German Producer Prices data printed more-or-less in line, and had limited impact, while newsflow for the GBP was light, as markets count down to next week's budget.

USD/JPY hit a peak of 157.89, but came off such levels on the change in risk sentiment, likely to the relief of some Japanese officials, as the verbal intervention is likely to continue in the coming days. Recapping overnight commentary, Japan's Chief Cabinet secretary said he is watching market moves, including the bond market, noting he is concerned about FX moves. He called the recent moves sharp and one-sided. Finance Minister Katayama did not comment directly on JGB yield levels and reaffirmed with BoJ's Ueda that they will watch market moves with a strong sense of urgency. BoJ's Koeda wants to closely watch how FX vol could affect prices, but gave no comment on specific long-term rate levels. Koeda added BoJ is ready to step into the market via an increase in bond buying and emergency ops. when long-term yields make rapid moves.