newsquawk

US Market Wrap - 25th November 2025

Dollar and yields fall on soft US data & positive Russia-Ukraine rhetoric

- **SNAPSHOT**: Equities up, Treasuries up, Crude down, Dollar down, Gold flat
- **REAR VIEW**: Cooler-than-expected US core PPI, headline in line; US retail sales fall short; BBG reports Hassett seen as frontrunner in Trump Fed Chair search; Weekly ADP prints negative; Richmond Fed declines in November; US pending home sales top expectations; Weak US 5yr note auction; Ukraine reportedly agrees to 19-point peace deal, Russia likely to reject; META is considering using Google's TPUs in its data centres in 2027
- **COMING UP**: **Data:** Australian CPI (Oct), US Dallas Fed (Oct), Jobless Claims (w/e 22 Nov). **Events:** RBNZ Announcement, UK Autumn Budget; Fed Beige Book. **Speakers:** RBNZ's Hawkesby; ECB's Vujcic, Lane, Lagarde. **Supply:** Australia, Japan, Germany, US

MARKET WRAP

US indices were firmer on Tuesday, and while the tech-heavy Nasdaq 100 underperformed, it managed to pare all weakness initially seen, driven by NVIDIA, amid The Information reports that Meta is considering using Google's TPUs in its data centres in 2027. NVIDIA (-2.6%) still ended the day with losses, but the wider index managed to recover. Sectors overall were predominantly in the green, with Health and Consumer Discretionary sitting atop of the pile, with Utilities and Energy the only ones in the red. The latter was hit by weakness in the crude complex amid positive Ukraine/Russia peace deal developments, with Trump most recently posting on Truth that there are only a few remaining points of disagreement, and as such is sending Witkoff to meet with Putin in Moscow, and Driscoll to meet with the Ukrainians. There was a deluge of US data (more below), but little really moved markets as PPI and retail sales were dated (Sept), although Consumer Confidence (Nov) was dismal. On the Fed footing, Miran was his usual dovish self, but the US yield curve steepened amid BBG reports that Hassett is seen as the frontrunner in Trump's Fed Chair search. The Dollar was also sold, with money markets also moving more dovishly for December 2026; note, Powell's term as Fed Chair expires in May 2026. Back to FX, as mentioned, the Dollar was sold with JPY, GBP, and EUR, the gainers with focus on the UK budget on Wednesday. Antipodeans saw marginal gains as attention turned to the RBNZ overnight, whereby the central bank is widely expected to reduce rates by 25bps.

US DATA

PPI: Headline PPI in September rose 0.3%, in line with estimates and accelerating from August's -0.1% print, while the Y/Y rate increased to 2.7%, matching forecasts and up from 2.6%. Core PPI (excluding food and energy) rose 0.1%, below the 0.2% forecast but above the previous -0.1%. The Y/Y rate was 2.6%, softer than both the 2.7% forecast and the 2.8% prior. The super-core measure, excluding food, energy and trade, rose 0.1% M/M from 0.3%, with the Y/Y rate at 2.9% from 2.8%. Analysts at Pantheon Macroeconomics said, "September's PPI data show that the inflation impulse from the tariffs is modest and underlying services inflation is still slowing". Components feeding into the PCE report were mixed: air fares rose 4.0% (prev. 0.7%), portfolio management fell 1.2% (prev. 1.6%), home health and hospice care jumped 1.2% (prev. 0.1%), outpatient hospital care fell 0.4% (prev. +0.2%), and nursing home care rose 0.7% (prev. -0.1%). Pantheon Macroeconomics estimates that September's PPI and CPI data are consistent with a 0.22% increase in the core PCE deflator, maintaining the inflation rate at 2.9%. It added that the average core PCE inflation rate in Q4 2025 is likely to undershoot the median FOMC participants' September forecast of 3.1% by one to two tenths, giving policymakers confidence to ease policy next month to support the labour market.

RETAIL SALES: The delayed September report came in beneath expectations, with the headline rising 0.2%, albeit not as much as the expected 0.4% and the prior 0.6%; Retail Control (ex-bldg material, motor vehicle & parts, gasoline station & food svs, SA), a better gauge of core retail spending, unexpectedly declined 0.1% (exp. 0.3%, prev. 0.7%, rev. 0.6%). Note, in the Bank of America Consumer Checkpoint monthly data, they had anticipated that SA spending growth per household rose 0.2% M/M. Ex-Autos rose 0.3% in line with expectations (prev. 0.7%, rev. 0.6%), while ex-gas/autos rose 0.1% (prev. 0.7%, rev. 0.6%). Growth in the headline was supported by growth in miscellaneous store retailers (2.9%) and gasoline stations (2%), meanwhile the declines were seen in sporting goods, hobby, musical instrument, & book stores (-2.5%), clothing (-0.7%) and nonstore retailers (-0.7%). Oxford Economics writes that the slowdown in retail sales growth was largely due to an outright decline in non-store sales, which is likely a seasonal adjustment issue linked to the timing of sales by major online retailers. Given the report, the firm estimates personal spending is on track for a 0.44% gain in September.

CONSUMER CONFIDENCE: Consumer confidence for November disappointed, as it fell to 88.7 from 94.6, much beneath the expected 93.4, tumbling to its lowest level since April - all five components of the overall index flagged or remained weak. The Present Situation Index dipped 4.3 points to 126.9, while the Expectations Index tumbled to 63.2 from 71.8. Chief Economist of the Conference Board Dana Peterson said the Present Situation Index dipped as consumers were less sanguine about current business and labour market conditions, while all three components of Expectations deteriorated in Nov. Consumers' assessments of current business conditions worsened, as 20.1% said "good" (prev. 20.7% M/M) and 16.9% said "bad" (prev. 14.5%), while views of the labour market also weakened; 27.6% said jobs were "plentiful" (prev. 28.6%), however 17.9% said jobs were "hard to get" (prev. 18.3%). Looking ahead, and as alluded to, consumers were more pessimistic about future business conditions, more worried about the labour market, and income prospects were less positive.

RICHMOND FED: The composite Index dropped to -15 from -4 in October, weighed by declines in the shipments (-14 from +4) and new orders (-22 from -6) indices. On the contrary, employment improved to -7 from -10. Local business conditions slumped to -20 (prev. -1), and expectations for local business conditions improved as the index for future local business conditions increased to 1 (prev. -5). The future index for shipments rose to 26 from 12, while the expectations index for employment moved down to -1 from +2. On prices, the average growth rates of prices paid increased modestly after an October dip, while the growth in prices received was almost flat M/M. Firms expect growth in prices paid to moderate somewhat, and expect growth in prices received to increase slightly over the next 12 months.

ADP: The weekly ADP preliminary estimate for the four weeks to Nov. 8, 2025, showed US private employers cut an average 13,500 jobs per week, compared with a four-week average decline of 2,500 in the period ending Nov. 1. ADP said “consumer strength remains in question as we enter the holiday hiring season, which might be playing into delayed or curtailed job creation”. The report also referenced the September NFP data, noting that self-employed workers in the gig economy lost 114,000 jobs that month. However, a new ADP report indicates structural demographic shifts are expected to reverse this short-term decline.

PENDING HOME SALES: Pending home sales for October rose 1.9% M/M, above the expected +0.5%, and the prior +0.1%; inventory/sales ratio was unchanged at 1.37 months’ worth. NE, S, and MW all saw gains M/M, with the latter surging 5.3%, while the W decreased 1.5%. As NAR Chief Economist Lawrence Yun writes, “Mid-West shined above other regions due to better affordability, while contract signings retreated in the more expensive West. Days on the market typically lengthen from Nov. through Feb., providing better negotiating power to buyers during the holiday season." Yun adds, "Job gains in Sept., following the data blackout, are reassuring and suggest the economy is not slipping into a recession, which may boost confidence in future homebuying."

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLED 8+ TICKS HIGHER AT 113-20+

T-Notes steepen on reports Hassett is Fed Chair frontrunner. At settlement, 2-year -3.0bps at 3.459%, 3-year -3.7bps at 3.454%, 5-year -4.0bps at 3.565%, 7-year -3.9bps at 3.754%, 10-year -3.4bps at 4.002%, 20-year -2.3bps at 4.616%, 30-year -1.9bps at 4.658%.

INFLATION BREAKEVENS: 1-year BEI -6.4bps at 2.552%, 3-year BEI -1.9bps at 2.363%, 5-year BEI -0.8bps at 2.213%, 10-year BEI -0.5bps at 2.203%, 30-year BEI +0.1bps at 2.184%.

THE DAY: T-notes firmed across the curve on Tuesday, with moves driven by US data and the Fed. ADP showed employers shed an average 13.5k jobs per week versus the prior week’s -2.5k, though this had little impact on Treasuries. September PPI was broadly in line, and Pantheon expects PCE to print at 0.22%. Soft retail sales initially triggered a spike higher in T-notes, but the move was quickly unwound. Buying resumed and the curve steepened after Bloomberg reported Hassett as the front-runner for the Fed Chair role. The 2s30s spread widened from about 115bps to 119bps at the peak. The view is that if NEC Director Hassett is nominated as Fed Chair, another uber-dove like Miran would be at the helm, raising concerns over Fed independence. Hassett, as Chair, would likely reinforce near-term Fed rate cuts on expectations of a more dovish stance, but markets may demand more term premium further out due to credibility concerns, steepening the curve. Despite the Hassett reports, FBN’s Lawrence said interviews are ongoing, and a final list will be sent to Trump once they conclude, though the curve stayed steeper. Chair Powell’s term expires in May, meaning a successor would shape policy more in H2 2026. Separately, the 5-year auction was relatively soft, tailing by 0.5bps, but had little market effect (more below). It is worth noting that the move lower in oil prices may have helped with the underlying bid in T-notes in response to potential Russia/Ukraine peace. Reports suggest Ukraine is set to accept the talks, but Russia will likely reject them.

SUPPLY:

Notes

- US Treasury sold 70bln of 5-year notes at a high yield of 3.562%, a lower yield vs the prior 3.625%, and tailed the when issued by 0.5bps. The tail was worse than the prior 0.1bps stop through and six auction average of a 0.3bps tail. The bid-to-cover of 2.41x rose from 2.38x prior and remained above the recent average of 2.36x. The breakdown saw direct demand rise to 27.6% from 23.9%, above the 24.9% average. Indirect demand fell to 61.4% from 66.8%, below the 64.7% average. The weak indirect demand was somewhat offset by the uptake in direct demand but dealers still took home an above-average 11% of the auction, up from the prior 9.3%. Overall, a relatively soft auction with soft indirect demand and a 0.5bps tail. US Treasury sold USD 28bln of 2-year FRN's at a high discount margin of 0.168% (prev. 0.17%). US Treasury to sell USD 44bln of 7yr notes on November 26th; to settle December 1st.

Bills

- US sold 6-week bills at high rate of 3.850%, B/C 2.71x; Sold 1-year bills at high rate of 3.460%, B/C 3.08x
- US to sell USD 69bln of 17-week bills on November 26th, USD 100bln in 4-week bills (prev. 110bln) and USD 85bln of 8-week bills (prev. 95bln) on November 26th; all to settle December 2nd. Wrightson ICAP analysts write that the bill reductions were expected, although the magnitude of cuts was not as clear, following the Treasury's lowering of the 6-week bill size by USD 10bln to USD 85bln last week. The desk expected a USD 10bln cut to the 4-week, but were torn between a USD 5bln or USD 10bln reduction in the 8-week.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Dec 19bps (prev. 19bps), January 28bps (prev. 27bps), March 36bps (prev. 33bps).**
- NY Fed RRP op demand at USD 2.3bln (prev. 1.1bln) across 8 counterparties (prev. 7)
- NY Fed Repo Op demand at USD 10.6bln across two operations today (prev. 0.001bln).
- EFFR at 3.88% (prev. 3.88%), volumes at USD 73bln (prev. 81bln) on November 24th

- SOFR at 3.96% (prev. 3.93%), volumes at USD 3.232tln (prev. 3.203tln) on November 24th.

CRUDE

WTI (F6) SETTLED USD 0.89 LOWER AT USD 57.95/BBL; BRENT (F6) SETTLED USD 0.89 LOWER AT USD 62.48/BBL

The crude complex was lower amid positive Russia/Ukraine peace deal updates. As US players entered for the day, WTI and Brent saw immediate weakness amid ABC reports that Ukraine agrees to the terms of the peace deal, though there are still some details to be sorted out. Benchmarks fell to intraday lows before extending to new troughs of USD 57.10/bbl and 60.96 as the session progressed. Following the ABC report, there were several more readouts, with the most noticeable probably being WaPo saying Russia is expected to reject the new 19-point cease-fire deal drafted by the US and Ukraine. From the Ukrainian side of things, Reuters said Zelensky is ready to move forward with a peace deal framework with Trump and Europe, while Axios suggested he wants to meet Trump "as soon as possible", possibly over Thanksgiving, to finalise a joint US-Ukrainian agreement. WTI and Brent pared some of the losses through the US session, before still settling notably in the red, ahead of private inventory metrics after-hours, whereby current expectations are (bbls): Crude +0.055mln, Distillate +0.6mln, Gasoline +0.7mln.

EQUITIES

CLOSES: SPX +0.91% at 6,766, NDX +0.58% at 25,018, DJI +1.43% at 47,112, RUT +2.14% at 2,466

SECTORS: Energy -0.68%, Utilities -0.35%, Technology -0.03%, Real Estate +0.74%, Financials +1.19%, Materials +1.22%, Industrials +1.25%, Consumer Staples +1.49%, Communication Services +1.63%, Consumer Discretionary +1.92%, Health +2.16%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.17% at 5,793, Dax 40 +1.22% at 24,381, FTSE 100 +0.12% at 9,911, CAC 40 +1.04% at 8,241, FTSE MIB +0.80% at 44,793, IBEX 35 +1.39% at 16,616, PSI +1.21% at 8,294, SMI +0.80% at 12,803, AEX -0.21% at 969

STOCK SPECIFICS:

- **Agilent (A):** Next quarter & FY profit view light
- **Alibaba (BABA):** Revenue, net income, & cloud revenue topped, driven by China's AI development boom.
- **Analog Devices (ADI):** Top & bottom line beats with better-than-expected next quarter guidance.
- **Keysight Tech (KEYS):** EPS, revenue topped, authorised new USD 1.5bln share repurchase programme with strong next quarter guidance.
- **Kohl's (KSS):** Revenue beat, surprise profit per share & raised FY profit forecast.
- **Meta (META)** is considering using **Google's (GOOGL)** TPUs in its data centres in 2027, according to The Information; of note for NVIDIA (NVDA).
- **Nio (NIO):** Shallower loss per shr. than expected.
- **Sandisk (SNDK)** will join S&P 500 on 28th Nov., replacing Interpublic Group (IPG).
- **Spotify (SPOT)** will raise US prices in early 2026 to support profitability after increases in the UK, Switzerland & Australia.
- **Warner Bros (WBD)** is said to ask bidders to submit sweetened offers, Bloomberg reports; wants improved bids by 1st December. Also of note for **Comcast (CMCSA), Netflix (NFLX), Paramount Skydance (PSKY)** .
- **Zeta Global Holdings (ZETA):** Lifted FY revenue guidance
- **Zoom (ZM):** Earnings impressed, as did next quarter & FY outlook.

FX

The Dollar was broadly sold against peers due to lower-than-expected Retail Sales growth and Core PPI figures in combination with optimistic headlines on Ukraine-Russia. Geopolitical developments came first, with ABC News reporting that Ukraine has agreed to the terms of the peace deal, resulting in USD weakness. Later, other news outlets reported that Russia is likely to reject the proposal, which has omitted beneficial prospects for Russia. Thereafter, US data followed, with existing weakness extending after Retail Sales growth eased more than expected, with Core PPI also shy of expectations. Elsewhere, consumer confidence was poor, ADP was negative once again on the new weekly print, and Richmond Fed proved disappointing for November. Also weighing on the Dollar was Bloomberg's report that NEC Director Hassett, a close ally of Trump, is the frontrunner for the Fed Chair Role. The update saw Treasuries move higher alongside steeper spreads, albeit, Fox Business sources later rejected the claim.

GBP, JPY, and **EUR** were the top G10FX performers, benefiting from the USD weakness. For GBP, more budget leaks were announced ahead of Wednesday, including rises to the minimum wage and no cuts on VAT applied to energy bills. Cable rose to ~1.3214 from earlier 1.3096 lows. Click here for the Newsquawk UK budget preview.

Antipodes' typical strength risk-on trade was absent today. Overnight, the RBNZ is expected to cut the OCR by 25bps to 2.25% as job market concerns remain at the forefront of decision-making at the RBNZ. ING believes the terminal rate is 2.25% as disinflation may prove slower than previously expected and growth more resilient. The bank remains bullish on NZD/USD and expects a return above 0.570 by year-end (currently ~0.5620). Click here for the Newsquawk RBNZ announcement preview.