

Stocks rally into Thanksgiving while Dollar is sold

- **SNAPSHOT:** Equities up, Treasuries steepen, Crude up, Dollar down, Gold up.
- **REAR VIEW:** US initial claims drop to April low, continued claims remain sticky; Durable Goods beat; Latest UK budget gives Chancellor Reeves more headroom than expected; RBNZ cuts OCR by 25bps, projects rates on hold through 2026; Hotter-than-expected Australian CPI; BoJ sources say a hike in Dec or Jan remains a close call; EIA crude stocks show bigger-than-expected build; Chinese regulators reportedly blocked Bytedance from using NVDA chips for data centres; Deutsche Bank says ORCL selloff is an attractive entry point; Trump says US will stop all payments and subsidies to South Africa.
- **COMING UP: Holiday:** US Thanksgiving. **Data:** Chinese Industrial Profit (Oct), German GfK (Dec), EZ M3 (Oct), Consumer Confidence Final (Nov), Japanese Tokyo CPI (Nov), Industrial Profit (Oct), Retail Sales (Oct). **Events:** ECB Minutes (Oct), BoK Announcement. **Speakers:** BoJ's Noguchi; ECB's Cipollone, de Guindos; BoE's Greene. **Supply:** Italy.
- **DESK SCHEDULE:** [Please click here](#)

MARKET WRAP

Risk on trade on Wednesday heading into Thanksgiving with outperformance in the Russell and the Nasdaq, alongside broad-based gains. Technology was one of the clear outperformers, but Communications lagged with AI names trading higher after recent pressure, although Alphabet (GOOGL) gave up some of its recent rally, weighing on the comms sector. There were several macro highlights on Wednesday, US data was mixed with low initial jobless claims easing labour market concerns, and durable goods beat expectations, but the Chicago PMI saw a notable slump. The jobless claims and durable goods data weighed on T-Notes, but the move had pared into the settlement, perhaps supported by the weak Chicago PMI or simply profit taking heading into Thanksgiving. In the UK, the budget resulted in choppy trade within UK assets, but ultimately the rise in fiscal headroom eased concerns with Gilts and GBP ultimately moving higher. Meanwhile, oil prices were bid with focus remaining on Russia/Ukraine peace efforts. There was optimism overnight after Trump said they are making progress and Ukraine is happy, but that optimism faded after Russian officials urged not to make premature conclusions on the matter, and that there are no concessions from Russia on key issues on Ukraine settlement. Within FX, the Dollar was lower in risk on trade while NZD outperformed after the RBNZ cut rates by 25bps as expected but OCR projections saw rates unchanged throughout the next year, supporting the NZD. AUD was also buoyed by hot Australian CPI, with the strong risk tone also aiding the strength. GBP was firmer vs the Buck and Euro after the budget, while Yen ultimately lagged despite overnight strength following source reports from Reuters. It was said that the BoJ is preparing markets for a possible hike as soon as December with a tweak to communication, although it is a close call on whether to hold off until January. Note, US markets are closed on Thursday for Thanksgiving, with an early close on Friday, with trade expected to be quiet.

US

JOBLESS CLAIMS: Initial Jobless Claims fell further in the week ending 22nd November to 216k from 220k, despite expectations of a rise to 225k. This was the joint lowest claims print since the 215k on the February 8th week (matched the 216k on the April 12th week). Meanwhile, the four-week average dipped to 223.75k from 224.75k. The continued claims, for the week ending November 15th, rose to 1.96m from 1.953m, showing that those out of work are struggling to find jobs. The four-week average is at 1,956k, the highest since 5th July 2025. Oxford Economics are watching the data closely for signs recent layoffs are translating into significant job losses, but it notes the evidence is not there yet. It also notes that "There are some signs of softening in various private sector metrics, but that's not the signal coming from the jobless claims data".

DURABLE GOODS: September Durable Goods rose 0.5%, slowing from the prior 2.9% increase but still above the 0.3% forecast. Ex-transport rose 0.6%, above the 0.2% forecast and accelerating from the prior 0.3%. Ex-defense rose 0.1% vs. prior 1.9%. The Nondefense capital goods ex aircraft orders rose 0.9%, up from the 0.4% prior and 0.2% forecasts. Summarising the data, Pantheon Macroeconomics notes that the numbers are stale given the delayed release on account of the government shutdown, but notes it hints a slight improvement vs the earlier trend. After the data, the Atlanta Fed GDPNow estimate was lowered to 3.9% from 4.0% for Q3 25. Q3 25 GDP data has been delayed to December 23rd.

FIXED INCOME

T-NOTE FUTURES (H6) SETTLED HALF A TICK LOWER AT 113-18+

T-Notes ultimately steepen after strong jobless claims and Durable Goods beat, while Chicago PMI misses . At settlement, 2-year +2.2bps at 3.481%, 3-year +2.0bps at 3.472%, 5-year +0.7bps at 3.572%, 7-year +0.1bps at 3.755%, 10-year -0.4bps at 3.998%, 20-year -1.1bps at 4.604%, 30-year -1.4bps at 4.644%.

INFLATION BREAKEVENS: 1-year BEI +9.1bps at 2.680%, 3-year BEI +2.4bps at 2.399%, 5-year BEI +1.5bps at 2.238%, 10-year BEI +0.6bps at 2.219%, 30-year BEI +0.6bps at 2.199%.

THE DAY: T-Notes ultimately settled with the curve flattening in wake of US data and the UK budget. In the morning, T-Notes tracked Gilts higher in the early OBR leak to the UK budget, which saw fiscal headroom of GBP 22bln, wider than the 9.9bln in March - helping support UK assets. However, Gilts - and US Treasuries - pared the move ahead of the actual budget. Nonetheless,

the Chancellor eased any concerns, and Gilts moved higher again, bringing USTs with them to match the post OBR leak highs of 113-19+ in the 10-year T-Note futures (Mar 2026). The peak hit just before the US data, which ultimately helped ease some labour market concerns after Jobless Claims fell by more than expected, while growth prospects were buoyed after Retail Sales beat expectations. T-Notes continued to push lower thereafter to bottom out at 113-08+. In the wake of the Chicago PMI, T-Notes had started to gradually pare the move after the Chicago PMI tumbled to 36.3 from 44.3. Thereafter, a lot of the downside had pared with T-Notes settling ultimately little changed ahead of Thanksgiving in quiet trade, but the curve remained flatter.

SUPPLY:

Notes

- The US Treasury sold USD 44bln of 7-year notes at a high yield of 3.781%, a touch above the prior 3.79%. This tailed the when issued by 6bps, albeit not as large as the prior 0.8bps tail, but not as strong as the six auction average regarding a stop through of 0.6bps. The bid-to-cover was unchanged vs October at 2.46x, below the 2.56x average. Direct demand rose to 30.3% from 27.8%, above the 23.5% average, while indirect demand slipped to 56.7% from 59%, below the 67.2% average. This left dealers with 13.1% of the auction, unchanged from the prior but worse than the average. Overall, a soft auction, but an improvement from October's offering.

Bills

- US sold USD 100bln of 4-week bills at a high rate of 3.905%, B/C 2.77x
- US sold USD 85bln of 8-week bills at a high rate of 3.840%, B/C 2.87x.
- US sold USD 69bln of 17-wk bills at a high rate of 3.740%, B/C 2.84x
- US to sell USD 86bln of 13-week bills (prev. 86bln) and USD 77bln of 26-week bills (prev. 77bln) on December 1st; to sell USD 75bln of 6-week bills on December 2nd (prev. 85bln); all to settle on December 4th.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Dec 19bps (prev. 19bps), January 27bps (prev. 28bps), March 35bps (prev. 36bps).**
- NY Fed RRP op demand at USD 2.2bln (prev. 2.3bln) across 6 counterparties (prev. 8)
- NY Fed Repo Op demand at USD 14bln across two operations today (prev. 10.6bln).
- EFFF at 3.88% (prev. 3.88%), volumes at USD 78bln (prev. 73bln) on November 25th
- SOFR at 4.01% (prev. 3.96%), volumes at USD 3.317tln (prev. 3.232tln) on November 25th.

CRUDE

WTI (F6) SETTLED USD 0.70 HIGHER AT 58.65/BBL; BRENT (F6) SETTLED USD 0.65 HIGHER AT 63.13/BBL

The crude complex was firmer as attention, unsurprisingly, continues to centre around Russia/Ukraine peace talk negotiations . While updates were on the lighter side today, fleeting upside in benchmarks was seen after Russia's Deputy Foreign Minister Ryabkov stated there are no concessions from Russia on key issues on Ukraine settlement. In the weekly EIA data, albeit garnering little reaction, crude saw a larger-than-expected build, contradicting the surprise draw in the private metrics on Tuesday night. Gasoline and Distillates both built more than St. consensus, with overall crude production falling 20k W/W to 13.814mln. On account of the upcoming Thanksgiving holiday and US market closures, the Baker Hughes Rig Count was also released today: Oil rigs tumbled by 12 to 407, nat gas rigs rose 3 to 130, leaving the total down 10 at 544. WTI traded between USD 57.66-58.67/bbl and Brent USD 61.53-62.53/bbl, and as oil "rallied" into settlement, albeit on no headline driver, benchmarks settled at peaks.

EQUITIES

CLOSES: SPX +0.65% at 6,810, NDX +0.87% at 25,237, DJI +0.67% at 47,427, RUT +0.91% at 2,489.

SECTORS: Utilities +1.32%, Technology +1.27%, Materials +1.21%, Consumer Staples +0.97%, Financials +0.79%, Energy +0.68%, Industrials +0.58%, Consumer Discretionary +0.54%, Real Estate +0.52%, Health -0.25%, Communication Services -0.49%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.48% at 5,656, Dax 40 +0.98% at 23,695, FTSE 100 +0.85% at 9,692, CAC 40 +0.88% at 8,096, FTSE MIB +1.01% at 43,130, IBEX 35 +1.36% at 16,361, PSI +0.95% at 8,126, SMI +0.48% at 12,834, AEX +1.17% at 944.

STOCK SPECIFICS:

- Chinese regulators blocked ByteDance from using **NVIDIA (NVDA)** chips in new data centres, with a move part of Beijing's strategy to force adoption of domestic chips.
- Deutsche Bank believes the recent pullback in **Oracle (ORCL)** shares brings an attractive entry point and reiterates its 'Buy' with a USD 375 PT.
- **Amazon (AMZN)** faces FAA probe after an MK30 drone downed an internet cable in Waco, Texas.
- **Apple (AAPL)** challenges India's antitrust penalty law, according to Reuters citing a court filing; AAPL could face up to USD 38bln in potential penalties in antitrust case under new law.
- Pentagon reportedly says **Alibaba (BABA)** should be on list for China military ties, via Bloomberg; adds that **Baidu (BIDU)** and **BYD** should be added to the list.

EARNINGS:

- **Autodesk (ADSK):** EPS & revenue beat with strong guidance.
- **Deere & Co (DE):** Guides initial FY net income view notably below expected.

- **Dell (DELL):** Upbeat earnings & guidance coupled with accelerating AI-server demand outweighed slightly softer sales.
- **HP (HPQ):** Issued weak guidance, reflecting added costs from US trade-related regulations despite announcing large layoffs; note, EPS, revenue topped & lifted the quarterly dividend.
- **NetApp (NTAP):** Top & bottom-line surpassed expectations.
- **Nutanix (NTNX):** Quarterly revenue and guidance disappointed investors.
- **Urban Outfitters (URBN):** Profit & revenue impressed.

FX

The Dollar was weaker and comes ahead of US Thanksgiving holiday on Thursday, where newsflow and volatility will likely be thinner, the same applies to Friday. Back to Wednesday, where headline drivers out of the US were driven by data. Initial jobless claims fell to 216k from 220k, and beneath the expected 225k, which saw DXY rise to initial intra-day highs. Durable goods also beat, albeit later the Chicago PMI disappointed. Meanwhile, on the Beige Book, it said economic activity was little changed since the previous report, according to most of the twelve Federal Reserve Districts, though two Districts noted a modest decline and one reported modest growth. On the labour market, employment declined slightly over the current period with around half of the Districts noting weaker labour demand, while prices rose moderately during the reporting period.

G10 FX, ex-JPY, was exclusively firmer against the Greenback with NZD the clear outperformer as it was buoyed in wake of the RBNZ decision overnight; the central bank cut rates by 25bps to 2.25%, as expected, but kept its options open on future policy, although its projections suggested a pause in rates throughout 2026. NZD/USD hit a peak of 0.5697, and just ran out of momentum ahead of the round 0.5700. AUD was the next best performer, and was aided by Kiwi tailwinds, but also by hotter-than-expected Australian CPI; AUD/USD topped out at 0.621 - risk sentiment was also strong on Wednesday.

GBP was in focus today with Cable ultimately on a slightly firmer footing in a 1.3125-3241 range, following an unprecedented UK Budget in which the OBR front-ran the Chancellor. Nonetheless, investors are taking comfort in the higher headroom (GBP 21.7bn in 2029-30 vs GBP 9.9bn in March), although UK journalists also suggest scepticism over how credible Chancellor Reeves' package is. Overall, the OBR forecasts do nothing to knock the narrative that the BoE is likely to cut in December; if anything, the growth downgrades and tax rises favour a cut. The initial response saw UK assets bid, before selling off, and then recovering throughout the budget presentation from Reeves, with GBP/USD heading into APAC trade at highs and EUR/GBP at lows.

JPY lagged amid the broader risk appetite, despite the hawkish leaning BoJ sources overnight, which provided the Yen with a boost at the time. Source reports noted that BoJ messaging is said to be preparing markets for a possible interest rate hike as soon as December, with a tweak to communication, although the decision on whether to hike in December or hold off until January remains a close call.

Scandis were both firmer, although the **NOK** saw modest downside in wake of Q3 Norwegian GDP Growth, which disappointed at 0.1% (exp. 0.2%, prev. 0.6%).

In **EMFX**, **ZAR** saw weakness as US President Trump posted on Truth that the US will stop all payments and subsidies to South Africa. This comes as Trump said US did not attend G20 in South Africa because the government refuses to acknowledge or address human rights abuses endured by Afrikaners, and other descendants of Dutch, French and German settlers. Lastly, in the latest **Banxico** QIR, it lowered near-term headline inflation forecasts and near-term growth forecasts, but 2026 forecasts were maintained.

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