

## Highlights include Potential Fed Chair pick, US ISM PMIs, US PCE, EZ CPI, Canada Jobs, Swiss CPI

- **SUN:** Opec-8 Meeting
- **MON:** South Korean Prelim Trade Balance (Nov), Chinese RatingDog Manufacturing PMI Final (Nov), EZ/UK/US Manufacturing PMI Final (Nov), US ISM Manufacturing PMI (Nov), South Korean CPI (Nov)
- **TUE:** EZ Flash CPI (Nov), South Korean GDP Revised (Q3)
- **WED:** Australian Real GDP (Q3), Chinese RatingDog Services/Composite PMI Final (Nov), EZ/UK/US Services/Composite PMI Final (Nov), Swiss CPI (Nov), US ISM Services PMI (Nov)
- **THU:** Swedish CPIF (Nov), EZ Retail Sales (Oct), US Challenger Layoffs (Nov)
- **FRI:** RBI Announcement, German Industrial Orders (Oct), EZ Employment Final (Q3), EZ GDP Revised (Q3), Canadian Jobs Report (Nov), US PCE (Sep), US University of Michigan Prelim (Dec)

**POTENTIAL FED CHAIR PICK:** Treasury Secretary Bessent has been interviewing candidates to succeed Fed Chair Powell around Thanksgiving, saying there is a strong chance Trump will name a new Fed Chair before Christmas. Powell's term ends in May 2026, and the shortlist includes NEC Director Hasset, former Fed Governor Warsh, BlackRock CEO Rider, and current Fed Governors Waller and Bowman. Bloomberg reported that Hasset was viewed as the front-runner, though the White House said the claim was speculative. News that Hasset was the favourite prompted a notable steepening in the Treasury curve as the front end reacted to the prospect of a more dovish Fed. Hasset is a close ally of US President Trump and shares his dovish stance on rates, though their proximity raises questions about Fed independence. Concerns over independence tend to push long-end yields higher as investors demand more term premium on government debt. An appointment of Waller or Bowman would draw fewer such concerns, given that both already sit on the Fed Board.

**OPEC-8 MEETING (SUN):** The OPEC-8 are expected to keep production levels unchanged at Sunday's online meeting, according to Reuters sources. The group is reportedly set to focus discussions on a longer-term issue, such as assessing members' maximum production capacity to establish 2027 output baselines. The debate highlights tensions between members seeking higher quotas despite limited spare capacity, and the UAE, which retains ample unused production potential. The alliance previously paused output hikes for Q1 2026 after gradually unwinding nearly 6mln bpd of voluntary cuts made in prior years. No policy adjustments are expected on Sunday, with OPEC+ instead prioritising a consensus on future capacity metrics.

**US ISM MANUFACTURING PMI (MON):** As a basis for comparison, S&P Global's PMI data showed the headline manufacturing PMI falling to a four-month low of 51.9 (from 52.5), and the output index falling to a two-month low of 53.6 (from 53.7). The report notes that firms reported a marked slowdown in new order gains, including a fifth successive monthly fall in export orders, posing downside risks to output. Inventories of finished goods rose again to the greatest extent in the survey's 18-year history, reflecting an unprecedented buildup of unsold stock. S&P said that input purchases fell for the first time since April, while suppliers' delivery times lengthened for a third month. Input price inflation in manufacturing cooled to the lowest since February but remained above recent averages, and selling price inflation slowed. Elsewhere, employment rose at the fastest rate in three months.

**US ISM SERVICES PMI (WED):** As a basis for comparison, S&P Global's PMI data showed the headline services PMI rising to 55.0 (from 54.8), a four-month high. Services reported the strongest output gain since July, and the largest rise in new business so far this year, it said. Input costs increased at the fastest rate since January 2023, driven largely by tariffs and higher wage rates, and selling price inflation reaccelerated. Service-sector job creation remained modest and slower than in October, constrained by cost-related budget pressures and a focus on efficiency. Business expectations hit an 11-month high, supported by reduced political concerns and the end of the government shutdown.

**EZ FLASH HICP (THU):** The October figure came in at 2.1% as expected, while the core and super-core were above consensus and services lifted to 3.4% (prev. 3.2%). The Flash/Prelim reads thus far for November saw France's HICP Y/Y coming in cooler-than-expected, with Spain slightly hotter-than-expected. November's PMIs showed a further acceleration in service sector inflation, though sales price inflation in the sector has slowed and potentially offsets this. HCOB wrote at the time that "there is no reason to tighten monetary policy" and they "expect interest rates to remain unchanged in December". Since, ECB VP de Guindos said that services and wage inflation are both progressing, though Chief Economist Lane remarked that they need a deceleration of non-energy price growth for inflation to sustainably remain around target. Overall, the narrative that the ECB is likely at terminal remains, with November's HICP unlikely to change that, and the next point of focus is the December forecast round, which includes 2028. On that, Kazaks said the focus should actually be on 2026 and 2027 inflation, while Makhoulouf remarked that the new projections are unlikely to change the view that policy is okay where it is. The October Minutes emphasised that they will get the 2028 projections for the first time, but policy has less influence at that horizon, which suggests placing more weight on the nearer-term outlook.

**AUSTRALIAN REAL GDP (WED):** There are currently no expectations for Q3 GDP, which will be released by the ABS on December 3. Growth is widely anticipated to have slowed from 0.6% Q/Q in Q2. However, a 6.4% Q/Q rise in private capital expenditure suggests business investment may provide an offset. Desks note that GDP per capita is likely to remain in decline, marking a continued "per capita recession." The RBA is expected to closely monitor the release, although current market pricing does not see a rate cut or hike through 2026.

**SWISS CPI (WED):** October's release came much cooler than the market expected at 0.1% Y/Y (exp. 0.3%) and cooler than the SNB's Q4 average forecast of 0.4%. A print that sparked pressure in the CHF and kept speculation of a move back to NIRP alive. Albeit, the odds of a cut remain at less than a 5% chance at this moment in time. November's release will be scoured to see if the SNB's view that inflation is set to tick higher in the coming quarters, as outlined in September's forecasts and recently by Tschudin, proves correct. If it does, then the narrative that the SNB is at terminal likely remains. If not, and inflation continues to moderate, then a move into NIRP cannot be ruled out, though the primary tool for the SNB at this stage likely remains FX intervention, particularly given remarks from various officials recently. Tschudin said interest rates are "where they should be" and Chairman Schlegel reiterated a willingness to intervene as needed, and that the bar for NIRP is higher than a normal cut.

**CANADIAN JOBS REPORT (FRI):** The prior jobs report for October was strong. Headline employment rose 66.6k from 60.4k, far above the forecast -2.5k. The gain was driven by an 85k increase in part-time roles, while full-time employment fell 18.5k. Even so, the jobless rate dropped to 6.9% from 7.1%, against expectations for no change. The strong report had little impact on BoC rate expectations. The BoC is at the lower end of its neutral rate estimate and has said policy is about appropriate, with further easing unlikely unless the economy weakens further. The bank said structural damage from the trade conflict limits the role monetary policy can play in supporting demand while keeping inflation low, suggesting further rate adjustments will see a limited impact. A sustained labour-market deterioration from US trade tensions would likely force the BoC to act again, provided inflation remained near target. Money markets price about 15bps of easing in July 2026, implying a 60% chance of another 25bps cut.

**US PCE (FRI):** The government shutdown has pushed the September PCE and personal income/spending report to 5 December. September CPI showed headline inflation up 0.3% M/M (exp. 0.4%, prev. 0.4%); on an unrounded basis, CPI rose 0.31% M/M (prev. 0.382%). Core CPI increased 0.2% M/M (exp. 0.3%, prev. 0.3%) or 0.227% unrounded (prev. 0.346%). September PPI rose 0.3% M/M (exp. 0.3%, prev. -0.1%), lifting the annual rate to 2.7% Y/Y (exp. 2.7%, prev. 2.6%). Ex-food and energy, PPI rose 0.1% M/M (exp. 0.2%, prev. -0.1%), and the annual rate eased to 2.6% Y/Y (exp. 2.7%, prev. 2.8%). Within PPI components feeding into PCE, airline passenger services accelerated, portfolio management declined, home and health hospice care jumped, hospital outpatient care fell, and nursing home care rose sharply. Pantheon Macroeconomics said relevant CPI and PPI components imply a subdued monthly PCE rise, with goods inflation easing and distributors absorbing tariff costs, curbing pass-through. It forecasts the core PCE deflator to rise about 0.22% M/M in September, keeping the annual rate at 2.9% Y/Y. Its analysts say inflation risks are skewed to the downside, citing softer goods prices and noting retailers, especially auto dealers, are absorbing tariffs, while underlying services inflation is cooling. They point out that PPI services excluding volatile components rose only 0.1% M/M and at about 2.5% Y/Y. Pantheon says core goods PPI inflation has likely peaked and that broader cost pressures from oil, shipping and global food prices have weakened. The consultancy argues the data strengthen the case for more Fed easing. It expects the FOMC to cut rates by 25 bps at its 10 December meeting and sees a further 75 bps of reductions next year. It says inflation is undershooting expectations, while labour-market risks dominate, with surveys pointing to weak payroll growth and rising unemployment – a combination it says should prompt the FOMC to offer more support. Market expectations for a December cut have been boosted by comments from Fed's Williams last week, who said the central bank has room for another adjustment in the "near term". His remarks add to dovish signals from Governors Waller and Miran, who have also argued for lower rates. At the time of writing, CME's FedWatch tool shows an 85% chance the Fed will cut rates by 25bps in December to 3.50-3.75%.

Copyright © 2025 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com