

## Markets chop on AI headlines and next Fed Chair bets

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar flat, Gold down
- **REAR VIEW:** Trump to announce new Fed Chair in early 2026, refers to Hasset as a "potential"; Putin stands ready against Europe; Transneft reports indefinite halt in loadings from CPC's second-point mooring; Mixed EZ inflation; AMZN launches new AI chip; OpenAI CEO declares code red
- **COMING UP:** **Data:** 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), ADP National Employment (Nov), Import Prices (Sep), Industrial Production (Sep). **Events:** NBP Policy Announcement. **Speakers:** ECB's Lagarde, Lane; BoE's Mann. **Supply:** Australia, UK. **Earnings:** Salesforce, Snowflake, Dollar Tree, Macy's, Inditex.

## MARKET WRAP

Stocks closed the day in the green with outperformance in the Nasdaq, while Industrials, Tech and Communications outperformed. There were several developments on AI, with OpenAI declaring a "code red" for workers to shift focus to improve ChatGPT in the face of threats from other chatbots. Meanwhile, Amazon (AMZN) announced its new AI chip, which some labelled as rushed but others labelled as a threat to NVIDIA (NVDA). The Amazon AI chip announcement led to downside in US equities, but that later reversed. Aside from AI, focus was on the potential next Fed Chair. US President Trump announced he would name Powell's successor in early 2026, which led to a brief Dollar strength and a flattening of the Treasury curve as participants speculated whether Hasset is still the front-runner. However, Trump later announced he had narrowed his choice down to one, and then introduced Hasset as the "potential" next Fed Chair, which in turn saw the Dollar move to lows while the curve steepened again. Meanwhile, oil prices settled in the red with focus on the US Special Envoy Witkoff and Kushner meeting with Russian President Putin, although no progress has been reported on, but the US officials are set to travel to Europe afterwards to speak with Ukrainian President Zelensky. Elsewhere in FX, the Yen gave up some of its gains on Monday and underperformed while equities advanced and AUD outperformed, in part to the risk tone, but also as ANZ removed its call for the RBA to cut rates in H1 26. Gold and silver prices diverged, with Gold sold and trading either side of USD 4,200/oz, while silver caught another bid.

## FIXED INCOME

### T-NOTE FUTURES (H6) SETTLED 2 TICKS HIGHER AT 112-28+

**T-notes bull steepen in quiet trade, but Trump pushes back Fed Chair announcement to early 2026.** At settlement, 2-year -2.9bps at 3.512%, 3-year -2.3bps at 3.530%, 5-year -1.6bps at 3.657%, 7-year -1.1bps at 3.853%, 10-year -1.0bps at 4.087%, 20-year -0.8bps at 4.703%, 30-year -0.4bps at 4.739%.

**INFLATION BREAKEVENS:** 1-year BEI -1.0bps at 2.737%, 3-year BEI -1.4bps at 2.409%, 5-year BEI -1.3bps at 2.227%, 10-year BEI -0.4bps at 2.222%, 30-year BEI -0.1bps at 2.208%.

**THE DAY:** T-notes saw two-way trade on Tuesday, with pressure seen once the US session was underway. There were not a lot of fresh macro drivers for the weakness, but seven IG issuers hit the market today, and the move largely pared thereafter. From a yield perspective, the 10-year yield rose above 4.10% to peak at 4.116%, with yields not staying above 4.10% for long. With the Fed in blackout period, focus is on data this week with the September PCE report due Friday. Meanwhile, US President Trump said he would announce the new Fed Chair in early 2026. This led to some slight flattening of the yield curve, given that he was expected to announce it before Christmas, potentially suggesting that there could be another contender. However, he later reiterated his comment from the weekend that they have it narrowed down to one member and referred to Hasset as a potential Fed Chair. Kalshi prediction markets saw the probability of Hasset as Fed Chair fall from 82% to 66% on Trump's first comment, but it moved back up to 76% after his later comment. T-notes did see some upside in the wake of the Amazon (AMZN) AI chip announcement, which led to brief selling in US indices as AI stocks took a hit, even Amazon (AMZN). However, the move in equities did pare from extremes.

### SUPPLY:

#### Bills

- US sold 6-week bills at a high rate of 3.700%, B/C 3.15x
- US to sell USD 80bln 8-week bills (prev. 90bln) on December 4th
- US to sell USD 90bln 4-week bills (prev. 100bln) on December 4th
- US to sell USD 69bln 17-week bills (unch) on December 3rd; all to settle on December 9th

### STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing:** Dec 21.2bps (prev. 23bps), January 29.48bps (prev. 30bps), March 36.6bps (prev. 36bps).
- NY Fed RRP op demand at USD 5.62bln (prev. 3.24bln) across 11 counterparties (prev. 9)
- NY Fed Repo Op demand at USD (prev. 26bln) across two operations

- EFR at 3.89% (prev. 3.89%), volumes at USD 85bln (prev. 90bln) on December 1st.
- SOFR at 4.12% (prev. 4.12%), volumes at USD 3.454tln (prev. 3.361tln) on December 1st.

## CRUDE

**WTI (F6) SETTLED USD 0.68 LOWER AT 58.64/BBL; BRENT (G6) SETTLED USD 0.72 LOWER AT USD 62.45/BBL**

**Crude prices moved lower as participants await the readout from the US-Russia meeting in Moscow.** The complex over the session was subject to downside pressure despite a lack of market-moving headlines. Before the meeting, we heard from Russian President Putin, who pushed back on Europe, noting the unacceptable EU demands and that if they want to fight a war, "we are ready now". WTI and Brent hit lows of 58.28/bbl and 61.81/bbl, respectively, before a sharp rebound around the US cash open, to then approach lows again into settlement. Energy updates included Russia's Transneft reporting an indefinite halt in loadings from CPC's second-point mooring following Ukraine attacks in recent days. After the close, private inventory metrics are due, whereby current expectations are (bbls): Crude -0.8mln, Distillate +0.7mln, Gasoline +1.5mln.

## EQUITIES

**CLOSES:** SPX +0.25% at 6,829, NDX +0.84% at 25,556, DJI +0.39% at 47,474, RUT -0.17% at 2,465

**SECTORS:** Energy -1.28%, Materials -0.83%, Utilities -0.72%, Health -0.58%, Consumer Staples -0.40%, Real Estate -0.20%, Financials -0.05%, Consumer Discretionary -0.01%, Communication Services +0.37%, Technology +0.84%, Industrials +0.87%.

**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

- **Marvell Tech (MRVL):** In advanced talks to buy Celestial AI for over USD 5bln.
- **MongoDB (MDB):** Profit & revenue beat with strong guidance.
- **Credo Technology (CRDO):** Profit, revenue & guidance topped expectations.
- **Signet Jewelers (SIG):** Issued a disappointing outlook.
- **Iren (IREN):** To offer USD 2bln of convertible senior notes.
- **XPO (XPO):** Prelim Nov LTL metrics showed tonnage per day -5.4% Y/Y.
- **Janux Therapeutics (JANX):** Latest clinical data disappointed investors' expectations.
- **Teradyne (TER):** Upgraded at Stifel to 'Buy' from 'Hold'.
- **Solventum (SOLV):** Upgraded at BITG to 'Buy' from 'Neutral'.
- OpenAI is reportedly developing an LLM named "Garlic" to challenge the success of **Google's (GOOGL)** Gemini, via The Information.
- **Amazon (AMZN)** announced updates to AI models, saying new chips are more cost-effective than **NVIDIA's (NVDA)**; **AWS** launched its in-house-built Trainium3 AI chip that delivers over four times the computing performance of its predecessor while using 40% less energy. Announced it is already developing Trainium4, expected to deliver at least three times the performance of Trainium3 for standard AI workloads.
- US President Trump to hold White House meeting with auto executives on Wednesday to announce the rollback of vehicle fuel standards; Ford (F), General Motors (GM), and Stellantis (STLA) will be at the event.

## FX

**The Dollar Index** was again little changed as the buck struggled to sustain a move in either direction. With no data or Fed speak on the calendar, newsflow was generally absent, but remarks from the US President were in focus. Despite Trump announcing over the weekend that he knew who he'd pick for the Fed Chair Role, he now says he will announce it in early 2026 (was expected by year's end). The move saw a blip of USD strength, perhaps on speculation that the extension of the announcement may mean the base-case view, that NEC Director Haseket (who holds dovish views) is to be the new Fed Chair, is not the clearest of paths that markets originally thought. However, Trump later reiterated that he has it narrowed down to one and even referred to Haseket as "potential Fed Chair" later on, which took the Dollar to lows. Nonetheless, consensus is for a third consecutive 25bps Fed rate cut in December, but only a ~20% chance of another in January.

**AUD** was firmer on Tuesday after ANZ removed its call for an RBA cut in H1 26, expecting the central bank to be on an "extended pause" through 2026. The move marks the latest firm to view the RBA's policy cycle at a standstill. That said, Westpac continue to expect two cuts in 2026 (May and August). AUD/USD reached highs of 0.6570, with AUD/NZD modestly firmer at around 1.1440 at the time of writing.

In Europe, EZ inflation was mixed for November, having little impact on ECB rate expectations. Core was slightly cooler than expected, while the headline showed the opposite. Meanwhile, US officials met with Russian President Putin, aiming to bring an end to the war. While we still await readout from both sides, Putin spoke firmly on Europe, "if Europe wants to fight a war, we are ready now". EUR/USD experienced a choppy trading day, currently flat at ~1.1620.

**JPY** pared strength seen on Monday in response to hawkishly perceived remarks from BoJ's governor Ueda. Behind the reversal, fresh drivers were light as continued digestion of Ueda's remarks has left the JPY outlook more unclear than price action had implied on Monday. USD/JPY trades around the middle of the 155.44-156.17 intraday range.

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

---

Copyright © {{ copyright-year }} 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