newsquawk

US Market Wrap - 9th December 2025

Stocks mixed and bonds flatten after JOLTS jump ahead of FOMC

- **SNAPSHOT**: Equities mixed, Treasuries flatten, Crude down, Dollar up, Gold up.
- **REAR VIEW**: JOLTS top expectations; US to allow NVDA to export H200 chips to China, the same approach will apply to AMD, INTC and others; China reportedly to limit access of NVDA's H200 chips despite Trump approval; Trump threatens Mexico with 5% tariffs claiming a violation to the Water Treaty; Weekly ADP report returns to positive; RBA holds as expected, Governor Bullock leans hawkish; Solid US 10yr auction; JPM expects IB revenue to be up low-single digit percentages in Q4 & expects markets revenue to be up low-teens pct; Zelensky sees leader level talks with the US next week, Trump gives Zelensky "days" to respond to peace proposal.
- **COMING UP**: **Data:** Chinese CPI (Nov), PPI (Nov), Norwegian CPI (Nov), US Employment Costs (Q3). **Events:** BoC/FOMC/BCB Rate Announcement. **Speakers:** BoE's Bailey; ECB's Lagarde; BoC's Macklem; Fed's Powell. **Supply:** Australia, UK. **Earnings:** Oracle, Adobe, Synopsys.

MARKET WRAP

Stocks chopped on Tuesday as eyes turn to the FOMC on Wednesday but the Russell outperformed while Dow Jones lagged. Dow weakness ensued after JPM's Lake gave some Q4 guidance - IB revenue up low-single digits, and markets revenue up low teens. This hit JPM shares and also weighed on the Financial sector. Energy, Consumer Staples, and Consumer Discretionary sectors outperformed, while Health Care, Industrials and Real Estate underperformed - Financials also closed lower. T-Notes flattened in response to the September and October JOLTS report, which saw a notable increase from August - rising to 7.67mln in October from 7.23mln in August - well above the 7.15mln forecast. This saw traders pare rate cut bets in 2026, but December pricing was little changed - participants still price an 88% probability of a 25bps rate cut tomorrow. The data also gave a helping hand for the Buck, while the Yen lagged following the 7.6 magnitude in Japan overnight. AUD outperformed after the RBA, which held rates as expected, but Governor Bullock leant hawkish. She said the outlook is for an extended pause, or hike, and does not see rate cuts in the foreseeable future. Oil prices settled lower with focus remaining on Russia/Ukraine, where Zelensky said Ukraine and Europe are ready to present a peace plan to the US. Meanwhile, Trump told Zelensky he wants Ukraine to agree to ceasefire by Christmas, and Zelensky sees leader level talks with the US next week. Gold and silver prices were bid, particularly the latter which rose above USD 60/oz to fresh record highs, from an earlier lower of 57.62. Note, there was a lot of focus on US/Sino relations - where the US is to approve NVIDIA (NVDA) H200 chip exports to China, but under special security reviews, while China will reportedly limit the imports. Elsewhere, CNBC reported that China is buying US soybeans again, but falling short of the goal set by the Trump trade agreement.

US

JOLTS: The October and September JOLTS report was released, which saw the September print jump to 7.658mln from August's 7.227mln print, before rising further in October to 7.670mln. Meanwhile, the Vacancy rate rose to 4.6% in September from 4.3% in August, and was unchanged in October at 4.6%. The quits rate rose to 2.0% in September from 1.9% in August, but fell to 1.8% in October. The data shows an improvement in the state of the labour market from the end of summer, with JOLTS rising, which could support the case of the hawks, but Oxford Economics highlight the rise in the layoff rate could embolden calls from the doves - the layoff rate rose to 1.2% in October, from 1.1% in September and August, albeit it has been within a 1.0-1.2% range since December 2022. Oxford Economics also point out that "The difference between the number of hires and separations, a proxy for the next change in nonfarm employment at the end of October, was 99,000. This points to another healthy gain in nonfarm payrolls in October, at least in the private sector." October NFP will be released on December 16th, alongside the November report, but there will be no October unemployment rate.

FED PREVIEW: The Federal Reserve is widely expected to cut rates by 25bps to 3.50-3.75%, with Fed money markets currently pricing in an 88% chance of such an outcome, and this comes despite widening divisions among policymakers. The latest cut would follow October's reduction, although Chair Powell cautioned then that a December cut was far from assured and gave an analogy that "driving in the fog, you could slow down". Given the Government shutdown, key data has been delayed, and little has been seen since the prior meeting, but in the following week, we will see the October and November NFP, the November Unemployment rate, and the November CPI. Although markets are heavily pricing in a cut, it is a close call as shown by expected votes (more below), and given this, there is a widely held view that it will be a "hawkish cut". JPM generally agrees with this view and adds that one way this could be conveyed would be for the statement to mimic last year's forward guidance. Last November's statement referenced "In considering additional adjustments..." which was followed by a cut in December, and then the Dec. statement was adjusted to say "In considering the extent and timing of additional adjustments..." which was followed by a pause in rates until September 2025. By reverting to the extent and timing guidance, the Committee could hint at a pause in the coming January meeting. Ahead, Rabo Bank expects the Fed to continue its cutting cycle at least until its estimate of the neutral rate is reached. To see the full Newsquawk preview, please click here.

FIXED INCOME

T-NOTE FUTURES (H6) SETTLED 5 TICKS LOWER AT 112-03

T-Notes flatten on rising JOLTS ahead of FOMC as traders pare 2026 rate cut bets . At settlement, 2-year +2.5bps at 3.608%, 3-year +2.9bps at 3.644%, 5-year +2.4bps at 3.776%, 7-year +2.0bps at 3.965%, 10-year +1.0bps at 4.182%, 20-year -0.7bps at 4.778%, 30-year -1.0bps at 4.806%.

INFLATION BREAKEVENS: 1-year BEI -8.3bps at 2.640%, 3-year BEI -1.5bps at 2.425%, 5-year BEI -0.9bps at 2.242%, 10-year BEI -0.3bps at 2.248%, 30-year BEI -0.1bps at 2.229%.

THE DAY: T-Notes saw notable flattening ahead of the FOMC on Wednesday, largely due to the rise in JOLTS. The release saw both September and October data released on account of the resumption of data following the government shutdown. But JOLTS rose from 7.227mln in August, to 7.67mln in October (7.658mln in Sept.). This is a clear improvement from the end of summer, and is the highest print since May's 7.712mln. This saw T-Notes sell off, primarily led by the short-end, albeit market pricing was little changed for December, with a rate cut still priced with an 88% probability, but from now to 2026, the amount of easing priced fell by 5bps. Attention then turned to the 10-year auction, which overall was met with solid demand and put a floor in T-note prices into settlement. All eyes turn to the FOMC rate decision on Wednesday.

SUPPLY:

Notes

- US to sell USD 22bln of 30-year bonds on Dec 11th.
- The US Treasury sold USD 39bln of 10-year notes at a high yield of 4.175%, on the screws of the when issued - an improvement from the prior 0.6bps tail, but in line with the six auction average. The bid-to-cover rose to 2.55x from 2.43x, a touch above the 2.51x average. Meanwhile, direct demand saw a slight drop to 21% from 22.6%, slightly above the 20.5% average, while indirect demand rose to 70.2% from 67%, above the 69.5% average. This left dealers with 8.8% of the auction, vs the prior 10.5% and 10.0% average. Overall, a solid 10-year auction.

Bills

- US sold USD 78bln of 6-week bills at a high rate of 3.650%, B/C 2.89x
- US to sell USD 85bln of 4-week bills (prev. 90bln) on Dec 11th.
- US to sell USD 80bln of 8-week bills on dec 11th.
- US to sell USD 69bln of 17-week bills on Dec 10th.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Dec 22bps (prev. 21.5bps), January 28.8bps (prev. 29bps), March 33.6bps (prev. 35bps), April 39.8bps**
- NY Fed RRP op demand at USD 3.211bln (prev. 1.703bln) across 10 counterparties (prev. 6)
- NY Fed Repo Op demand at USD 0.107bln (prev. 0.000bln) across two operations.
- EFFR at 3.89% (prev. 3.89%), volumes at USD 84bln (prev. 88bln) on December 8th.
- SOFR at 3.95% (prev. 3.93%), volumes at USD 3.209tln (prev. 3.221tln) on December 8th

CRUDE

WTI (F6) SETTLED USD 0.63 LOWER AT 58.25/BBL; BRENT (G6) SETTLED USD 0.55 LOWER AT 61.94/BBL

The crude complex ended the day with losses, but benchmarks were pretty rangebound as focus remains on Ukraine/Russia ahead of the Fed on Wednesday. On the former, while there was little market moving, Zelensky said Ukraine and Europe are ready to present a peace plan to the US, and refined documents to be sent to US in "near future". The Ukrainian President later added he sees leader-level talks with the US next week, and Ukraine is ready for an energy ceasefire if Russia agrees; he even added if security is guaranteed, elections could be held in the next 60-90 days. Elsewhere, the EIA STEO saw world oil demand outlook slightly lowered for 2025, but raised for production, with both unchanged for 2026. Note, Iraq sets January Basrah medium crude OSP to Asia at -USD 1.05/bbl to Oman/Dubai average. WTI traded between USD 58.12-59.17/bbl and Brent USD 61.83-62.78/bbl. Ahead, private inventory data is due after-hours, whereby current expectations are (bbls): Crude -2.3mln, Distillate +1.9mln, Gasoline +2.8mln.

EQUITIES

CLOSES: SPX -0.10% at 6,840, NDX +0.16% at 25,669, DJI -0.37% at 47,561, RUT +0.24% at 2,527.

SECTORS: Energy +0.69%, Consumer Staples +0.38%, Technology +0.17%, Consumer Discretionary +0.16%, Communication Services +0.12%, Utilities +0.01%, Materials -0.06%, Financials -0.39%, Real Estate -0.61%, Industrials -0.73%, Health -0.98%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.16% at 5,716, Dax 40 +0.53% at 24,172, FTSE 100 -0.03% at 9,642, CAC 40 -0.69% at 8,053, FTSE MIB +0.33% at 43,575, IBEX 35 +0.13% at 16,735, PSI -1.33% at 8,091, SMI -0.31% at 12,941, AEX +0.21% at 947.

STOCK SPECIFICS

- **Alcon (ALC)** to purchase **STAAR (STAA)** for USD 30.75/shr.
- **Alphabet (GOOGL):** EU opens antitrust probe into Google.
- **Ares Management (ARES)** will join the SPX on 11th Dec, replacing Kellanova (K), which is being acquired by Mars.
- **Citi (C)** CFO Mason says Q4 markets revenue expected to be down low to mid single digits Y/Y; Q4 IB fees expected to rise by mid 20s; Severance costs expected to increase in Q4.

- **CVS Health (CVS)** updates fiscal guidance; midpoint of FY25 EPS guide tops consensus.
- **FMC Corporation (FMC)** downgraded at Barclays; expects agricultural markets to see mixed results in 2026.
- **Home Depot (HD)** reaffirmed FY25 outlook and preliminary FY26 with sales and profit below expected.
- **JPMorgan (JPM)** expects IB revenue to be up low single-digit percentages in Q4 and expects markets revenue to be up low-teens pct in Q4.
- **NVIDIA (NVDA):** Trump said the company can ship H200 AI chips in China if the US gets a 25% cut; however, the FT reports China is set to limit access to H200 chips.
- **PepsiCo (PEP)** reached an agreement with Elliott Investment Management to cut costs and reduce prices to revive its slowing food business.
- **SpaceX** reportedly pursuing 2026 IPO raising far above USD 30bln and sees valuation of c. USD 1.5tln in public offering, according to Bloomberg
- **Toll Brothers (TOL):** Profit light and issued FY guidance below expected.

FX

The Dollar was slightly stronger following a stronger-than-expected JOLTS reading in October. Job openings rose to 7.67mln (exp. 7.15mln) from the 7.658mln seen in September, which was part of the October report due to the government shutdown. The release sent US yields higher and as such the dollar followed, albeit a choppy trade ensued, but with the upside eventually holding. A hawkish reaction was also present in money markets, albeit modestly, as the base case still calls for a 25bps rate from the Fed on Wednesday but traders did pare rate cut bets throughout 2026. Click here for the full Newsquawk Fed preview .

AUD strengthened in response to hawkish remarks from the RBA Governor Bullock. The central bank kept the Cash Rate at 3.60% as widely expected in a unanimous decision. Thereafter, in the press conference, Bullock noted they did not consider a rate cut nor see rate cuts in the foreseeable future. Rather, she noted the outlook is for an extended pause or hikes, but she would not put a probability on it. The RBA statement noted that recent data suggest the inflation risk has tilted to the upside, but it will take a little longer to assess the persistence of inflationary pressures. AUD/USD hit highs of 0.6654 before paring to around 0.6640 at the time of writing.

JPY extended on Monday's weakness, driven by the 7.6 earthquake striking Japan. Overnight, we heard from BoJ's Governor Ueda, who reinforced the view that policymakers are closely watching exchange rates, noting how exchange rates will affect their inflation outlook is a "very important question for us." Modest JPY upside followed before succumbing to later USD strength; USD/JPY now sits around 156.90.

USD/CAD was little changed as participants await the BoC rate decision on Wednesday. The central bank is widely expected to keep rates unchanged at the terminal rate, 2.25%, while the policy outlook in money markets has u-turned to a hawkish view following the strong November jobs report on Friday, which marked three consecutive beats. Now, markets fully price in at least one 25bps hike by the end of 2026. Click here for the full Newsquawk BoC Preview .