newsquawk

US Market Wrap - 11th December 2025

Stocks mixed as Oracle concerns pressure NDX but SPX sees record close

- **SNAPSHOT**: Equities mixed, Treasuries up, Crude down, Dollar down, Gold up
- **REAR VIEW**: US initial claims see largest weekly jump since March 2020; US International Trade deficit unexpectedly narrows; Average US 30yr bond auction; SNB holds rates as expected; Australian job growth disappoints; Zelensky says Ukrainians should have say on territorial concessions via a referendum; OPEC MOMR maintains 2025 & 26 world oil demand growth outlook; CBRT cuts more than expected; ORCL hit post earnings
- **COMING UP**: **Data:** UK GDP Estimate (Oct). **Speakers:** Fed's Paulson, Hammack, Goolsbee, Schmid, Miran.

MARKET WRAP

Markets chopped on Thursday with the initial post-FOMC optimism fading overnight after Oracle (ORCL) earnings elicited concerns on its data centre build-out and debt after it raised its CapEx outlook. However, throughout the US session, there was a reversal of the overnight weakness with stocks grinding higher throughout the day to return to post-FOMC levels as Fed dovishness kept the markets going. Note, NDX still closed red as ORCL earnings weighed, but SPX hit a fresh closing record. T-notes also added to Wednesday's gains with the curve steepening. The upside and steepness expanded on Thursday after the release of the US Initial Jobless Claims data, which saw a notable rebound from the prior week's drop, rising to 236k, above the 220k forecast, adding to labour market concerns. The Dollar was weaker in the fallout of the FOMC and jobless claims report, while the move lower in UST yields kept the Yen and Franc bid. Franc outperformed post SNB, which saw little reaction to the widely expected on-hold announcement but gained after SNB Chairman Schlegel said that he cannot say that a lower CPI outlook makes NIRP more likely. Oil prices ultimately settled in the red on Russia/Ukraine hopes, but upside was seen around settlement - supported by the US seizing Venezuelan oil tankers. Silver and gold extended on recent gains, with silver rising above USD 63/oz and gold hitting an intraday peak of USD 4,285/oz.

US

CLAIMS: Initial Jobless Claims rose to 236k from 192k, above the 220k forecast. The large increase in claims likely largely reflects a reversal of the understated print seen in last week's data (Thanksgiving week). The reversal this week confirms that the drop in the prior week was largely due to seasonal/holiday effects, rather than a notable improvement in the labour market. Looking at the unadjusted data, it totalled 313k, rising 115k from the prior week - seasonal factors had expected an increase of 57k. Continued Claims, for the Thanksgiving week, saw a notable drop to 1.838mln from 1.937mln, well below the 1.947mln forecast - further confirming issues in reporting around the holiday period. The next continued claims data may see a snap back, similar to what we saw in the initial claims released this week. Nonetheless, Pantheon Macroeconomics highlight that the data does overall suggest that layoffs are starting to creep up, but warns us that seasonals struggle from Thanksgiving through to mid-January, and so the trend is far more important than a single week's data.

INTERNATIONAL TRADE: The US goods and services trade deficit unexpectedly narrowed in September to USD 52.8bln from the USD 59.3bln deficit seen in August (exp. 63.3bln). The September decrease in the goods and services deficit reflected a decrease in the goods deficit of USD 7.1bln to USD 79.0bln and a decrease in the services surplus of USD 0.6bln to USD 26.2bln. Exports rose USD 8.4bln to 289.3bln while imports increased USD 1.9bln to USD 342.1bln. On China, the deficit decreased by USD 4bln to USD 11.4 billion as imports fell USD 3.9bln to USD 20.1bln while exports rose by USD 0.2bln to USD 1.7bln. Given US trade data is absent after September due to the government shutdown, Oxford Economics notes news from Asia suggests that US demand for AI-related technology is still robust in the latter stages of this year. "So data on US goods imports are likely to continue to understate any dampening effects from tariffs." For 2026, the firm expects the uncertainty over US trade policy to shift from the level of US tariffs towards how the economies most affected by tariffs respond, and to the duration and sustainability of the AI boom.

FIXED INCOME

T-NOTE FUTURES (H6) SETTLE 7+ TICKS HIGHER AT 112-14+

T-notes continue to steepen post-Fed, supported by a jump in jobless claims. At settlement, 2-year -3.7bps at 3.528%, 3-year -4.0bps at 3.568%, 5-year -4.0bps at 3.715%, 7-year -3.2bps at 3.914%, 10-year -2.3bps at 4.141%, 20-year -1.0bps at 4.756%, 30-year -0.5bps at 4.791%.

INFLATION BREAKEVENS: 1-year BEI -5.1bps at 2.647%, 3-year BEI -2.3bps at 2.398%, 5-year BEI -0.4bps at 2.238%, 10-year BEI -0.7bps at 2.244%, 30-year BEI -0.6bps at 2.223%.

THE DAY: T-notes continued the march higher after Wednesday's FOMC, with the curve bull steepening. T-notes hit highs in the wake of the US jobless claims data, which saw Initial Jobless Claims jump from the prior week. Now, the base was low due to the prior data coinciding with the Thanksgiving week, so the reversal was expected, albeit claims rose to 236k, above the 220k forecast. This took T-notes to fresh session highs amid concerns surrounding the labour market. However, the upside did not last long with the move largely reversing, primarily led by the long-end, seemingly led by an improvement in risk appetite, but the front end remained supported on prospects of a more dovish Fed. The 30-year bond auction sparked little reaction at the time, with the auction largely in line with recent averages but improving from the prior. However, heading into settlement, T-note selling accelerated as stocks pushed to fresh highs, paring the overnight weakness following Oracle (ORCL) earnings. Attention on Friday turns to the resumption of Fed speak, where we are expected dissent explanation from Goolsbee, Schmid, and potentially Miran. Paulson and Hammack are also set to speak. Next week, there is plenty of data too (October and November NFP, retail sales, CPI).

SUPPLY:

Notes

- US Treasury to sell USD 13bln of 20-year bonds on 17th December and USD 24bln of 5-year TIPS on 18th Dec; to settle on 31st Dec
- US sold USD 22bln of 30-year bonds at a high yield of 4.773%, stopping through the when issued by 0.1bps - an improvement when compared to the prior 1.0bps tail and six auction average of a 0.3bps tail. The bid-to-cover rose to 2.36x from 2.29x, in line with recent averages. The breakdown saw an improvement in direct demand to 23.5% from 14.5%, in line with recent averages, while indirect demand fell to 65.4% from 71%, a touch above the 63.7% average. This left dealers with 11.16% of the auction, improving from the prior 14.5% and a bit better than the average 12.5%.

Bills

- US sold USD 85bln of 4-week bills at a high rate of 3.610%, B/C 2.67x.
- US sold USD 80bln of 8-week bills at a high rate of 3.610%, B/C 2.79x
- US to sell USD 86bln of 13-week bills and USD 77bln of 26-week bills on December 15th
- US to sell USD 75bln of 6-week bills on December 16th; all to settle on December 18th

STIRS/OPERATIONS

- Market Implied Fed Rate Cut Pricing: January 6bps (prev. 5.5bps), March 13bps (prev. 13bps), April 19bps (prev. 20bps), December 56bps (prev. 56bps)
- NY Fed RRP op demand at USD 2.87bln (prev. 5bln) across 7 counterparties (prev. 17)
- NY Fed Repo Op demand at USD 0.001bln (prev. 0.001bln) across two operations.
- EFFR at 3.89% (prev. 3.89%), volumes at USD 98bln (prev. 85bln) on December 10th
- SOFR at 3.90% (prev. 3.95%), volumes at USD 3.222tln (prev. 3.244tln) on December 10th
- Treasury Buyback (Cash Management, 1mth-2-year, max. USD 12.5bln): Accepts USD 12.5bln of 33.6bln of offers; accepts 16 of 48 eligible issues. Offer to cover: 2.69x

CRUDE

WTI (F6) SETTLES USD 0.86 LOWER AT 57.60/BBL; BRENT (G6) SETTLES USD 0.93 LOWER AT USD 61.28/BBL

Crude benchmarks were sold all day as markets shrugged aside souring US-Venezuela relations, placing optimism on the Ukraine-Russia conflict. Further pressure came in the US the morning after Ukrainian President Zelensky spoke about the revised 20-point peace plan. Zelensky said Ukrainians should have a say on territorial concessions via a referendum, but downplayed the prospect by noting that holding elections in Ukraine would require a ceasefire. From Russia, Foreign Minister Lavrov said the visit with US Envoy Witkoff resolved the misunderstanding, and that Moscow had handed over Russia's proposal on collective security guarantees. On US-Venezuela, the US Treasury issued fresh sanctions, targeting Venezuela President Maduro's nephews, oil tankers, and companies. So far, oil prices have been fairly muted towards the news as desks await the escalations to reach the market. However, Reuters sources suggested that the seizure of oil tankers led to the suspension of at least three shipments, equating to 6mln bbls of oil. Separately, the OPEC MOMR maintained its 2025 and 2026 world oil demand growth forecast, while the IEA OMR saw the 2026 average oil demand growth forecast rise by 90k to 860k BPD; IEA lowered the global oil supply growth forecasts by 100k BPD for 2025, and by 20k BPD for 2026. WTI and Brent hit lows of USD 57.01/bbl and USD 60.77/bbl, respectively.

- Click here for the OPEC MOMR summary.
- Click here for the IEA OMR summary.

Commentary (Citigroup)

- Oil prices will likely ease further to an average of USD 60/bbl through Q1 2026 as stockbuilds materialise in OECD inventories.
- Has a neutral, rangebound view for 2026, seeing an average of USD 62/bbl Brent for the year with prices mostly in a USD 55–65/bbl range.
- The bull case, with realised geopolitical supply disruptions, is for USD 75/bbl Brent.
- The bear case, with geopolitical dealmaking, less China buying and more OPEC+ supply ahead of US midterms, is for USD 50/bbl Brent.

EQUITIES

CLOSES: SPX +0.21% at 6,901, NDX -0.35% at 25,687, DJI +1.34% at 48,704, RUT +1.21% at 2,591

SECTORS: Materials +2.23%, Financials +1.84%, Industrials +1.06%, Health +0.95%, Utilities +0.74%, Consumer Staples +0.71%, Real Estate +0.49%, Consumer Discretionary +0.08%, Energy -0.42%, Technology -0.55%, Communication Services -1.01%

EUROPEAN CLOSES: Euro Stoxx 50 +0.88% at 5,758, Dax 40 +0.61% at 24,278, FTSE 100 +0.49% at 9,703, CAC 40 +0.79% at 8,086, FTSE MIB +0.54% at 43,702, IBEX 35 +0.72% at 16,883, PSI -0.31% at 7,994, SMI -0.02% at 12,920, AEX +0.35% at 947.

STOCK SPECIFICS:

- **Oracle (ORCL):** Revenue missed; higher FY26 capex outlook keeps buildout/debt concerns at play.
- **Adobe (ADBE):** Top and bottom line beat; operating margin guidance missed.
- **Synopsys (SNPS):** Profit and revenue beat; revenue outlook falls short.
- **Eli Lilly (LLY):** Announced positive topline results from the Phase 3 TRIUMPH-4 clinical trial of retatrutide.
- **Nordson (NDSN):** Profit beat.
- **Planet Labs (PL):** Earnings beat and raised FY26 revenue outlook.
- **Unity Software (U):** Upgraded at BTIG and Piper Sandler.
- **PayPal (PYPL):** Downgraded at BofA to 'Neutral' from 'Buy'.
- **Visa (V):** Upgraded to 'Buy' from 'Neutral' at BofA.
- **Roku (ROKU):** Upgraded at Jefferies to 'Buy' from 'Hold'.

FX

Dollar weakness continued in the aftermath of the Fed cutting rates more decisively than many had thought. Adding pressure was the latest weekly claims print, which confirmed the recent drop was due to seasonal effects over the Thanksgiving period. Initial claims printed 236k, above the expected 220k, while continued claims dropped to levels last seen in April, albeit the survey period lags initial claims by one week, meaning it is likely experiencing the same seasonality effect as initial did last week. The release allowed Treasuries to rally further, and as such, the lower US yield environment dragged the USD lower. DXY hit lows of 98.133 from earlier 98.763 highs.

CHF saw strength amid Chairman Schlegel's remarks in the press conference after the SNB held the Policy Rate at 0.00% as expected. The SNB remains willing to be active in the FX market as necessary and slightly revised its 2026 and 2027 inflation projections lower. Schlegel lent CHF a hand after noting that he cannot say whether a lower CPI outlook makes NIRP more likely. CHF upside extended amid the broad USD weakness, leaving USD/CHF at ~0.7950, while EUR/CHF posted lesser downside, trading at ~0.9330.

AUD/USD was flat after disappointing job growth offset the typical strength seen in times of dollar selling. Full-Time Employment in November erased October's gains, -56.5k (prev. 55.3k).

TRY: The CBRT cut its Weekly Repo Rate by 150bps to 38.00%, a larger move than expected (exp. 38.50%). USD/TRY was choppy at the time, and is flat at pixel time. It is unclear as to why CBRT opted to reduce its repo rate by 50bps more than expected, with the accompanying statement noting inflation expectations and pricing behaviour continue to pose risks to the disinflation process.