



Thursday, 13 November 2025

## KBC Sunrise Market Commentary

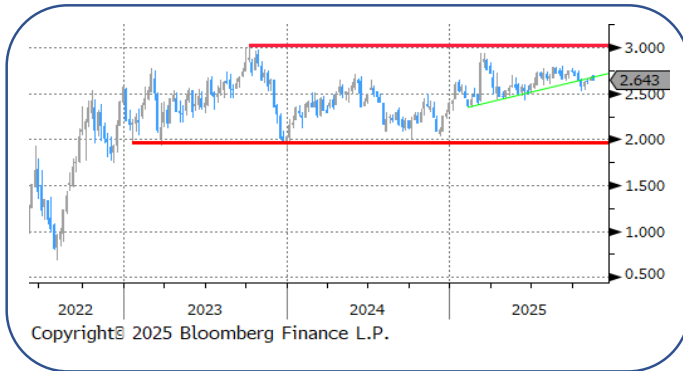
### Markets

- US Treasuries outperformed Bunds yesterday. Yields dropped between 2.2 (2-yr) and 4.7 (7- to 10-yr bucket) bps. The majority came right after the cash market open, catching-up with the Nov 11 release by ADP. The creator of the unofficial monthly payrolls report recently started providing weekly updates as well. **Tuesday's print showed companies shedding 11.3k jobs a week in the four weeks through October 25.** Longer maturities including the 10-year found a bottom after a \$42bn 10-yr Note auction tailed slightly with bidding metrics a tad weaker. The currently outsized market relevance of alternatively sourced data (such as ADP's) due to a lack of official government releases may fade in coming weeks. A bill to end the 43-day long shutdown passed the House in a 222-209 vote, despite two Republicans defecting and with the support of six Democrats. **President Trump signed that bill into law overnight, supporting risk sentiment.** The White House instructed staff to return to their offices starting today but it'll take **several weeks at least to overcome the backlog.** It means no jobless claims or October CPI that were otherwise scheduled for today. WH Press Secretary Leavitt said yesterday that it's unlikely that last month's inflation figures will be published at all. The same goes for the payrolls report, although some expect the Bureau of Labour Statistics to combine two months (October and November) into one statistic to catch-up. German rates yesterday eased between 0.3 and 2.6 bps in a bull flattening move, navigating through a flurry of ECB speeches. FX markets were a sea of calm and we expect more of the same today. EUR/USD overcame European weakness into the US open and ended the day marginally higher just shy of 1.16. DXY treaded water around 99.5 with a weaker JPY preventing losses for the trade-weighted index. USD/JPY rose to a new 9-month high (154.79). Sterling faced selling pressures over the last couple of sessions **amid Labour's internal disarray spilling on the streets, a weak labour market report and sub-par Q3 growth.** EUR/GBP appreciates to 0.884, the strongest level since April 2023. UK GDP expanded by 0.1% compared to the 0.2% expected and with the accompanying monthly series revealing underwhelming dynamics (-0.1% m/m in September after stagnating the month before). **The numbers are another blow to chancellor Reeves going into the critical Autumn Budget on November 26,** which is expected to end up in Labour breaking its 2024 election manifesto through introducing additional taxes. To help fill a fiscal hole of as much £35bn, the UK Treasury has presented the Office of Budget Responsibility with plans to cut household bills and lower inflation (through lowering regulated prices). That should pave the way for further BoE rate cuts and lower borrowing costs. The OBR delivers the economic forecasts to which the UK fiscal rules are being measured against.

### News & Views

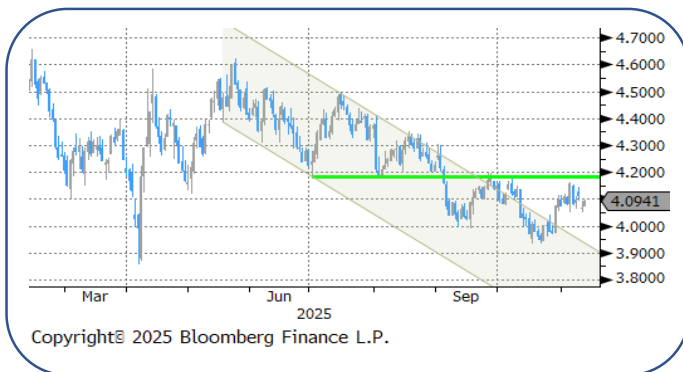
- Strong October Australian labour market data strengthen the view that the Reserve Bank of Australia is finished with its policy normalization cycle.** The number of employed people rose by 42k, beating 20k consensus. Details showed an even bigger increase in full-time employment (+55k) which was partly offset by less part-time jobs (-13k). The unemployment rate dropped back to summer levels (4.3%) after spiking to 4.5% in September. The participation rate remained steady at 67%. Hours worked rose by 0.5% M/M, outpacing the 0.3% M/M employment growth. The AUD government bond curve bear flattens this morning with yields rising up to 10 bps at the front end of the curve. The Aussie dollar profits marginally, currently changing hands around AUD/USD 0.6550.
- The UK October housing market survey from the Royal Institution of Chartered Surveyors (RICS) showed the national price balance slightly declining from -17% to -19% in October.** Details showed new buyer enquiries at the weakest level since April (-24%) as uncertainty surrounding the upcoming Autumn Budget (potential changes to property-related taxes including stamp duty, capital gains and inheritance tax) not only led to reduced buyer demand, but also sales and new property listings. **Above target inflation and rising unemployment are also negative for the overall market.** Agreed sales registered a net balance of -24%, down from -17%. A net balance of +7% surveyors anticipates a modest improvement in 2026. New vendor instructions (-20%) hit the lowest level since 2021.

## Graphs



### GE 10y yield

Confidence that inflation is returning to 2% **allowed the ECB to reduce to policy rate to 2%, reaching neutral territory**. The ECB considers it to be in a good place to respond to potential shocks. **German bunds meanwhile ever more gain safe haven status** as uncertainty with respect to US assets lingers against the backdrop of trade tensions between the US and China flaring up again. That is denting a public finance-driven rise in LT yields.



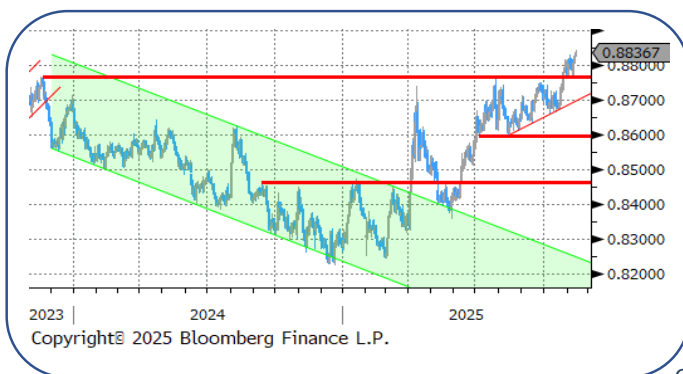
### US 10y yield

The Fed's **focus shifted with increased attention for (risks to) the labour market**. The Fed resumed rate cuts in September & October. December is a coin toss. QT will end in December but proceeds from maturing bonds are skewed to Tbills, in theory supporting a further curve steepening even as the budgetary impact of **President Trump's big, beautiful bill moved to the background (for now)**. 4% support in the 10-y yield survives for now.



### EUR/USD

Trump's explosive policy mix triggered uncertainty on future US economic growth and sustainability of public finances with **markets showing a loss of confidence in the dollar**. **The Fed restarting its easing cycle will reduce USD interest rate support** while Lecornu's survival took the sting out of the French political impasse in the short run. The end to the ECB's easing cycle and German/European spending plans help the euro-part of the equation MT.



### EUR/GBP

Sterling snapped through multiple support zones, pushing EUR/GBP to its highest levels since early 2023. **Slowing food inflation strips hawks at the BoE of key arguments not to lower rates**. Markets were positioned for the BoE to ease more gradually than the quarterly pace. Even so, the close 5-4 vote at the November BOE meeting suggests a next step in December. Lingering fiscal risks going into end-November's Autumn Budget continue to weigh on GBP in the background.

## Calendar & Table

Thursday, 13 November		Consensus	Previous
<b>US</b>			
20:00	Federal Budget Balance (Oct)	-\$238.6b	\$198.0b
<b>Japan</b>			
0:50	PPI MoM/YoY (Oct)	0.40%A/2.70%A	0.50%R/2.80%R
<b>UK</b>			
1:01	RICS House Price Balance (Oct)	-19.00%A	-17.00%R
10:30	Output Per Hour YoY (3Q)	--	-0.80%
8:00	GDP QoQ/YoY (3Q P)	0.20%/1.40%	0.30%/1.40%
8:00	Private Consumption QoQ (3Q P)	0.20%	0.10%
8:00	Government Spending QoQ (3Q P)	0.50%	1.30%
8:00	Gross Fixed Capital Formation QoQ (3Q P)	0.40%	0.50%
8:00	Exports QoQ (3Q P)	0.00%	-0.20%
8:00	Imports QoQ (3Q P)	0.50%	0.00%
8:00	Total Business Investment QoQ/YoY (3Q P)	0.40%/1.40%	-1.10%/3.00%
8:00	Industrial Production MoM/YoY (Sep)	-0.20%/-1.30%	0.40%/-0.70%
8:00	Manufacturing Production MoM/YoY (Sep)	-0.30%/-1.70%	0.70%/-0.80%
8:00	Index of Services MoM/3M-3M (Sep)	0.10%/0.30%	0.00%/0.40%
8:00	Trade Balance GBP/Mn (Sep)	-£3100m	-£3386m
<b>EMU</b>			
11:00	Industrial Production SA MoM/WDA YoY (Sep)	0.70%/2.00%	-1.20%/1.10%
<b>Poland</b>			
10:00	GDP SA QoQ/YoY (3Q P)	0.80%/3.70%	0.80%/3.30%R
<b>Events</b>			
10:00	ECB Publishes Economic Bulletin		
10:00	ECB's Villeroy Speaks in Paris		
13:00	BOE's Greene Speaks		
14:00	ECB's Elderson Moderates Panel in Frankfurt		
14:00	Fed's Daly Speaks on Balance Sheet Management		
16:30	Fed's Kashkari Delivers Opening Remarks		
18:15	Fed's Musalem Speaks at a Fireside Chat on Monetary Policy		
18:20	Fed's Hammack in Moderated Discussion		
19:00	U.S. To Sell USD25 Bln 30-Year Bonds		

10-year	<u>Close</u>	<u>-1d</u>		2-year	<u>Close</u>	<u>-1d</u>	Stocks	<u>Close</u>	<u>-1d</u>
US	4,07	-0,05		US	3,57	-0,02	DOW	48254,82	326,86
DE	2,64	-0,02		DE	2,00	0,00	NASDAQ	23406,46	-61,84
BE	3,16	-0,03		BE	2,07	-0,01	NIKKEI	51281,83	218,52
UK	4,40	0,01		UK	3,73	0,00	DAX	24381,46	293,40
JP	1,70	0,01		JP	0,94	0,00	DJ euro-50	5787,31	61,61
IRS	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	EUR	<u>-1d</u>	<u>-2d</u>	USD	<u>-1d</u>	<u>-2d</u>
3y	2,22	3,32	3,50	€STR	1,9300	0,0000			
5y	2,37	3,37	3,58	Euribor-1	1,8710	-0,0210	SOFR-1	3,9660	0,0085
10y	2,67	3,66	3,90	Euribor-3	2,0480	0,0160	SOFR-3	3,8668	0,0138
				Euribor-6	2,1390	0,0120	SOFR-6	3,7698	0,0225
Currencies	<u>Close</u>	<u>-1d</u>		Currencies	<u>Close</u>	<u>-1d</u>	Commodities	<u>Close</u>	<u>-1d</u>
EUR/USD	1,1593	0,0011		EUR/JPY	179,45	0,90	CRB	302,66	-4,39
USD/JPY	154,79	0,63		EUR/GBP	0,8827	0,0020	Gold	4213,60	97,30
GBP/USD	1,3133	-0,0017		EUR/CHF	0,9249	-0,0023	Brent	62,71	-2,45
AUD/USD	0,6541	0,0014		EUR/SEK	10,9515	-0,0095			
USD/CAD	1,4006	-0,0012		EUR/NOK	11,681	0,0270			

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