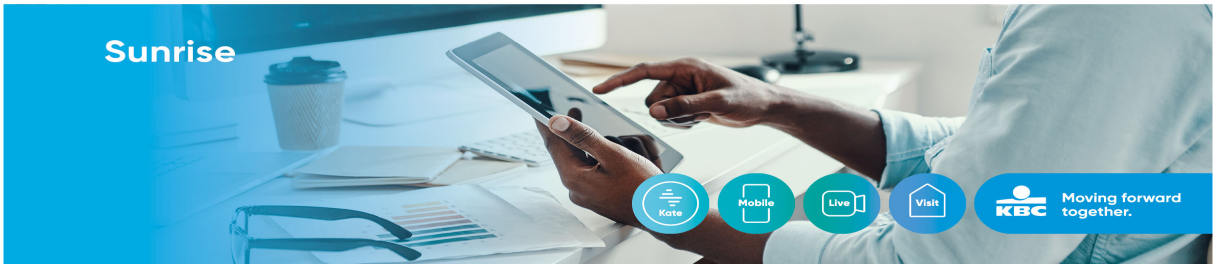

Thursday, 20 November 2025

KBC Sunrise Market Commentary

Markets

- **The Minutes of the end October Fed meeting** and **Nvidia results** were the main features for global trading yesterday. The latter were poised to **address market concerns on a developing tech bubble** causing hiccups of market volatility of late. Both sales for the previous quarter and the outlook were materially stronger than expected and CEO Jensen Huang indicated that at least **his company did see 'something very different' from an AI bubble.** US equity indices already slowed recent correction in the run-up to the (post-market) Nvidia results and **US futures are firmly in positive territory this morning.** (Nasdaq Future + 1.8%) setting the stage for a risk-rebound today. Of late, the (US) interest rate markets showed an indecisive trading pattern as investors grew ever more uncertainty whether the Fed would already execute a next follow-up insurance rate cut at the December 10 meeting. The minutes at least showed highly different views on policy going forward. '*Most participants judged that further downward adjustments to the target range for the federal funds rate would likely be appropriate as the Committee moved to a more neutral policy stance over time, although several of these participants indicated that they did not necessarily view another 25 basis point reduction as likely to be appropriate at the December meeting*', the report reads. US yields moved again towards the upper part of recent short-term rage adding about 2 bps across the curve. The odds on a December rate cut declined to < 30%. German yields in technical trading mostly gained up to 1.0 bps. Even as equity sentiment improved, **the dollar remained well bid, with USD/JPY taking the lead as uncertainty on sustainability of Japan fiscal policy hammered the yen.** USD/JPY jumped to close north of 157. DXY (100.25) is again testing the 100.25/36 resistance area. EUR/USD drifted further south in the 1.15 big figure (close 1.154). UK gilts underperformed (30-y +6.2 bps) despite a further easing of inflation in October (3.6%). Sterling slightly underperformed (close 0.8835.
- This morning, **Asian indices (ex-China) mostly join the Nvidia-driven rebound.** Headlines (Reuters) on the Japanese government preparing a JPY 21.3 trillion fiscal stimulus package (to be released tomorrow), **continue to both pressure Japanese bonds (10-y + 4.5 bps) and the yen (USD/JPY 157.7).** Still, the dollar remains well bid overall (EUR/USD 1.152). Later today, for once, **US eco data will again tale center stage** with the delayed release of the US September payrolls, which will be the only new labour market report available for the December Fed meeting. Consensus expected a 51k month job growth. It remains a bit strange for the FOMC to give a heavy weight at one outdated data release to decide on the (timing) of further easing. Even so, a softer figure (September ADP was -32k) might ease recent 'rise' in US yields and rebalance expectations on a December fed rate cut. In this process the dollar also nears important resistance levels (DXY 100.25/50 area, EUR/USD 1.1469 November low) which might also have a role to play in case of a soft report.

News & Views

- **The Chinese government mulls additional measures** to get the ailing housing sector back on its feet, Bloomberg reported citing people familiar with the matter. Options include mortgage subsidies for new homebuyers but on a nationwide level for the first time, raising income tax rebates for mortgage borrowers and lowering home transaction costs. The real estate downswing has been around for four years and shows little signs of improving. Completed investment in the sector has been declining sharply but after having appeared to find a bottom through 2024, **things took another turn for the worse from Q2.** Y/Y investment measures (-14.7%) are nearing the 2020 crash (and all-time) low of -16.3%. **With many consumers heavily indebted, the malaise weighs on sentiment and consumption.** It also raises the question whether measures aimed at stimulating even more borrowing are actually worth doing.

- **The French 2026 budget will probably be rejected when parliament votes on it this Sunday.** PM Lecornu unlike his predecessor said he won't circumvent parliament in pushing through the budget and insisted on having lawmaker's backing. But that resulted in thousands of amendments of the original draft which turned it into a document policymakers now say no one can recognize themselves in. Voting it down means the government is running ever shorter on time to have it agreed on time. **While France can resort to measures that roll over 2025 spending levels into 2026, it would kill off ambitions to narrow down the gaping deficit.**.

Graphs

GE 10y yield

Confidence that inflation is returning to 2% **allowed the ECB to reduce its 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. The theme interferes from time to time with a structural public finance-driven rise in LT yields.

US 10y yield

The Fed's **focus shifted with increased attention for (risks to) the labour market** with 25 bps 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.** 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. The close 5-4 unchanged vote at the November BoE meeting suggests a next step in December is likely given data weakness. Lingering fiscal risks going into end-November's Autumn Budget continue to weigh on GBP in the background with EUR/GBP heading towards the 0.90 handle.

Calendar & Table

Thursday, 20 November		Consensus	Previous
US			
14:30	Initial Jobless Claims	227k	--
14:30	Continuing Claims	1950k	--
14:30	Philadelphia Fed Business Outlook (Nov)	-1.0	-12.8
16:00	Existing Home Sales Total/MoM (Oct)	4.08m/0.50%	4.06m/1.50%
17:00	Kansas City Fed Manf. Activity (Nov)	3	6
UK			
12:00	CBI Trends Total Orders (Nov)	-33	-38
12:00	CBI Trends Selling Prices (Nov)	--	16
EMU			
11:00	Construction Output MoM/YoY (Sep)	--/--	-0.10%/0.10%
16:00	Consumer Confidence (Nov P)	-14	-14.2
Germany			
8:00	PPI MoM/YoY (Oct)	0.00%/-1.70%	-0.10%/-1.70%
Belgium			
11:00	Consumer Confidence Index (Nov)	--	0
China			
2:00	1-Year Loan Prime Rate	3.00%A	3.00%
2:00	5-Year Loan Prime Rate	3.50%A	3.50%
Events			
14:45	Fed's Hammack Delivers Opening Remarks		
19:30	BOE's Dhingra Speaks		
19:40	Fed's Goolsbee Speaks in Moderated Discussion in Indianapolis		

10-year	Close	-1d		2-year	Close	-1d	Stocks	Close	-1d
US	4,14	0,02		US	3,59	0,02	DOW	46138,77	47,03
DE	2,71	0,00		DE	2,02	0,00	NASDAQ	22564,23	131,38
BE	3,24	0,01		BE	2,10	-0,01	NIKKEI	49823,94	1286,24
UK	4,60	0,05		UK	3,81	0,01	DAX	23162,92	-17,61
JP	1,83	0,06		JP	0,96	0,03	DJ euro-50	5542,05	7,34

IRS	EUR	USD	GBP	EUR	-1d	-2d	USD	-1d	-2d
3y	2,27	3,33	3,60	€STR	1,9290	-0,0010			
5y	2,43	3,40	3,72	Euribor-1	1,9180	0,0190	SOFR-1	3,9578	0,0101
10y	2,77	3,70	4,08	Euribor-3	2,0660	0,0150	SOFR-3	3,8945	0,0168
				Euribor-6	2,1490	-0,0060	SOFR-6	3,7984	0,0189

Currencies	Close	-1d		Currencies	Close	-1d	Commodities	Close	-1d
EUR/USD	1,1538	-0,0043		EUR/JPY	181,32	1,23	CRB	299,24	-4,12
USD/JPY	157,16	1,65		EUR/GBP	0,8835	0,0025	Gold	4082,80	16,30
GBP/USD	1,3059	-0,0086		EUR/CHF	0,9293	0,0033	Brent	63,51	-1,38
AUD/USD	0,6478	-0,0029		EUR/SEK	11,0131	0,0453			
USD/CAD	1,405	0,0061		EUR/NOK	11,741	0,0302			

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