



Monday, 24 November 2025

KBC Sunrise Market Commentary

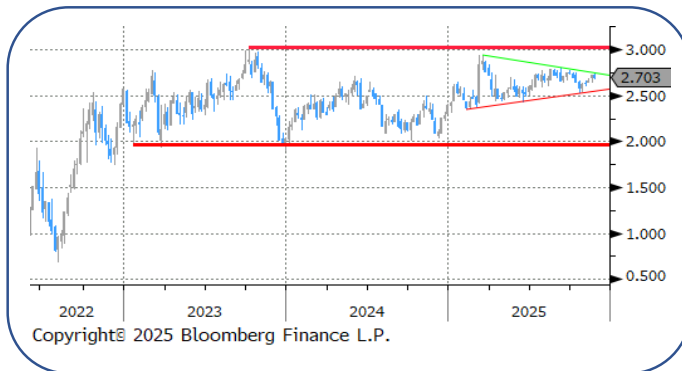
Markets

- Dip buyers emerged on stock markets as key indices tested crucial support levels** (combination of October lows & 100d moving average; both for the likes of EuroStoxx50 and S&P 500/Nasdaq). We must add that **breathing space above those crucial levels remains extremely thin for the moment**. One spark could suffice in flipping the balance again. Apart from technical consideration, **Ukrainian peace talks** (probably unacceptable at current terms, but starting point for negotiations), **November US PMI's** (composite 55 from 54.8 vs 54.6 expected) and **NY Fed Williams comments** offered some comfort. Flash PMI's signaled **faster economic growth, but price pressures also intensified**. Input costs rose at one of the fastest rates seen over the past three years, driving a re-acceleration of selling price inflation. Higher costs and prices were again commonly attributed to tariffs. The pace of job creation meanwhile remained only modest, principally due to cost concerns. The upturn was driven by the largest increase in new orders received by businesses since last December (and the second greatest gain since April 2022), indicating a second successive monthly improvement in demand growth. **October and November survey data are consistent with the economy expanding at a 2.5% annualized rate in Q4**, pointing to robust and resilient economic growth as we head into the year end. **NY Fed Williams sees room for a rate cut in the near term, boosting December rate cut bets** (our preferred scenario) **again to 65%**. The US yield curve showed a modest bull steepening with yields 2.5 bps to 1 bp lower on the day. **The (trade-weighted) dollar's attempt to take out first resistance failed, but the greenback keeps pushing against the 100.25-area this morning**. EUR/USD currently changes hands at 1.1520 but is at risk of reverting back to the 1.1392 August bottom.
- Risk sentiment on Asian stock markets is **generally constructive this morning** with Japanese markets closed for Labor Thanksgiving Day. Today's eco calendar is thin with only German Ifo Business sentiment. **Key themes in this holiday-shortened US week (Thanksgiving on Thursday) are the US-brokered peace talks in Ukraine (Thursday as a first deadline; gas prices drop to lowest level since May 2024 this morning), general risk sentiment, tomorrow's eco data (retail sales & consumer confidence) and UK Chancellor Reeves' budget on Wednesday**. We also eye the faith of Belgian OLO's vs French OAT's this morning. Belgian PM De Wever announced a multi-year federal budget this morning, details of which are still unravelling. French lawmakers on the other hand have rejected a first draft of the 2026 budget.

News & Views

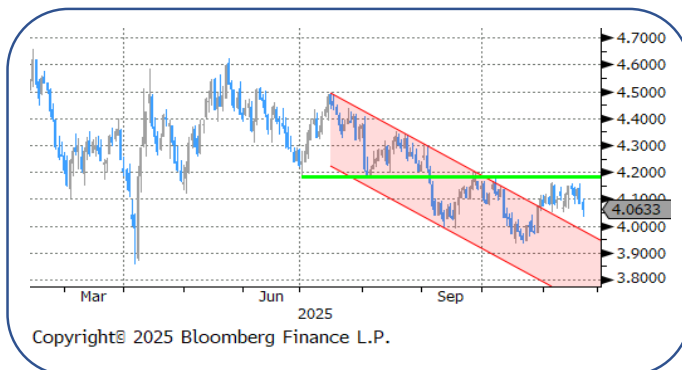
- Rating Agency Moody's on Friday upgraded Italy's credit rating from Baa3 to Baa2 (stable outlook)**. The upgrade reflects **a consistent track-record of political and policy stability** which enhances the effectiveness of economic and fiscal reforms and investment implemented under the National Recovery and Resilience plan. The rating upgrade also points to the prospect of further policy actions **supporting growth and fiscal consolidation** beyond the plan's deadline in August next year. With respect to the fiscal outlook, Moody's indicates that tax collation has been improving, as tax revenue outpaced nominal GDP growth since 2021. In an environment of political and policy stability, the rating agency expect the government to be able to **continue fiscal consolidation through revenue and expenditure measures**. Rising primary surpluses are expected to support a gradual decline in the government debt ratio from 2027. Debt is expected to decline to just above 130% of GDP by 2034 from an estimated 136.5% for 2025. Even so, the agency still sees debt to remain high and debt affordability will gradually weaken as higher interest rates translate in higher refinancing costs.
- According to the people familiar with the matter, **the Reserve Bank of India (RBI) this morning intervened in the currency market**. The action of the RBI came after a sharp decline of the Indian currency on Friday, pushing it to a new record low against the dollar near USD/INR 89.5. According to sources, the RBI sold dollars overseas and on the local market. The country's trade deficit recently rose as exports to the US dropped sharply after the US imposed tariffs of 50% on the countries imports to the US. A further weakening of the rupee contains the risk of further capital outflows and over time raises inflationary risks via higher import prices.

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. Lingerin 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

Monday, 24 November		Consensus	Previous
US			
16:30	Dallas Fed Manf. Activity (Nov)	-	-5
Germany			
10:00	IFO Business Climate (Nov)	88.5	88.4
10:00	IFO Current Assessment (Nov)	85.5	85.3
10:00	IFO Expectations (Nov)	91.6	91.6
Belgium			
15:00	Business Confidence (Nov)	--	-9.1
Events			
24-28NOV	US government data releases are impacted by the shutdown		
24NOV	Japanese markets closed in observance of Labor Thanksgiving Day		
15:50	ECB's Lagarde Speaks at AI Event in Bratislava		
18:45	ECB's Nagel Speaks		
19:00	U.S. To Sell USD69 Bln 2-Year Notes		

10-year	Close	-1d		2-year	Close	-1d	Stocks	Close	-1d
US	4,06	-0,02		US	3,51	-0,03	DOW	46245,41	493,15
DE	2,70	-0,01		DE	2,01	-0,01	NASDAQ	22273,08	195,03
BE	3,25	-0,01		BE	2,10	0,00	NIKKEI	48625,88	0,00
UK	4,55	-0,04		UK	3,78	-0,02	DAX	23091,87	-186,98
JP	1,78	0,00		JP	0,95	0,00	DJ euro-50	5515,09	-54,83
IRS	EUR	USD	GBP	EUR	-1d	-2d	USD	-1d	-2d
3y	2,24	3,25	3,56	€STR	1,9260	-0,0030			
5y	2,41	3,32	3,67	Euribor-1	1,9260	0,0040	SOFR-1	3,9358	-0,0212
10y	2,75	3,63	4,02	Euribor-3	2,0470	-0,0070	SOFR-3	3,8409	-0,0423
				Euribor-6	2,1230	-0,0110	SOFR-6	3,7420	-0,0276
Currencies	Close	-1d		Currencies	Close	-1d	Commodities	Close	-1d
EUR/USD	1,1513	-0,0015		EUR/JPY	180,12	-1,44	CRB	295,58	-2,04
USD/JPY	156,41	-1,06		EUR/GBP	0,8790	-0,0029	Gold	4116,00	20,30
GBP/USD	1,3099	0,0026		EUR/CHF	0,9308	0,0019	Brent	62,56	-0,82
AUD/USD	0,6455	0,0015		EUR/SEK	10,9994	-0,0150			
USD/CAD	1,4101	0,0005		EUR/NOK	11,8038	0,0310			

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