



Friday, 28 November 2025

KBC Sunrise Market Commentary

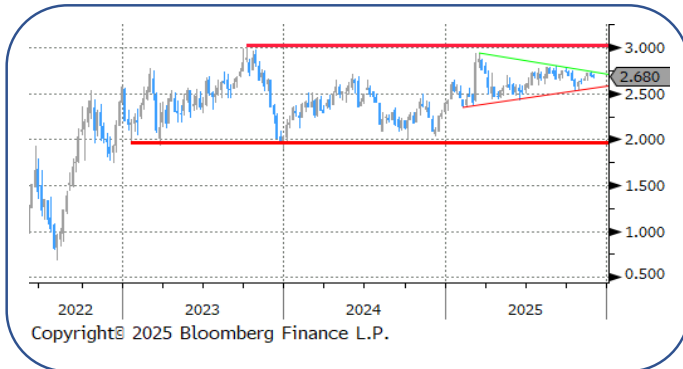
Markets

- US markets were closed for Thanksgiving yesterday and second tier EMU eco data failed to impress. The result was a dull, low volume, trading session.** Minutes of the previous ECB meeting confirmed the central bank's current comfortable position with the bar being very high to change that. EC November economic confidence data printed near consensus. **Russian president Putin signaled willingness to negotiate a peace deal** by saying that US President Trump's proposals for end the war could be the basis for future agreements. No final version exists yet with US official heading to Moscow next week for further discussions. He was happy to learn that the US took into account Russia's position as discussed when the two presidents met in Alaska. European stock markets closed almost unchanged after a day of treading water near opening levels. German bond yields added 1 bp across the curve while EUR/USD remained stuck at 1.16. EUR/GBP also went nowhere at 0.8758. **The "relief" rally following UK Chancellor Reeves' Autumn budget proved short-lived.** We stressed before that it might be a battle won by the UK government, but the fight ain't over.
- US markets close early today with traded volumes traditionally lower the (Black) Friday after Thanksgiving.** Eco data are confined to Europe with national inflation readings in Spain, France, Italy and Germany. Yesterday's numbers released in Belgium showed a significant acceleration, but that doesn't necessarily mean that we'll get the same today as national policies obviously can play an important role. **Taken into account the firm ECB stance, EMU eco data generally lost market-moving potential.** It leaves **general risk sentiment** as today's main global market driver. Stock markets crawled back this week, avoiding a sell-on-upticks pattern. We'll see how much dash is left going into the weekend.

News & Views

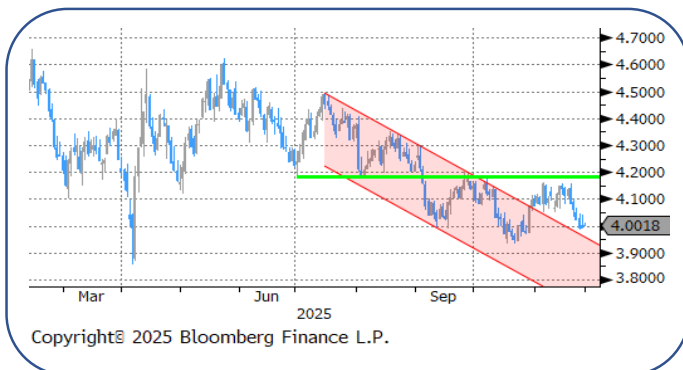
- Japanese data** published this morning at least confirm that **conditions are falling into place for the Bank of Japan to make a next step** in the process of **policy normalization in the near future**. November **Tokyo CPI inflation**, seen as pointer for national data to be published next month, remained well above the BoJ's 2% inflation target. **Headline inflation eased marginally from 2.8% to 2.7%. Core measures** (ex fresh food & ex fresh food and energy) **were both unchanged at 2.8%.** Food price inflation slowed to 0.3% M/M and 5.5% Y/Y (from 5.8%). Utility prices again rose a solid 4.1% M/M (2.4% Y/Y). Services prices inflation eased slightly to 1.5% Y/Y from 1.6%. Price rises for goods were still a strong 4% Y/Y. In this respect, **the weak of level of the yen might become an ever bigger factor in the BoJ's assessment.** Aside from the price data, **activity indicators** also showed **resilience with both October production growth** (1.4% M/M and 1.5% Y/Y) **and retail sales** (1.6% M/M) **substantially beating expectations.** The unemployment rate remained unchanged at 2.6%. The next BoJ policy decision is scheduled for December 19. The market currently discounts a probability of a rate hike of about 60%. The yen whipsawed but holds basically unchanged near USD/JPY 156.35.
- Consumer confidence in New-Zealand** as measured by the ANZ-Roy Morgan survey **improved substantially in November**, rising from 92.4 to 98.4 and reaching the best level since June. Consumers, amongst others, **turned more positive on the economy, both for the next year and further out.** Also ANZ **business confidence jumped sharply** in November from 58.1 to 67.1. This is the **best level since March 2014.** The release of these solid confidence data come after the RBNZ earlier this week cut the policy rate by 25 bps to 2.25%, but indicated **that the bar for further easing is high** as the current level of the policy rate is low enough to support activity going forward. Even so, after a sharp rebound after the RBNZ decision, the kiwi dollar this morning eases marginally to NZD/USD 0.5715. It traded below 0.56 at the start of the week.

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. A new sell-off was avoided after Chancellor Reeves' November's Autumn Budget, but we stick to our view that EUR/GBP will return towards the 0.90 handle.

Calendar & Table

Friday, 28 November		Consensus	Previous
Canada			
14:30	Quarterly GDP Annualized (3Q)	0.50%	-1.60%
14:30	GDP MoM/YoY (Sep)	0.20%/0.60%	-0.30%/0.70%
Japan			
0:30	Tokyo CPI YoY (Nov)	2.70%A	2.70%R
0:30	Tokyo CPI Ex-Fresh Food YoY (Nov)	2.80%A	2.80%
0:30	Tokyo CPI Ex-Fresh Food. Energy YoY (Nov)	2.80%A	2.80%
0:30	Jobless Rate (Oct)	2.60%A	2.60%
0:30	Job-To-Applicant Ratio (Oct)	1.18A	1.2
0:50	Retail Sales MoM/YoY (Oct)	1.60%A/1.70%A	0.30%/0.50%
0:50	Industrial Production MoM/YoY (Oct P)	1.50%A/1.40%A	2.60%/3.80%
6:00	Housing Starts YoY (Oct)	3.20%A	-7.30%
UK			
1:01	Lloyds Business Barometer (Nov)	42A	50
1:01	Lloyds Own Price Expectations (Nov)	60A	63
EMU			
10:00	ECB 1 Year CPI Expectations (Oct)	2.60%	2.70%
10:00	ECB 3 Year CPI Expectations (Oct)	2.50%	2.50%
Germany			
14:00	CPI MoM/YoY (Nov P)	-0.20%/2.40%	0.30%/2.30%
14:00	CPI EU Harmonized MoM/YoY (Nov P)	-0.50%/2.40%	0.30%/2.30%
9:55	Unemployment Change (000's) (Nov)	-5.0k	-1.0k
9:55	Unemployment Claims Rate SA (Nov)	6.30%	6.30%
France			
8:45	Consumer Confidence (Nov)	--	90
8:45	Consumer Spending MoM/YoY (Oct)	0.30%/0.20%	0.30%/-0.30%
8:45	CPI EU Harmonized MoM/YoY (Nov P)	0.00%/1.00%	0.10%/0.80%
8:45	CPI MoM/YoY (Nov P)	0.00%/1.00%	0.10%/0.90%
8:45	PPI MoM/YoY (Oct)	--/--	-0.20%/0.10%
Italy			
11:00	CPI EU Harmonized MoM/YoY (Nov P)	-0.10%/1.30%	-0.20%/1.30%
11:00	CPI NIC incl. tobacco MoM/YoY (Nov P)	-0.10%/1.20%	-0.30%/1.20%
Czech Republic			
9:00	GDP QoQ/YoY (3Q P)	0.70%/2.70%	0.70%/2.70%
Poland			
10:00	CPI MoM/YoY (Nov P)	0.30%/2.60%	0.10%/2.80%
Spain			
9:00	CPI MoM/YoY (Nov P)	0.10%/3.00%	0.70%/3.10%
9:00	CPI Core YoY (Nov P)	2.60%	2.50%
9:00	CPI EU Harmonised MoM/YoY (Nov P)	-0.20%/3.00%	0.50%/3.20%
Sweden			
8:00	GDP QoQ/WDA YoY (3Q)	1.10%/1.70%	0.50%/1.40%
8:00	Retail Sales MoM/WDA YoY (Oct)	--/--	0.10%/4.30%
Events			
04:35	Japan to Sell 2-Year Bonds		
11:00	ECB' Nagel Speaks on Banking in Munich		

10-year	Close	-1d		2-year	Close	-1d	Stocks	Close	-1d
US	3,99	0,00		US	3,48	0,00	DOW	47427,12	0,00
DE	2,68	0,01		DE	2,03	0,01	NASDAQ	23214,69	0,00
BE	3,19	0,02		BE	2,10	0,01	NIKKEI	50253,91	86,81
UK	4,45	0,03		UK	3,75	0,02	DAX	23767,96	41,74
JP	1,81	0,01		JP	0,98	0,00	DJ euro-50	5653,17	-2,41
IRS	EUR	USD	GBP	EUR	-1d	-2d	USD	-1d	-2d
3y	2,24	3,22	3,53	€STR	1,9270	-0,0010			
5y	2,40	3,28	3,63	Euribor-1	1,9510	-0,0090	SOFR-1	3,8738	-0,0026
10y	2,73	3,58	3,96	Euribor-3	2,0610	-0,0080	SOFR-3	3,7828	-0,0036
				Euribor-6	2,1150	-0,0020	SOFR-6	3,6980	0,0005
Currencies	Close	-1d		Currencies	Close	-1d	Commodities	Close	-1d
EUR/USD	1,1596	0,0001		EUR/JPY	181,25	-0,18	CRB	297,85	0,00
USD/JPY	156,31	-0,16		EUR/GBP	0,8758	0,0001	Gold	4202,30	0,00
GBP/USD	1,324	-0,0001		EUR/CHF	0,9334	0,0007	Brent	63,34	0,21
AUD/USD	0,6534	0,0016		EUR/SEK	10,9923	-0,0218			
USD/CAD	1,4031	-0,0013		EUR/NOK	11,7828	-0,0424			

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