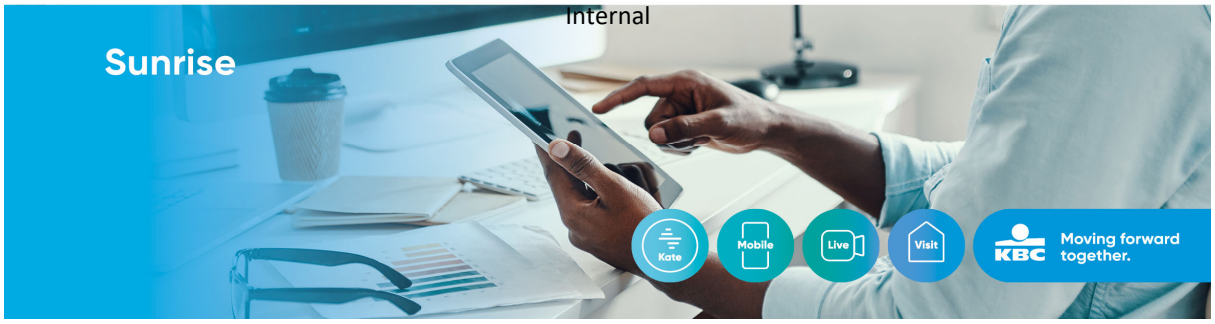
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Friday, 20 November 2026

KBC Sunrise Market Commentary

Markets

- **Yesterday's price action confirmed yet again the sell-on-uptickspattern on (US) stock markets.** Nasdaq's 2% opening gain on the back of the blockbuster Anthropic IPO served as **a trigger to offload more positions** with the tech-heavy index eventually ending 2.25% down in the close. A similar intraday reversal was visible in both Dow Jones (-2.19%) and S&P 500 (-2.02%) suggesting that this isn't a story of rotation. From a technical point of view, **all the indices closed firmly below necklines of huge double top formations** which have been under heavy test since the start of the month and especially this week. They **imply a continuation and possible technical acceleration of the sell-off.** For Nasdaq, the final target of the double top is **around 10% below yesterday's closing level** and only slightly above the YTD low at 20690. The Vix index (expected volatility in S&P over the next 30 days) spiked to its highest level since April in a sign that spells trouble ahead. **Broad-based risk aversion started affecting other market pockets as well once US stock markets started their intraday U-turn.** Core bonds attracted safe haven flows with the US Treasury curve bull steepening. US yields closed up to 4.2 bps lower at the front end of the curve. This morning in Asian trading, they are already down another 4 bps across the curve. On FX markets, **this morning's JPY strength is another omen** with USD/JPY grinding from levels just below 160 yesterday to just north of 159 currently. It pulls the trade-weighted dollar down from the 104 level which aligns with the upper bound of the 2026 upward trend channel. EUR/USD tries to make a move towards the 1.10-handle but outright euro strength is a tough sell these days even in a US-inspired risk-off climate. Emerging market FX was already under strain this month following the hawkish repositioning on US money markets, but **smaller European currencies are taking a (risk) hit now as well.** EUR/PLN tests the YtD high at 4.44 (highest level since October 2023). The Polish zloty underperformed overall this year with risk premia rising over the domestic constitutional battle and already eyeing next year's general elections. EUR/HUF surges through the 370-resistance level (currently 373.50) with this week's unexpected dovish pivot by the central bank the early catalyst. CZK for now stands its ground but EUR/CZK is nevertheless gently rising towards the recent highs around 24.50. **The failed test of EUR/GBP support at 0.8322 triggered rebound action higher.** In line with consensus CPI, the risk narrative and EU Barnier warning the UK against cherry picking when seeking reintegration with EU (Summit in Brussels today) are all at play. Today's eco calendar includes a speech by ECB President Lagarde and sovereign rating reviews (Belgium, Hungary) after market close but is **inferior to the global risk off market context and related dynamics.**

News & Views

- **Japanese inflation quickened in October but not as much as feared.** Headline CPI rose from 2.1% to 2.3% vs 2.5% expected. A key core gauge for the Bank of Japan picked up too with inflation ex. fresh food rising from 2.1% to 2.2%, missing a 2.3% estimate. CPI ex fresh food and energy eased to 2.2%. Energy prices jumped by 3.2% m/m and food prices by 0.7% m/m. Both mark a sharp uptick from September's -1.2% and -0.2% decline respectively. Services inflation decelerated to 1.4% y/y from 1.5%, mainly because of a slowdown in imputed rent (which makes up more than 16% of the CPI basket). The numbers are **unlikely to change the Bank of Japan's mind at the December policy meeting.** Communication has been **favouring a rate hike** in recent weeks. But against the nasty risk-off backdrop this morning, the market implied probability drops to 80% from 85% yesterday. Japanese yields for similar sentiment-driven reasons drop 3-5.4 bps with the belly of the curve outperforming. JPY outpaces the rest.

- **The US Senate passed in a 62-33 vote a landmark bill designed to speed up energy, mining and other infrastructure projects.** The bill, which is supported by President Trump, is now **headed for the House.** The Bipartisan American Affordability and Jobs Act is **a cross-party initiative** to streamline federal permitting by shortening the deadlines for environmental reviews, reducing the window to sue developers and restrict the circumstances for withdrawing approvals later. The bill is expected to lower electricity and other costs for consumers as **multiyear wait times and red tape gets reduced.** According to its opponents, the bill would not ease the path just for green-energy projects, but potentially for data centers and fossil-fuel powered electricity generation.

Graphs



GE 10y yield

The ECB hiked rates in June and again in September by 25 bps with another move highly likely in December. It is responding to rising risks of indirect and second round effects caused by higher oil prices. The real rate normalisation lifted the German 10-yr yield to its highest level since 2009. **Higher sovereign EMU credit risk premia volatile risk sentiment and correcting energy prices triggered a correction on a strong underlying trend.**



US 10y yield

Fed Chair Warsh restored the central bank's credibility. A September hike to 3.75%-4% was flanked by hawkish rhetoric and forecasts that suggest more (and bigger?!) is to come in December. Questions around AI-valuations/financing triggered an equity correction with **haven flows pulling US yields off their multi-annual highs.** The Democratic blue sweep lowers risks of lavish deficit-spending and more military action in Iran with risk premia declining.



EUR/USD

The Fed's hawkish September rate hike provided the dollar with momentum starting mid-September. The euro afterwards suffered from rising EMU credit risk premia with EUR/USD breaking below the 1.13 support area. **Faster than expected US October CPI** forced a break of the next reference at 1.1111 (50% retracement on 2025-26 increase) as Fed tightening bets pick up.



EUR/GBP

EUR/GBP broke a GBP bullish triangle to the downside; with EUR/GBP falling below the key 0.86 support area. Apart from euro weakness, sterling remained better bid going into the BoE's first rate hike. UK **PM Burnham's first Autumn Budget received market approval**, aiding sterling further higher, while plans to improve relationships with the EU help lowering UK risk premia as well.

Calendar & Table

Friday, 20 November		Consensus	Previous
US			
16:00	U. of Mich. Sentiment (Nov F)	51.6	51
17:00	Kansas City Fed Services Activity (Nov)	9	10
Japan			
00:30	**Natl CPI YoY (Oct)**	**2.30%A**	**2.10%**
00:30	Natl CPI Ex Fresh Food YoY (Oct)	2.20%A	2.10%
00:30	Natl CPI Ex Fresh Food. Energy YoY (Oct)	2.20%A	2.40%
UK			
01:01	GfK Consumer Confidence (Nov)	-22A	-24
08:00	Central Government NCR (Oct)	--	16.9b
08:00	PSNB ex Banking Groups (Oct)	--	24.5b
08:00	**Retail Sales Inc Auto Fuel MoM/YoY (Oct)**	**0.00%/1.70%**	**-0.40%/0.80%**
08:00	Retail Sales Ex Auto Fuel MoM/YoY (Oct)	0.10%/1.80%	-0.70%/0.80%
EMU			
11:00	Negotiated Wages (3Q)	2.60%	2.44%
16:00	Consumer Confidence (Nov P)	-18	-17.9
Germany			
08:00	PPI MoM/YoY (Oct)	1.00%/7.30%	1.90%/6.70%
France			
08:45	Business Confidence (Nov)	96	97
08:45	Manufacturing Confidence (Nov)	103	105
Belgium			
11:00	Consumer Confidence Index (Nov)	--	-13
China			
02:00	1-Year Loan Prime Rate	3.00%A	3.00%
02:00	5-Year Loan Prime Rate	3.50%A	3.50%
Sweden			
08:00	Unemployment Rate SA (Oct)	8.60%	8.60%
Events			
NOV20	Rating reviews: Belgium (Fitch: A+, stable), Hungary (Moody's: Aa2, negative) , UK ...		
NOV20	**UK PM Burnham travels to Brussels for UK-EU summit**		
00:30	Fed's Paulson Speaks at Money Marketeers		
04:10	ECB's Cipollone Speaks in Singapore		
09:15	**ECB's Lagarde Speaks at Euro Finance Week in Frankfurt**		
14:00	ECB's Nagel Speaks at Euro Finance Week in Frankfurt		
14:25	**Fed's Waller Gives Welcoming Remarks**		
18:15	Fed's Cook Speaks on US Economy		

10-year	Close	-1d
US	5,05	-0,02
DE	3,40	0,04
BE	4,38	0,05
UK	5,31	0,03
JP	2,79	-0,05

2-year	Close	-1d
US	4,76	-0,04
DE	3,17	0,04
BE	3,37	0,03
UK	4,95	0,03
JP	1,83	-0,03

Stocks	Close	-1d
DOW	49097,06	-1101,11
NASDAQ	23879,2	-550,68
NIKKEI	56436,65	-3007,56
DAX	25463,81	-272,43
DJ euro-50	6113,86	-40,53

IRS	EUR	USD	GBP
3y	3,44	4,59	4,81
5y	3,43	4,57	4,79
10y	3,47	4,64	4,89

EUR	-1d	-2d
€STR	2,4410	-0,0010
Euribor-1	2,5340	0,0150
Euribor-3	2,8470	0,0220
Euribor-6	3,0430	0,0270

USD	-1d	-2d
SOFR-1	4,0290	0,0241
SOFR-3	4,1977	0,0034
SOFR-6	4,3645	-0,0036

Currencies	Close	-1d
EUR/USD	1,0967	-0,0008
USD/JPY	159,69	0,34
GBP/USD	1,3088	-0,0061
AUD/USD	0,6659	-0,0057
USD/CAD	1,4341	0,0014

Currencies	Close	-1d
EUR/JPY	175,14	0,27
EUR/GBP	0,8379	0,0033
EUR/CHF	0,9257	0,0001
EUR/SEK	11,1841	0,0289
EUR/NOK	10,7136	0,0685

Commodities	Close	-1d
CRB	371,57	-0,03
Gold	3685,50	-56,40
Brent	91,98	0,03

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