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Weekly Money Market Report

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Dollar Climbs to 19-Month High as Rising Inflation Reprices the Fed

Market Commentary

Global markets spent the week repricing the Fed after a second upside inflation surprise in as many months. October CPI rose 0.4% MoM against 0.3% expected and core held at 0.3% for a third straight month, hours after Governor Waller had told a London audience that a core print of that size would put a 50bps hike on the table for December. Dallas Fed President Logan backed at least two more quarter-point moves, and although Hammack and Daly leaned against a larger step, futures now fully price a hike on December 9, with roughly 13% odds of a half-point move and around 85bps of tightening over the year ahead. Treasuries took the message badly once cash trading resumed after Veterans Day: the 10-year yield closed above 5% for the first time this cycle and reached 5.12%, the 2-year rose to around 4.76%, and a soft $25bn 30-year auction cleared at 5.441%. The dollar was the clear winner, with the DXY up to 103.17, its highest since April 2025: EUR/USD slid below 1.1060, sterling fell to the low 1.32s despite an in-line Q3 GDP print, the Australian dollar hit its weakest level since January, and USD/JPY traded through 160.00 for the first time since early September, drawing fresh intervention warnings from Tokyo. Equities proved more resilient than bonds. Monday's 2.3% rally in the S&P 500, its best session since April, came on the back of a 5.9% drop in Brent, and even after Thursday's 0.35% dip on the abrupt resignation of Nvidia's Jensen Huang, the index is on course for a weekly gain of close to 2%. Oil stayed headline-driven: Brent briefly dipped below $90 on Tuesday after President Trump called renewed strikes on Iran “highly unlikely”, then rebounded 3.3% to $95.82 on Thursday when he said Washington did not need a deal, leaving it down just under 3% on the week. Gold was the casualty of higher yields and a stronger dollar, falling below $3,900 to its lowest level of the year. The week's message is that the inflation problem has broadened beyond energy: oil is 20% off its highs and core prices are still running at 0.3% a month, the debate has shifted from whether the Fed hikes in December to how much.

United States & Canada

October CPI Beats at 0.4% as Core Holds at 0.3% for a Third Month; No Annual Rate Published

Headline CPI rose 0.4% MoM in October, above the 0.3% consensus and down from September's 0.6%, while core CPI increased 0.3% against 0.2% expected, its third consecutive reading at that pace and the fifth of 0.3% or more in ten months this year. The slowdown in the headline was almost entirely an energy story: the energy index rose 0.7% and gasoline 1.0%, a fraction of the previous two months' gains. Underneath, pressure was broad. Shelter rose 0.3% and accounted for more than 30% of the monthly increase, food climbed 0.5%, transportation services jumped 0.8% and motor vehicle insurance 0.7%, with a 1.2% fall in used car prices the only meaningful offset. The BLS published no 12-month rate because last year's government shutdown prevented it from collecting October 2025 prices; Bank of America estimates put headline inflation near 3.8% and core near 2.7%. For the Fed, the report removes the argument that inflation is a pass-through from oil alone, and it met precisely the threshold Governor Waller had set that morning for considering a larger move.

Waller Opens the Door to a 50bps December Hike; Logan Backs Faster Tightening as Hammack and Daly Urge Calibration

Speaking in London ahead of the CPI release, Governor Waller said he was leaning toward a 25bps hike in December if inflation improved, but that a core reading of around 0.3% or higher would mean a 50bps increase should be considered, adding that higher rates will be needed “sooner rather than later” and that policy has not been as restrictive as he had thought. Dallas Fed President Logan followed by backing at least two further quarter-point hikes, possibly at a quicker pace than the Fed has moved this autumn. Later in the week Cleveland's Hammack pushed back on a half-point step, preferring smaller, steadier increases toward a restrictive stance, and San Francisco's Daly said further tightening will be needed but that higher bond yields give the Committee time. With the funds rate at 3.75%-4.00% after one hike in September and a skip in October, and Chair Warsh still declining to offer rate-path guidance, markets price an 87% chance of 25bps and 13% of 50bps on December 9, with further moves seen in January and possibly April.

Jobless Claims Edge Up to 200K but Stay Near Multi-Decade Lows; Existing Home Sales Slowest Since 2010
Initial jobless claims rose 9K to 200K in the week ending November 7, above the 194K forecast, with the prior week revised up to 191K from 189K. The four-week average was unchanged at 195,250, claims have now been at or below 200K for nine straight weeks, and continuing claims fell 20K to 1.697M, a profile consistent with last week's strong October payrolls and the dip in unemployment to 4.1%. The cost of higher yields is showing up elsewhere: existing home sales fell to a 3.75M annualized pace in October, below the 3.89M expected and the slowest since August 2010.

PPI Slows to 0.3% in October, Below Forecast, but the Annual Rate Hits a Four-Year High of 6.5%
Producer prices rose 0.3% MoM in October, below the 0.4% consensus and well down from September's upwardly revised 1.4%, while core PPI increased 0.3%, in line with expectations, after 0.8% the previous month. The slowdown was driven by energy, which slipped 0.1% as diesel prices fell 7.9%, and by a 0.2% decline in trade margins. The underlying detail was less comfortable. Food prices jumped 1.3%, goods excluding food and energy rose 0.5%, and transportation and warehousing costs surged 2.0%, with truck freight alone accounting for more than 80% of the rise in services. The measure that strips out food, energy and trade climbed 0.5% on the month and 4.9% on the year, and the headline annual rate accelerated to 6.5% from 6.3%, the highest since November 2022, with goods prices up 10.2% YoY.

The Greenback was last seen trading at 103.41.

BoC Deliberations Show Council Ready to Hike Again After October's Move to 2.50%
The summary of deliberations from the October 28 meeting, when the Bank raised its policy rate by 25bps to 2.50% in its first hike in more than three years, confirmed that Governing Council sees a possible need to tighten further and that uncertainty over oil prices and the US trade war is not a reason for inaction. Members agreed that monetary policy cannot lower global energy prices but can stop them feeding into generalized inflation and noted that near-term inflation expectations had moved up. Even without pass-through, the energy shock alone is expected to hold inflation around 3% for more than a year; September CPI stood at 3.2% and the Bank projects 3.5% by year-end. Higher costs have largely not yet reached consumers, though the Bank's surveys show firms plan to raise some prices over the coming year. The Canadian dollar found little support, weakening past 1.4250 as US yields surged, with October CPI on November 16 the next test.

The USD/CAD was last seen trading at 1.4269.

United Kingdom

UK Q3 GDP Grows 0.7%, the Fastest Since Early 2024, as Services Lead; Bailey Defends Independence After Hike to 4%
The UK economy expanded 0.7% QoQ in the third quarter, up from 0.5% in Q2 and in line with both consensus and the Bank of England's own projection, leaving output 1.9% higher than a year earlier. September GDP rose 0.2% MoM against expectations of no growth, although August was revised down to 0.0% from 0.1%. Services did almost all the work at +0.9%, led by a 4.4% jump in computer programming and consultancy, while production edged up 0.1% and construction fell 0.7%. Coming a week after the MPC voted 8-1 to raise Bank Rate to 4%, with Mann preferring 50bps, the data give the Bank room to keep tightening. Bailey's Zurich lecture on Monday offered no new policy signal, arguing instead that a shock-prone world makes independent central banks more important and flagging financial stability risks from AI. Sterling nonetheless slipped to multi-week lows as the dollar's rally dominated.

The GBP/USD currency pair last seen trading at 1.3215.

Europe

Euro Slides to Its Lowest Since April 2025 as the Rate Gap With the Fed Widens; ECB December Hike in Play
The EURUSD pair broke below its May 2025 low this week and fell below 1.1060, its weakest level since April 2025, in a move driven from the dollar side. Markets now price roughly 85bps of Fed tightening over the next year against about 50bps for the ECB, whose deposit rate stands at 2.50% after hikes in June and September and a hold on October 29. With eurozone inflation at 4%, Chief Economist Lane said another increase in December would be prudent if the data hold, and President Lagarde has said the December projections will help determine whether a hike is necessary, but investors increasingly see the ECB pausing afterwards while

the Fed continues into 2027. Institutional and political uncertainty adds to the pressure: Lagarde leaves office on February 7, a successor is expected to be named at the December 17-18 EU summit, and French fiscal concerns persist. The European Commission's Autumn Forecast, now scheduled for November 17, will update spring projections of 0.9% euro area growth and 3.0% inflation for 2026.

The EUR/USD currency pair last seen trading at 1.1021.

Asia Pacific

USD/JPY Breaks 160 for the First Time Since September; Tokyo Steps Up Warnings as BoJ Opinions Point to a December Hike

The yen weakened through 160 per dollar on Thursday, touching 160.03, as the rise in US yields widened the rate gap with Japan. The response from Tokyo was immediate: top currency diplomat Mimura said recent moves had been too rapid and that it was "too early to forget" the summer, and Finance Minister Katayama warned on Friday against one-sided moves and promised an appropriate response. The threat is credible. Ministry of Finance data released this week confirmed Japan spent JPY 15.4 trillion (USD 96.4 billion) across three sessions between July 30 and August 3, including its first coordinated intervention with the US since 1998, which pushed the pair back toward 155. Domestic policy is moving in the yen's favour but slowly: the BoJ's Summary of Opinions from the October meeting showed several members urging a faster move toward neutral, October PPI accelerated to 7.1% YoY against 6.5% expected, and markets price a roughly 80% chance of a hike to 1.50% on December 17-18. A simultaneous Fed hike would leave the differential broadly unchanged.

The USD/JPY currency pair last seen trading at 159.66.

China's Factory-Gate Inflation Hits 5.7%, the Highest Since 2022, While Consumer Prices Slow to 0.7%

China's producer price index rose 5.7% YoY in October, up from 5.0% and well above the 5.3% consensus, the third straight month of acceleration and the fastest pace since June 2022, driven by mining, raw materials and energy-related sectors. Consumer prices went the other way: CPI slowed to 0.7% YoY from 0.9%, missing the 0.8% forecast, as a sharper fall in food prices offset higher gasoline, and core CPI eased to 0.8% from 1.0%. The gap is the story. Industrial purchase prices rose 7.9%, well ahead of the prices factories are able to charge, pointing to squeezed margins and fragile domestic demand rather than healthy reflation.

The USD/CNY currency pair last seen trading at 6.6710.

Kuwait

Kuwaiti Dinar

USD/KWD closed last week at 0.30860.

Rates – November 15th, 2026

	Previous Week Levels				This Week's Expected Range		3-Month
Currencies	Open	Low	High	Close	Minimum	Maximum	Forward
EUR	1.1135	1.1019	1.1251	1.1021	1.0850	1.1115	1.1067
GBP	1.3359	1.3200	1.3458	1.3215	1.3050	1.3305	1.3220
JPY	158.30	157.65	160.18	159.66	158.75	161.50	158.45
CHF	0.8208	0.8172	0.8396	0.8388	0.8285	0.8550	0.8295

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