

DAILY POINTS

November 26, 2025 @ 7:10 EST

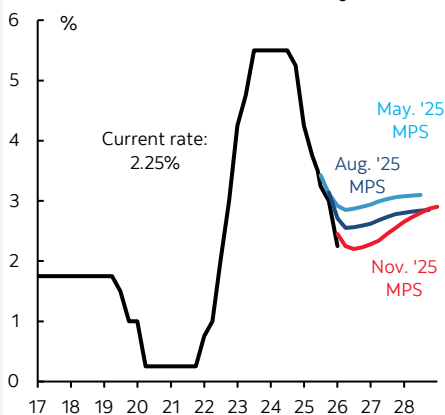
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Chart 1

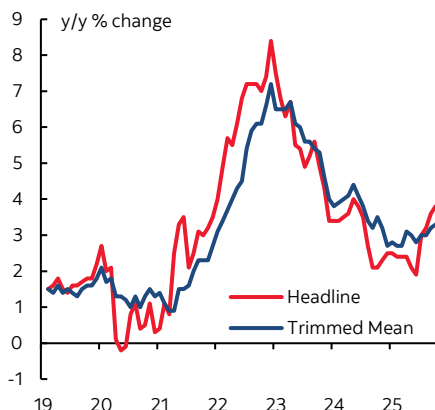
RBNZ Official Cash Rate Projections



Sources: Scotiabank Economics, Reserve Bank of New Zealand.

Chart 2

Australia CPI



Sources: Scotiabank Economics, Australian Bureau of Statistics.

On Deck for Wednesday, November 26

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-26	07:00	MBA Mortgage Applications (w/w)	Nov 21	--	--	-5.2
US	11-26	08:30	Durable Goods Orders (m/m)	Sep P	0.5	--	2.9
US	11-26	08:30	Durable Goods Orders ex. Trans. (m/m)	Sep P	0.3	--	0.3
US	11-26	08:30	Initial Jobless Claims (000s)	Nov 22	225	--	220.0
US	11-26	08:30	Continuing Claims (000s)	Nov 15	1955	--	1947.0
US	11-26	09:45	Chicago PMI	Nov	--	--	43.8
US	11-26	14:00	Fed Releases Beige Book				

KEY POINTS:

- **Antipodean, UK markets in focus**
- **UK budget delivers major tax hikes, downgrades growth forecast**
- **Antipodean rates sell off, currencies gain...**
- **...after hawkish RBNZ guidance...**
- **...and higher than expected Aussie CPI**
- **US claims, durables, Beige Book on tap, then markets largely shut**
- **America's love of subsidies extends to data centres**

US market participants are about to head for the exits with an unofficial early close for many of them today ahead of tomorrow's market closure for Thanksgiving and Friday's early NYSE (1pmET) and bond (2pmET) closes. Basically kiss goodbye US liquidity for the rest of the week.

There is plenty else to consider. Antipodean rates sold off sharply overnight on a one-two punch from Australian inflation and hawkish RBNZ guidance. We'll get some relatively minor US data today before eating and shopping take over.

Gilts and sterling have a close eye on what PM Starmer and Chancellor of the Exchequer Reeves will deliver in the Autumn Budget shortly.

UK Budget—Tax Hikes in Focus

The Starmer administration delivers its second budget shortly (7:30amET). The Chancellor of the Exchequer—Rachel Reeves—will deliver it. The first Budget was hardly a smashing success. The 10-year gilt yield jumped by 15bps on delivery. Sterling depreciated by about 1%. The FTSE100 fell by over 1%. The lack of a credible roadmap for the fiscal deficit, an additional £70 billion of annual spending, inflation concerns and a broken pledge that raised taxes on wealthier individuals and businesses wasn't well received.

Perhaps much has been learned. Perhaps not.

The fiscal deficit to GDP ratio is well over 5% which is slightly wider than this time last year. No progress has been made to date toward reining in the deficit ratio. Debt-to-GDP has risen to about 94%.

Some headlines were already hitting as this note was being wrapped up. For one, the government will freeze tax brackets until 2030–31 such that pay hikes driven by inflation will bump more people into higher brackets and raise more money. Other tax hikes total an estimated 26 billion by £2029–30 according to the OBR including higher dividend taxes, and higher taxes on properties worth over £2 million. Gilts liked the headlines at first given implications for finances and debt issuance. Taxpayers and voters likely won't.

Fervent speculation points to other possible ways of raising tax revenues such as adjusting the personal allowance, possibly freezing tax brackets such that income growth over time

November 26, 2025

moves more earners into higher brackets and hence paying more taxes, and possibly raising taxes on investment income. Possible changes to pension rules are in the cards as well. Will Reeves implement a so-called 'mansion tax' on home sales above £1½ million? If so, then we share rather different definitions of 'mansion'—especially in the London real estate market.

The market balance to be struck must lie between deficit restraint, expenditure restraint with a line-up of open hands outside of Reeves' door, limited 'soak the rich' taxes that may harm growth and drive more of London's wealthier individuals away after April's changes that abolished non-domiciles, and not rocking the pension world given its status as large holders of gilts with memories of 2022.

If policies materially harm growth, then the gilts front-end may quickly look to how the Bank of England responds not only insofar as December's expected cut is concerned but also beyond.

Updated Canadian GDP Tracking

Ahead of Friday's numbers we have a bit more information to help with GDP tracking including preliminary readings for some indicators in October. September GDP was guided to grow by 0.1% which I bumped up a tick to 0.2%. October is looking weak and likely to post a drop. My best guess is that Q3 GDP overall is likely to barely grow by around ½% q/q SAAR and with hardly anything baked into Q4. October guidance has been quite soft across a range of readings.

RBNZ's Hawkish Guidance Drives Higher Rates

New Zealand's central bank cut its policy rate by 25bps to 2.25% in a 5–1 vote as widely expected and priced. Guidance, however, crushed market pricing for any further easing and drove the NZD sharply higher. The updated explicit forward policy rate guidance showed no further changes to the policy rate over 2026 (chart 1). New Zealand's curve bear flattened with the 2s yield up by about 8bps overnight while the NZ\$ gained just shy of 1% to the dollar.

Aussie CPI Contributed to the Antipodean Rates Sell Off

Australian rates also sold off at first because of stronger than expected inflation during October. CPI was up by 3.8% y/y (3.6% consensus and prior) with the core trimmed mean measure also accelerating (3.3%, 3.0% consensus, 3.2% prior). The curve continued to bear flatten well after the data and after the RBNZ's hawkish sounding guidance. Markets largely view the RBA as done while the debate pivots toward monitoring accelerating inflation (chart 2).

Light US Data on Tap

Three releases are on tap for the diehards as the biggest ones won't arrive for weeks to come.

Watch continuing claims to see if they continue to rise which would be a bad omen for the unemployment rate (chart 3).

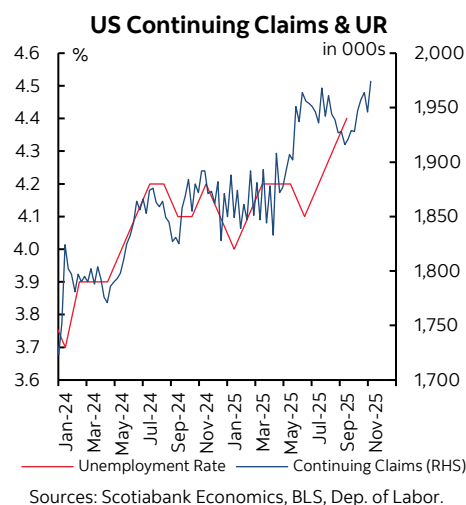
Durable goods orders are expected to jump higher on airplane orders with Trump flogging Boeing in exchange for favours the world over. Core orders ex-defence and air have been performing decently largely on AI-related investment. It's September data, however, as we await fresher readings that were held back by the Trump administration's government shutdown.

The Fed's Beige Book of regional economic conditions will include further anecdotes that may be useful as input into regional growth and price pressures, but by that time few will care ahead of the holiday.

America's Love of Subsidies Extends to Data Centres

Speaking of AI, US taxpayers are footing a substantial bill for the ongoing investment in data centers. [This](#) database (choose data centres under 'specialized industry') estimates that about US\$16 billion in subsidies have been granted to about 60% of the over 470 data centre investments they track that disclose the subsidies. It's likely considerably higher than that given missing data. At the top of the list is Amazon's centre in Indiana that has received \$8.28B. Amazon is on the list 26 times. Apple 10 times. Meta 7 times. A chief complaint of America's trading partners is the pervasive nature of subsidies across so many US industries alongside the frequent bailouts that are granted to failed enterprises. As part of the AI boom, these data centres are buoying the US economy and serendipitously masking pernicious effects of other policies (tariffs, immigration etc) and elevated uncertainty. They are not without their shortcomings, however, including subsidies, effects on local power demand and rates, and effects on the local communities.

Chart 3



Fixed Income	Government Yield Curves (%):												Central Banks	
	2-YEAR			5-YEAR			10-YEAR			30-YEAR			Current Rate	
	Last	1-day	1-WK	Last	1-day	1-WK	Last	1-day	1-WK	Last	1-day	1-WK		
U.S.	3.47	3.46	3.59	3.58	3.56	3.71	4.02	4.00	4.14	4.67	4.65	4.76	Canada - BoC	2.25
CANADA	2.42	2.40	2.50	2.74	2.72	2.82	3.16	3.15	3.25	3.62	3.61	3.70	US - Fed	4.00
GERMANY	2.02	2.02	2.02	2.27	2.27	2.29	2.68	2.67	2.71	3.32	3.30	3.33	England - BoE	4.00
JAPAN	0.98	0.97	0.93	1.33	1.33	1.27	1.81	1.81	1.77	3.33	3.34	3.35		
U.K.	3.78	3.77	3.81	3.95	3.93	4.00	4.52	4.49	4.60	5.36	5.32	5.45		
	Spreads vs. U.S. (bps):													
CANADA	-105	-106	-110	-83	-84	-88	-85	-85	-88	-105	-104	-105	Euro zone - ECB	2.15
GERMANY	-145	-144	-157	-130	-129	-142	-133	-132	-143	-135	-135	-142	Japan - BoJ	0.50
JAPAN	-249	-249	-266	-225	-223	-244	-221	-219	-236	-134	-131	-140		
U.K.	31	31	21	37	37	29	50	50	46	69	67	69	Mexico - Banxico	7.25
Equities	Level						% change:						Next Meeting Date	
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	30901			296.3			1.0	2.9	1.8	21.6			Australia - RBA	3.60
Dow 30	47112			664.2			1.4	2.2	-0.2	5.0			New Zealand - RBNZ	2.25
S&P 500	6766			60.8			0.9	2.2	-0.4	12.4				
Nasdaq	23026			153.6			0.7	2.6	-0.8	20.1				
DAX	23537			72.5			0.3	1.6	-2.9	22.0				
FTSE	9643			33.3			0.3	1.4	-0.0	16.8				
Nikkei	49559			899.6			1.8	1.8	0.5	28.9			Canada - BoC	Dec 10, 2025
Hang Seng	25928			33.5			0.1	0.4	-0.9	35.3			US - Fed	Dec 10, 2025
CAC	8063			37.7			0.5	1.4	-2.0	12.1			England - BoE	Dec 18, 2025
Commodities	Level						% change:							
WTI Crude	57.93			-0.02			-0.0	-2.5	-5.8	-15.8			Euro zone - ECB	Dec 18, 2025
Natural Gas	4.55			0.06			1.4	-0.1	37.6	32.5			Japan - BoJ	Dec 19, 2025
Gold	4169.69			39.00			0.9	2.2	1.4	58.4			Mexico - Banxico	Dec 18, 2025
Silver	51.21			1.17			2.3	1.8	6.7	66.3			Australia - RBA	Dec 08, 2025
CRB Index	294.39			-1.59			-0.5	-3.0	-2.8	2.2			New Zealand - RBNZ	Feb 17, 2026
Currencies	Level						% change:							
USDCAD	1.4093			-0.0005			-0.0	0.3	0.7	0.3				
EURUSD	1.1573			0.0003			0.0	0.3	-0.6	10.3				
USDJPY	156.56			0.5100			0.3	-0.4	2.4	2.3				
AUDUSD	0.6487			0.0018			0.3	0.1	-1.1	0.2				
GBPUSD	1.3138			-0.0028			-0.2	0.6	-1.5	4.5				
USDCHE	0.8070			-0.0005			-0.1	0.2	1.4	-9.0				

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