

The Macro Outlook: Fed Dual Mandate Risks

The key events shaping the w/c 24 November 2025: US retail sales & PPI data catch-up for Sept, US Thanksgiving Holiday, Aus CPI, and RBNZ meeting

The Recap from Last Week: FOMC Minutes and the Catch-Up US Employment Data for Sept.

FOMC Minutes – Risk Framing

The FOMC minutes confirmed the risk management nature of the October rate cut – based on the judgment of rising downside risks to employment, leaving “the labor market more susceptible to any negative shock”. This appeared to be a broadly supported decision (minus two dissents) as ‘most’ participants suggested the cut would help “to forestall the possibility of a major deterioration in labor market conditions”. However, there were still ‘some’ participants who noted that they could have supported a decision to stay on hold at this meeting also.

A key development was the divided outlook on the Dec meeting and the risks around a third consecutive rate cut. The minutes revealed the nature of that division along several lines, including the degree of policy restriction and risks around inflation. It’s worth noting that ‘most’ participants were pro-rate cuts “over time”, but it was a question of the cadence of those cuts, with ‘several’ of those participants noting a further cut as “not likely” appropriate in Dec.

The pro-hold camp noted concerns that inflation progress had stalled above the 2% target, while the policy stance was “not clearly restrictive”. They were concerned that a further reduction could add to the risk that still above-target inflation could “become entrenched” or the risk that another follow-up cut could signal a lack of policymaker commitment to the 2% target.

The pro-cut camp believes that the policy stance is still restrictive, even after the cut in Oct, and that further easing is needed to move towards a more ‘neutral’ policy stance to ensure against further downside risks to employment and aligning with the risk management or insurance cut rationale. This group believes that underlying inflation, removing tariff effects, is close to the 2% target, giving the Fed room to ease.

The immediate challenge for the Fed’s Dec meeting will still be a lack of US federal government data to help inform the assessment of the balance of risks.

The Missing US Data Hurdle & Policy Rhetoric

It was announced last week that the Oct jobs report would not be released and that data would be rolled into the Nov report, to be released on 16 December – six days *after* the Dec FOMC meeting. Market expectations for a cut in Dec fell notably after that announcement (assuming the Fed would take a cautious approach and stay on hold). More timely inflation data will also be delayed.

However, speeches last week emphasised that, despite the lack of government data, the Fed is not flying blind. This point was made in several speeches last week, including by Governor Waller early last week. Gov. Waller’s speech was made before the catch-up release of the US Employment data for Sept. He clearly supports another cut in Dec, “as a matter of risk management,” given that the

labor market remains at stall speed. He believes policy is restrictive and is weighing on the economy, and a further cut in Dec will ensure against an acceleration in the weakening labor market. Fed Vice Chair Jefferson was a little more non-committal in his outlook. He also spoke about other useful data sources for the Fed and specifically mentioned the Fed Beige Book due out this week. He believed the policy stance is “somewhat restrictive”, but has moved closer to its neutral level. He emphasized the need to “proceed slowly as we approach the neutral rate”. Later in the week, the speech by NY Fed President Williams was credited as the reason for a subsequent increase in rate-cut odds at the Dec meeting. He views monetary policy as still “modestly restrictive”, although somewhat less so after recent cuts, but still sees room for further adjustment “in the near term” to move the policy stance closer to the neutral range.

By the end of the week, rate cut odds had moved up from a 50-50 chance at the start of the week to approx. 70-30 in favour of a cut at Dec (Source: [CME FedWatch Tool](#)). This will continue to be a fluid situation.

Data to Assess the Balance of Risks

The catch-up US Employment Situation report for Sept delivered mixed messages, but its overall composition likely fails to negate the rising downside risks noted at the Fed’s Oct meeting. The unemployment rate increased notably to 4.4% (+0.12%pts in the month), yet this rise was not due to falling employment. Employment growth was positive, albeit modest, over Aug and Sept. The employment to population ratio for both 16yrs+ and the core working age group remained steady and elevated, also confirming a still low firing environment. The rise in unemployment over Aug and Sept was due to labor supply, including an increase in participation, growing at a faster pace than employment growth. Notwithstanding the stronger NFP print in Sept of +119k, this supply/demand imbalance, resulting in higher unemployment, is where the labor market risks remain.

More recent labor market signals also suggest that underlying risks remain. Up-to-date continuing claims data has moved back up to cycle highs, but is not providing a clear signal as it includes an elevated number of federal workers on furlough. While this rise may not signal a cyclical downturn, we still end up in the same place: labor market conditions that remain susceptible to a downturn. When layering on the rising Challenger job cuts announced in Oct, the overall picture suggests US labor market conditions may not have materially improved since Sept, but rather steadied at an elevated risk level.

On the activity front, the more recent news was still one of resilience. The most recent US prelim PMI for Nov shows some modest to moderate growth momentum. However, risks remain in the manufacturing sector, while services momentum remains moderate. US existing home sales remained steady at around 4.1m in Oct, while home builder sentiment remained little changed at subdued levels. Headline consumer sentiment in the Michigan survey fell within the margin of error, but sentiment around current conditions fell more notably amid “persistent high prices and weakening incomes” (source: [Michigan Survey](#)).

Global Signals on Inflation

The picture from global CPI reports was also mixed, with better news on inflation for both Canada and the UK. Canada’s lower-than-expected headline and underlying CPI for Oct confirmed the latest BoC comments on inflation that “upward momentum has dissipated.” The UK CPI was also lower than expected across headline, core, and services measures – also supporting the BoE assertion that inflation was deemed to have peaked. Inflation in Japan, however, is proving to be more persistent with headline and core measures moving back up to +3% in Oct.

Outlook for the week ahead: US retail sales & PPI data catch-up for Sept, US Thanksgiving Holiday, Aus CPI, and RBNZ meeting

The week ahead continues to focus on the catch-up of delayed US government data, specifically Sept retail sales and PPI, ahead of the Fed meeting on 10 Dec. A crucial hurdle for the Dec meeting will be the lack of up-to-date government inflation figures. Consequently, the Fed will rely heavily on anecdotal indicators like the Fed Beige Book, private sector reports, as well as some limited government data such as weekly Initial/Continuing Claims to frame its assessment of the balance of risks. This is the last week for Fed officials to offer policy guidance before the pre-meeting blackout period begins next week. Globally, watch for the Aus monthly CPI and the RBNZ policy decision.

It's also a short week in the US with the Thanksgiving Holiday.

Key factors & events to watch this week:

US Federal Reserve Speeches & Data

- There are no official Fed speeches scheduled for this shortened week – see the [official Fed calendar](#). Next week will be the blackout week for speeches ahead of the 10 Dec meeting.
- There will be one key Fed release this week – the Beige Book of anecdotes from regional contacts for the last six weeks. This will cover activity, prices, and labor market conditions. Last week, Fed Vice Chair Jefferson specifically noted this as a key release to watch in the absence of US government data.

US Data

- Data catch-up: US retail sales for Sept are expected to increase by +0.4% over the month versus +0.6% in Aug. The control group retail sales (what feeds into GDP expenditure) is expected to slow to +0.3% over the month from +0.7% in Aug.
- Data catch-up: US headline PPI for Sep is expected to increase by +0.3% over the month, up from -0.1% in Aug. Over the year, headline PPI is expected to increase to +2.7%, up from +2.6% in Aug.
- Data catch-up: Durable Goods orders Sept are expected to increase by +0.2% over the month, from +2.9% in Aug
- The Conference Board Consumer Confidence Index for Nov is expected to edge lower to 93.4 from 94.6.
- Initial jobless claims for the wk ending 22 Nov are expected to remain around the 220k level.

Updated US data release schedules

- Link to the BLS page for the revised news release is [here](#).
- The Bureau of Economic Analysis (BEA) schedule page can be found [here](#). The US Q3 GDP report, which was originally slated for release this week, will be rescheduled. There is also no date yet on the PCE inflation report for Sept, though the catch-up PPI for Sept is only being released this week.
- The US Census Bureau has yet to update its schedule, but the page can be found [here](#).

Aus monthly CPI for Oct – this will be the first release of the full monthly inflation report. For now, though, the RBA will continue to focus on the quarterly data. The headline CPI is expected to increase by +3.5% over the year in Oct, unchanged from +3.5% in Sept. The monthly trimmed mean inflation is expected to increase to +3% in Oct, up from +2.8% in Sept.

The RBNZ will meet this week and is expected to deliver another 25bps rate cut.

The UK government budget is scheduled for release this week on 26 Nov. The budget is expected to contain measures that could impact the BoE's decision-making, which was anticipated at its last meeting. That recent BoE decision was extremely divided, resulting in a 5-4 vote in favor of a pause while the committee awaited more economic evidence and the details of the budget measures.

US Treasury Issuance; 24 - 28 November 2025

This week, the US Treasury will auction and settle approx. \$619bn in ST Bills, TIPS, and FRNs, raising approx. \$66bn in new money. The US Treasury will also auction the 2-year, 5-year, and 7-year Notes early this week – and all will settle on 1 Dec, next week.

QT this week: Approx \$14.5bn in ST Bills will mature on the Fed balance sheet and will be reinvested.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B	Prior Auction High Rate %
Thanksgiving Holiday - US							
24-28 Nov	20-Nov	25-Nov	4-Week Bill	110			Actual 3.890%
	20-Nov	25-Nov	8-Week Bill	95			Actual 3.850%
	19-Nov	25-Nov	17-Week Bill	69			Actual 3.750%
				274	260	14	
	24-Nov	28-Nov	13-Week Bill	86			Announced 3.795%
	24-Nov	28-Nov	26-Week Bill	77			Announced 3.710%
	25-Nov	28-Nov	6-week Bill	85			Announced 3.850%
	25-Nov	28-Nov	52-Week Bill	50			Announced 3.445%
				298	293	5	
	20-Nov	28-Nov	10-Year TIPS	19			Actual 1.843%
	25-Nov	28-Nov	2-Year FRN	28			Announced 0.190%
				47	0	47	
			Total - securities setting this week	619	553	66	
			Net New Cash Raised Qtr to Date	5158	4660	498	
			<i>Estimated Net Cash to be Raised Q4</i>			<i>569</i>	
			Face value of US Federal Reserve SOMA securities maturing	\$B			
			Maturing & reinvestment				
		25-Nov	ST Bills	0.7			
		28-Nov	ST Bills	13.8			
				14.5			
			Maturing & redemption (balance sheet roll-off)				
				nil			
			Upcoming Auctions	\$B			
	24-Nov	01-Dec	2-Year Note	69			
	25-Nov	01-Dec	5-Year Note	70			
	26-Nov	01-Dec	7-Year Note	44			
				183.0			

Quantitative Tightening Overview – Nov 2025

The end of QT was announced at the Oct FOMC meeting and is expected to finish on 1 Dec 2025. The cap on US Treasury redemptions was already lowered to \$5bn back in Apr 2025.

In Nov, the face value of Coupons maturing on the Fed balance sheet is approx. \$47.2bn. This is more than the \$5bn monthly cap on Treasury redemptions. So of the \$47.2bn of Coupons maturing in Nov, \$5bn will roll off the Fed balance sheet (redeemed) and \$42.2bn will be reinvested. It also means that all ST Bills maturing in Nov will be reinvested.

Summary of Total Coupons & Bills to Redeem at the \$5bn redemption cap - Nov			
			\$5
		Redeem \$Bn	Reinvest \$ Bn
15-Nov-25	Notes & Bonds	2.3	19.5
01-Dec-25	Notes & Bonds	2.7	22.8
	ST Bills - Nov	-	58.1
Total Notes & Bonds		5.0	100.3

ST Bill maturity schedule – Nov 2025;

Bill Maturity Schedule - Nov		Weekly Totals \$Bn	
	Par Value of Bills Maturing	% Maturity by Wk	Bill Redemption
2025/11/04	0.89	2%	0.89
2025/11/06	12.17	21%	12.17
2025/11/12	0.75	1%	0.75
2025/11/13	16.45	28%	16.45
2025/11/18	0.74	1%	0.74
2025/11/20	12.53	22%	12.53
2025/11/25	0.73	1%	0.73
2025/11/28	13.79	24%	13.79
	58.1	100%	58.1

<https://www.newyorkfed.org/markets/treasury-rollover-faq>

Recommended US Treasury Financing Q4 2025 and Est Q1 2026

The latest quarterly US Treasury borrowing estimates were released on 3 and 5 Nov 2025. In a statement posted on 5 Nov, the US Treasury noted that it anticipates maintaining the current nominal coupon sizes for “at least the next several quarters”. However, the US Treasury did indicate that it “has begun to preliminarily consider future increases to nominal coupon and FRN auction sizes, with a focus on evaluating trends in structural demand and assessing potential costs and risks of various issuance profiles.”

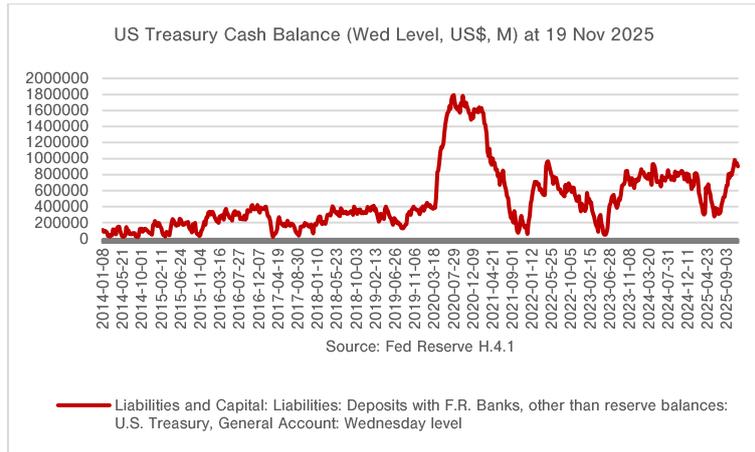
Updated Q4 estimates: Treasury expects to borrow \$569 billion in privately held net marketable debt (only -\$21bn lower than initially estimated), assuming an end-of-December cash balance of \$850 billion.

During the January–March 2026 quarter, Treasury expects to borrow \$578 billion in privately-held net marketable debt, assuming an end-of-March cash balance of \$850 billion.

The latest update of the US Treasury borrowing requirements for Q4 and Q1 2026 (estimate) can be found on the US Treasury website [here](#).

US Treasury Cash Levels (TGA)

As of Wed 19 Nov 2025, the level of the TGA decreased to \$901bn (-\$42bn compared to the week prior). The TGA balance is now approx. \$163bn *higher* than the same week a year ago.



<https://www.federalreserve.gov/datadownload/Download.aspx?rel=H41&series=53198152b62add5ad59ae42b6d3d720d&filetype=sheetml&label=include&layout=seriescolumn&from=01/01/2002&to=01/27/2021>

QE Program

There are no Treasury or MBS purchase operations scheduled at this time. Links to historical operation schedules: - <https://www.newyorkfed.org/markets/domestic-market-operations/monetary-policy-implementation/treasury-securities/treasury-securities-operational-details>

https://www.newyorkfed.org/markets/ombs_operation_schedule

CALENDAR W/C 24 November 2025

MONDAY 24 NOVEMBER (US Eastern Time, unless stated otherwise)

US	Chicago Fed National Activity Index (Oct) – tbc, Dallas Fed Manufacturing Index (Nov)
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TUESDAY 25 NOVEMBER

Europe	Germany GDP Q3
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US	ADP 4-week avg employment change wk ending 8 Nov, PPI (Sept), Retail Sales (Sept), Case-Shiller House Price Index (Sept), Conference Board Consumer Sentiment (Nov), Pending Home Sales (Oct), Richmond Fed Manufacturing Index (Nov)
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Australia	Monthly CPI (Oct), Construction Work Done Q3
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NZ	RBNZ Monetary Policy Meeting
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WEDNESDAY 26 NOVEMBER

US	MBA Mortgage Applications wk ending 22 Nov, Initial Jobless Claims – wk ending 22 Nov, Durable Goods Orders (Sept), Chicago PMI (Nov), Fed's Beige Book
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Australia	Private Sector Capex Q3
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THURSDAY 27 NOVEMBER

US	Thanksgiving Holiday
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Europe	ECB Minutes
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Japan	Tokyo CPI (Nov), Industrial Production – prelim (Oct), Retail Trade (Oct)
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Australia	Private Sector Credit (Oct)
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FRIDAY 28 NOVEMBER

Canada	GDP Q3, Monthly GDP (Sep)
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China	NBS Manufacturing & Non-manufacturing PMI (Nov)
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