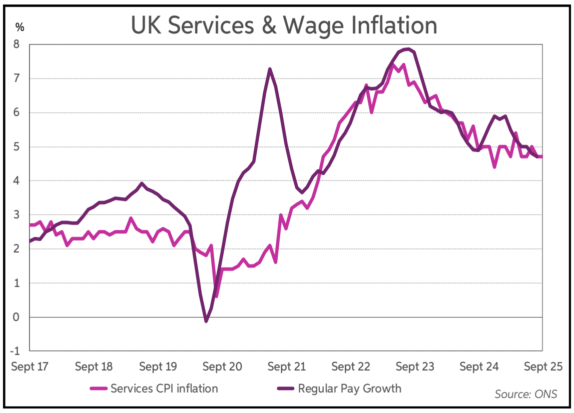
Weekly Market Brief

AIB Treasury Economic Research Unit

10th – 14th November 2025

Gone till November

- **The November meeting of the Bank of England's Monetary Policy Committee (MPC) saw the central bank maintain the Bank Rate at 4.00%.** This was the second consecutive meeting that the BoE kept rates unchanged and was in line with market expectations. However, there was no unanimity within the MPC on its policy decision. The voting breakdown showed a 5:4 split among the MPC, with four members in favour of a 25bps rate cut. The five voting to hold, erred on the side of caution, with the upcoming Budget on November 26th likely front and centre. Within the majority of five, four members "placed greater emphasis on risks" of persistence in inflation. The other - Governor Bailey - judged that medium term inflation risks had become more "balanced" but there was "value in waiting for further evidence".
- **Examining the text of the meeting statement, minutes and Governor Bailey's remarks during the press conference, the prospect of a rate cut at the final meeting of the year on December 17th/18th is now on the cards.** There are already four members voting for it, so it only takes one more vote to swing it in favour of a rate cut. In this regard, of the five voting for no change this month, the minutes showed that Governor Bailey was of the view that the upside risk to inflation had become "less pressing" and he sees "further policy easing to come if disinflation becomes more clearly established". He stated that "rather than cutting now" he would prefer to wait for more data/evidence of the disinflation trend. He repeated this view during the press conference and explicitly stated that, by the time of the December MPC meeting, more data will be available as well as the fact that the November Budget will have occurred.
- **The key events from here will be incoming inflation data, with the BoE having the benefit of two monthly updates before their next meeting in December.** In September, core inflation inched lower to 3.5%, down from 3.7% in July. Services inflation has also decelerated, although it remains at a very high level, printing at 4.7% in August and September. This suggest UK inflation may have peaked, but extra information is required for the MPC to pull the trigger on further rate cuts.
- **On the fiscal policy side, a speech by Chancellor Reeves has teed up markets and the electorate for some difficult measures in the upcoming Budget, likely in the form of income tax rises.** A contraction in fiscal policy would likely dampen domestic demand and inflation, while the Government has also hinted at specific measures to reduce prices, particularly for household energy bills. The promise of these measures was not enough for the BoE to act at the November meeting, albeit as referenced above a rate cut is now likely in December.
- **Before all of that there is a busy UK data calendar in the week ahead, including updates on the labour market and GDP.** Starting with the labour market, conditions have softened so far in 2025. This is evidenced by the rise in the unemployment rate to 4.8% in September, its highest level since May 2021, and up from 4.4% at the start of the year. Worryingly, payrolls have contracted in eleven of the past fourteen months, albeit the pace of contraction has slowed recently. Against this backdrop, average earnings growth has eased, although it remains elevated, up by 4.7% y/y in the three months to August. The consensus is for the unemployment rate to rise further to 4.9% in September, while average earnings growth is projected to remain at +4.7% y/y in the three months to September. Meanwhile, in terms of GDP, the UK economy has performed better than anticipated year-to-date, albeit growth remains muted and it appears to have slowed recently. GDP expanded by 0.7% q/q in Q1 and by 0.3% q/q in Q2. The monthly readings so far in Q3 have been quite weak though, with output falling by 0.1% m/m in July before edging 0.1% higher in August. GDP is forecast to flatline in September, resulting in a modest 0.2% q/q increase overall in Q3. Elsewhere, industrial production is expected to fall by 0.2% m/m in September.



- **In the Eurozone, industrial production data will also feature.** Although the output figures have been volatile on a monthly basis, the overarching trend has been for a decline in production since the start of Q2, following a very robust outturn in Q1. This trend is set to continue, with a 0.8% m/m rebound pencilled in for September, following a sharp 1.2% m/m decline in August. Meantime, the preliminary reading of employment for Q3 is also due. In terms of timelier updates on the Eurozone economy, the EU sentix index is forecast to improve to −4.0 in November from −5.4. the German ZEW economic sentiment indicator is also expected to rise slightly in the month.
- **In the US, the data calendar is once again curtailed by the government shutdown, which is know the longest of all-time.** However, there does finally appear to be some progress in negotiations in Congress, meaning the focus will likely be on the potential for a deal to re-open the government. Outside of this, remarks from a raft of Fed speakers will also warrant attention.

Interest Rate Forecasts

	Current	End Q4 2025	End Q1 2026	End Q2 2026
Fed Funds	3.875	3.625	3.375	3.125
ECB Deposit	2.00	2.00	2.00	2.00
BoE Repo	4.00	3.75	3.75	3.50
BoJ OCR	0.50	0.75	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

Exchange Rate Forecasts (Mid-Point of Range)

	Current	End Q4 2025	End Q1 2026	End Q2 2026
EUR/USD	1.1583	1.19	1.20	1.20
EUR/GBP	0.8797	0.88	0.88	0.87
EUR/JPY	177.38	174	174	174
GBP/USD	1.3164	1.35	1.36	1.38
USD/JPY	153.13	146	145	145

Current Rates Reuters, Forecasts AIB's ERU

AIB

AIB Treasury Economic Research

David McNamara
Chief Economist

John Fahey
Senior Economist

Daniel Noonan
Economist

ECONOMIC DIARY

Monday 10th - Friday 14th November

Date	*UK & Irish Time (GMT+1)*		*Release*	*Previous*	*Forecast*
This Week:	**ECB Speakers:**		**Lagarde** (Tue); Schnabel, de Guindos (Wed);		
	BoE Speakers:		Lombardelli (Mon); Greene (Tue); Grenne (Thu);		
	Fed Speakers:		Barr (Tue); Waller, Miran, Bostic, Paulson (Wed); Bostic (Fri)		
Mon 10th	**EU-20:**	09:30	EU Sentix (November)	-5.4	-4.0
Tue 11th	**US:**		**Veterans Day (Bond Market Holiday)**		
	IRE:	***01:01***	***AIB Construction PMI (October)***	***43.7***	
	UK:	07:00	Unemployment Rate (September)	4.8%	4.9%
	UK:	07:00	Employment Change (September)	-91,000	
	UK:	07:00	Average Earnings (September)	(+5.0%)	(+5.0%)
			- Ex-Bonus	(+4.7%)	(+4.6%)
	UK:	07:00	Claimant Count (October)	+25,800	
	UK:	07:00	HMRC Payrolls (October)	-10,000	
	GER:	10:00	ZEW Economic Sentiment (November)	39.3	40.5
	US:	11:00	NFIB Business Optimism (October)	98.8	
Wed 12th	**GER:**	07:00	Final HICP Inflation (October)	+0.3% (+2.3%)	+0.3% (+2.3%)
	ITA:	07:00	Industrial Output (September)	-2.4% (-2.7%)	+1.5% (-0.5%)
Thu 13th	**UK:**	00:01	RICS Housing Survey (October)	-15.0	
	UK:	07:00	GDP (Q3: Preliminary Reading)	-1.1% (+1.4%)	+0.2% (+1.4%)
			- September	+0.1% (+1.3%)	+0.0% (+1.3%)
	UK:	07:00	Industrial Output (September)	+0.4% (-0.7%)	+0.8% (+2.4%)
	EU-20:	10:00	Industrial Production (September)	-1.2% (+1.1%)	
	IRE:	***11:00***	***CPI Inflation (October)***	***-0.2% (+2.7%)***	***+0.2% (+2.7%)***
			- HICP Inflation	***Flash: +0.2% (+2.7%)***	***+0.2% (+2.7%)***
Fri 14th	**FRA:**	07:45	Final HICP Inflation (October)	+0.1% (+0.9%)	+0.1% (+0.9%)
	SPA:	08:00	Final HICP Inflation (October)	+0.5% (+3.2%)	+0.5% (+3.2%)
	EU-20:	10:00	Employment (Q3)	+0.1% (+0.6%)	+0.0%
	EU-20:	10:00	GDP (Q3: Flash Estimate)	+0.2% (+1.3%)	+0.2% (+1.3%)

♦ *Month-on-month changes (year-on-year shown in brackets)*