14 November 2025

Macro Monthly

Economics
Global

Cooling trade tensions

- Tariff-related uncertainty continues, despite the US negotiating a few deals with Asia
- Pockets of inflationary pressure in the US, less so elsewhere
- We still expect another US Federal Reserve rate cut in December but risks have risen

The global economic outlook continues to be dominated by uncertainty – ranging from trade-related news and the recent US government shutdown to other global and domestic geopolitical risks. Despite these headwinds, financial markets have remained robust through 2025, with a wide range of asset prices close to, or at, record highs.

Trade developments

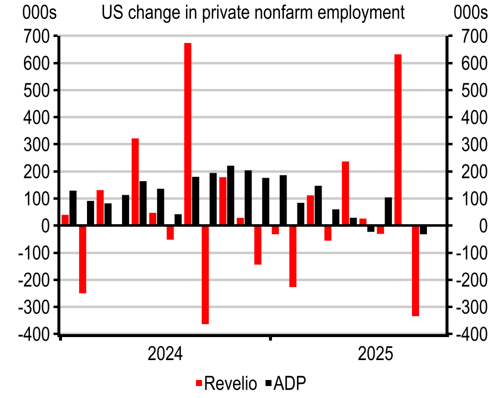
US-China trade tensions have cooled

Over the past few weeks, US-China trade tensions intensified and **then cooled at the recent APEC summit**. The US has agreed to reduce fentanyl related tariffs by 10% and remove the threatened additional 100% tariffs, while China agreed to defer rare earth export curbs introduced in October and could import soybeans once more. President Trump also signed trade deals with Korea, Malaysia and Cambodia during the trip. Meanwhile, the G7 agreed in its latest meeting to accelerate efforts across the critical mineral supply chain to reduce the risk of Chinese dominance in rare earths.

India is feeling the impact of higher tariffs

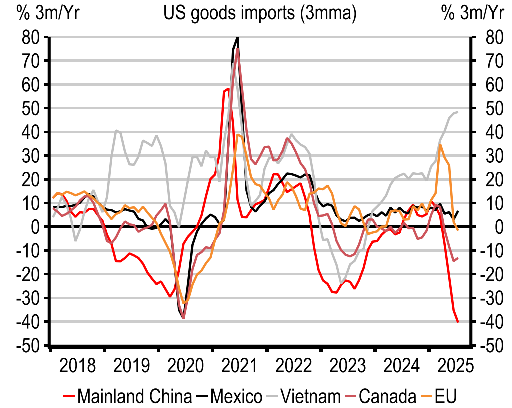
Separately, the US threatened an additional 10% tariffs on Canadian imports after a Canadian advertisement quoted a line from former US President Reagan's speech stating, "Tariffs hurt every American". In addition, Washington imposed sanctions on two of Russia's largest oil companies, potentially curtailing India and China's import of Russian crude. **India's trade data are seeing some of the impact of the 50% tariffs on exports** to the US taking effect, but ongoing negotiations with the US may provide some relief.

1. Private sector data were more useful during the recent government shutdown



Source: Macrobond

2. US imports have fallen from mainland China but picked up from Vietnam



Source: Macrobond

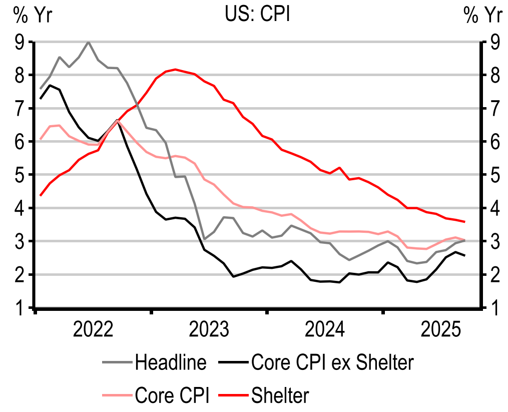
HSBC

Inflation risks

We still expect another US rate cut in December

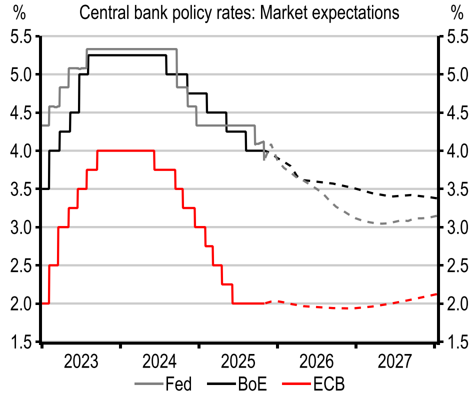
Higher tariffs have already begun to feed into US inflation, with durable goods prices increasing. However, lower rental inflation is going in the other direction, and so **the two may cancel each other out to a degree** in the coming months, even if survey indicators suggest that firms are feeling the pressure of higher costs. The lack of official US data due to the recently ended shutdown means that policy setting needs to be a little more cautious. The Federal Reserve delivered another rate cut in October, primarily to help the softening labour market, and **we still expect another rate cut in December, but risks have risen.**

3. The continued grind lower in shelter inflation is keeping overall inflation in check



Source: Macrobond.

4. Markets are looking for further easing from the Fed and ECB in 2026



Source: Macrobond.

Policy easing

European fiscal policy may turn expansionary

In Europe, most eurozone countries submitted their draft budget plans for 2026 to the European Commission, with the **fiscal stance likely to turn expansionary**. In the UK, lower-than-expected inflation has increased odds of a rate cut sooner rather than later, but we expect Bank of England to remain on hold until April 2026. Meanwhile, in mainland China, the 15th Five Year Plan unveiled an increased focus on self-reliance, with an emphasis on **high quality development fuelled by technology and innovation**. The slowdown in recent data, particularly on the investment side, makes the need for government support more pressing.

Key recent releases

Date	Market	Release	Period	Actual	Consensus expectation	Prior	Actual vs. Consensus
20 Oct	Mainland China	GDP (% y-o-y)	Q3	4.8	4.7	5.2	↑
22 Oct	UK	CPI (% y-o-y)	Sep	38	4.0	3.8	↓
29 Oct	US	FOMC rate decision (%)	-	3.75-4.00	3.75-4.00	4.00-4.25	→
31 Oct	Eurozone	HICP (% y-o-y)	Oct, flash	2.1	2.1	2.2	→
3 Nov	US	ISM manufacturing (Index)	Oct	48.7	49.5	49.1	↓
5 Nov	US	ADP employment, monthly change (000s)	Oct	42	30	-29	↑
5 Nov	US	ISM services (Index)	Oct	52.4	50.8	50.0	↑
7 Nov	Mainland China	Exports (% y-o-y)	Oct	-1.1	2.9	8.3	↓
7 Nov	Mainland China	Imports (% y-o-y)	Oct	1.0	2.7	7.4	↓

Source: Bloomberg, HSBC
↑ Positive surprise – actual is higher than consensus, ↓ Negative surprise – actual is lower than consensus, → Actual is in line with consensus

Key upcoming events

Date	Market	Release	Period
14-21 Nov	US	Retail sales	Oct
19 Nov	UK	CPI	Oct
20 Nov	Mainland China	People's Bank of China interest rate announcement	-
21 Nov	UK	Retail sales	Oct
21 Nov	EU / UK / US	PMIs	Nov
2 Dec	Eurozone	HICP	Nov
5 Dec	US	Non-farm payrolls	Oct
8 Dec	Mainland China	Exports / Imports	Nov
10 Dec	Mainland China	PPI / CPI	Nov
10 Dec	US	CPI	Nov
11 Dec	US	Federal Reserve interest rate announcement	-
12 Dec	UK	GDP	Oct

Source: LSEG Eikon, HSBC

Disclosure appendix

Important disclosures

1. This report is dated as at 14 November 2025.
2. All market data included in this report are dated as at close 13 November 2025, unless a different date and/or a specific time of day is indicated in the report.
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