Mizuho Daily

Dec 04, 2025

Three Take-Aways

1) ADP private payrolls unexpectedly fell by the steepest drop since March 2023. Meanwhile, ISM Services PMI rose to a 9-month high, signaling modest service-sector resilience, even as employment remained in contraction.

2) Hong Kong PMI climbed to strongest since March 2023 on robust demand. However, hiring hesitancy and downbeat sentiment on outlook suggest growth may be uneven.

3) Australia remains on a modest recovery path, supported by resilient household consumption. The RBA is likely to hold policy steady through mid-2026.

MACRO THEME: Jobs Alarm Bells

- **ADP private payrolls surprised** the market by plunging 32k in November, **the sharpest drop since March 2023**, and missing market expectations of +10k.

- The surprising decrease was **mainly driven by small businesses** shedding 120k jobs amid choppy hiring.

- Sector declines led by professional services, information, and manufacturing, while education and health added jobs.

- Besides, **wage growth cooled** sharply (job-changers +6.3% YoY, lowest since Feb 2021; stayers +4.4%).

- The other data worth mentioning is **ISM Services PMI**, which edged up 0.2pt to 52.6, **reaching a 9-month high**.

- The reading signals modest expansion in service activities, with **business activity sped up to a 3-month high at 54.5**. 11 industries reported growth in business activity, while only 5 reported a decrease.

- Notably, **prices paid hit a 7-month low at 65.4**, implying a sign of disinflation.

- **Employment remained in contraction** but shrank more slowly at 48.9.

- On the downside, **longer supplier deliveries were seen due to air traffic disruptions** from the government shutdown and customs impacts related to changing tariffs, which dragged the expansion in the month.

- Overall, **stark labor-market weakening justifies a December "risk-management" cut**, while services resilience give the Fed ample room to keep the tone hawkish and signal limited further easing thereafter.

- Market-implied odds of a Dec rate cut have surged above 90%, as reflected in both Fed Funds futures and OIS pricing.

***Yields** (2Y: -2.4bp; 10Y: -2.3bp; 30Y: -1.6bp)*

***Equities** (Nasdaq: +0.2%; S&P 500: +0.3%; Dow: +0.9%)*

***FX** (DXY: -0.5%)*

- USD/JPY fell towards 155. AUD rebounded above 0.66.

Hong Kong: Activity Strengthens Amid Caution

- PMI rose to 52.9 in November (from 51.2 in Oct), marking **the fastest improvement since March 2023**.

- This marks the **fourth consecutive month of expansion** and reflects a **sharp rebound in output and new orders**, supported by **firmer domestic demand and a notable recovery in export sales**.

- **Mainland China demand surged**, posting its fastest increase in 28 months.

- While signaling a positive turn for growth, business **sentiment remains cautious**.

- **Firms remain worried about the economic outlook, geopolitics, and rising trade barriers**, keeping output expectations downbeat for the 28th straight month.

- **Employment contracted** for the second time in three months, underscoring firms' **reluctance to commit to hiring** amid persistent concerns over the outlook and geopolitical risks.

- **Price pressures also intensified**, with input costs rising at the second-highest pace in two years, prompting the sharpest increase in output charges since Sep 2024.

- Stronger PMI readings point to **near-term GDP acceleration**.

- However, persistent hiring hesitancy and downbeat sentiment suggest the recovery may be **uneven and vulnerable to external risks**, limiting sustained momentum beyond early 2026.

Post Australia Q3 GDP: Cautious, Not Dismal

- Even though Australia's Q3 GDP fell short of market expectations and represented a slow in growth momentum, this is **GDP print at 2.1% YoY affirms a modest recovery** rather than it being derailed.

- Critically, aside from the marginal external demand drag, the main drag came from a **drawdown in inventories** of -0.5%-pt which offset sharp increase in private demand which added 0.8%-pt.

- The decline in inventories is not worrying as it was used to **fulfil coal demand** though there may be some caution on the retailers' front who draw down on existing stock amid an extended promotional period.

- More importantly, **household consumption stayed sufficiently robust. Although looking under the hood,** essential consumption on insurance, gas and rent provided greater support.

- What's more, a rise in **household saving ratio to above pre-Covid levels suggest some available buffer for households to dig into**.

- On balance, this print does not distract from our expectations that economy is on track for a modest recovery to 1.9% YoY in 2025.

- The upshot is that while this print may shave off marginal rate hike bets, the RBA looks set for an extended policy rate hold till mid-2026.

- The AUD though continues to be well backstopped but rallies will have to come from riding external tailwinds, if any.

DATA/EVENTS

Yesterday	Actual	Exp.	Prior
(KR) GDP YoY (3Q P)	1.8%	1.7%	1.7%
(AU) GDP YoY (3Q)	2.1%	2.2%	1.8%
(TH) CPI/Core YoY (Nov)	-0.5%/0.7%	-0.6%/0.6%	-0.8%/0.6%
(US) ADP Employment Change (Nov)	-32k	10k	42k
(US) Industrial Production Mom (Sep)	0.1%	0.1%	-0.3%
(US) ISM Services Index (Nov)	52.60	52.00	52.40

Today	Actual	Exp.	Prior
(AU) Trade Balance	A$4385m	A$4500m	A$3938m
(AU) Household Spending YoY	5.6%	4.6%	5.1%
(US)Trade Balance		-$63.2b	-$59.6b
(US) Initial Jobless Claims		220k	216k
(US) Challenger Job Cuts YoY			175.3%
(EZ) Retail Sales YoY		1.3%	1.0%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	155.25	155.11	▼0.40%	154.50	-	158.00
EURUSD	1.1671	1.1666	+0.40%	1.1500	-	1.1700
GBPUSD	1.3353	1.3348	+1.06%	1.3000	-	1.3300
AUDUSD	0.6601	0.6604	+0.58%	0.6450	-	0.6600
DXY	98.9	--	▼0.51%	98.5	-	100.5
USDCNY	7.0640	--	▼0.10%	7.0600	-	7.1500
USDCNH	7.0577	7.0565	▼0.13%	7.0600	-	7.1700
USDHKD	7.7844	7.7834	▼0.01%	7.7600	-	7.8200
USDSGD	1.2937	1.2938	▼0.22%	1.2900	-	1.3050
USDKRW	1466	1466	+0.00%	1447	-	1485
USDTWD	31.33	--	▼0.28%	30.80		31.60
USDINR	90.19	--	+0.35%	89.00	-	90.10
USDIDR	16622	--	▼0.01%	16500	-	16800
USDMYR	4.122	4.116	▼0.22%	4.115	-	4.180
USDPHP	58.91	--	+0.65%	58.20	-	59.30
USDTHB	31.93	31.90	▼0.24%	31.8	-	32.4
USDVND	26373	26373	▼0.01%	26250	-	26600

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.486	4.064	-2.4	-2.3
JGB (JP)	1.009	1.889	0.0	2.7
Bunds (GE)	2.054	2.746	0.5	-0.2
Gilts (UK)	3.741	4.447	0.9	-2.2
AGB (AU)	3.910	4.644	5.8	3.1
SGS (SG)	1.357	2.006	-3.7	-4.4
CGB (CN)	1.413	1.836	-0.4	0.5
KGB (KR)	2.877	3.352	0.0	0.0
SDL (IN)	5.823	6.511	1.2	2.1

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	181.21	180.95	+0.03%
GBP/JPY	207.31	207.041	+0.66%
JPY/SGD (100yen)	0.8333	0.8341	+0.16%
JPY/HKD (100yen)	5.0139	5.018	+0.39%
CNH/JPY	21.96	21.958	▼0.46%
CNH/HKD	1.1019	1.1019	+0.09%
EUR/GBP	0.87401	0.87399	▼0.66%
AUD/NZD	1.1433	1.1439	▼0.10%
EUR/CNH	8.2376	8.2321	+0.27%
GBP/CNH	9.4251	9.419	+0.93%
CNY/HKD	1.1019	1.1019	+0.09%
EUR/HKD	9.0854	9.0801	+0.38%
SGD/HKD	6.0171	6.0159	+0.22%

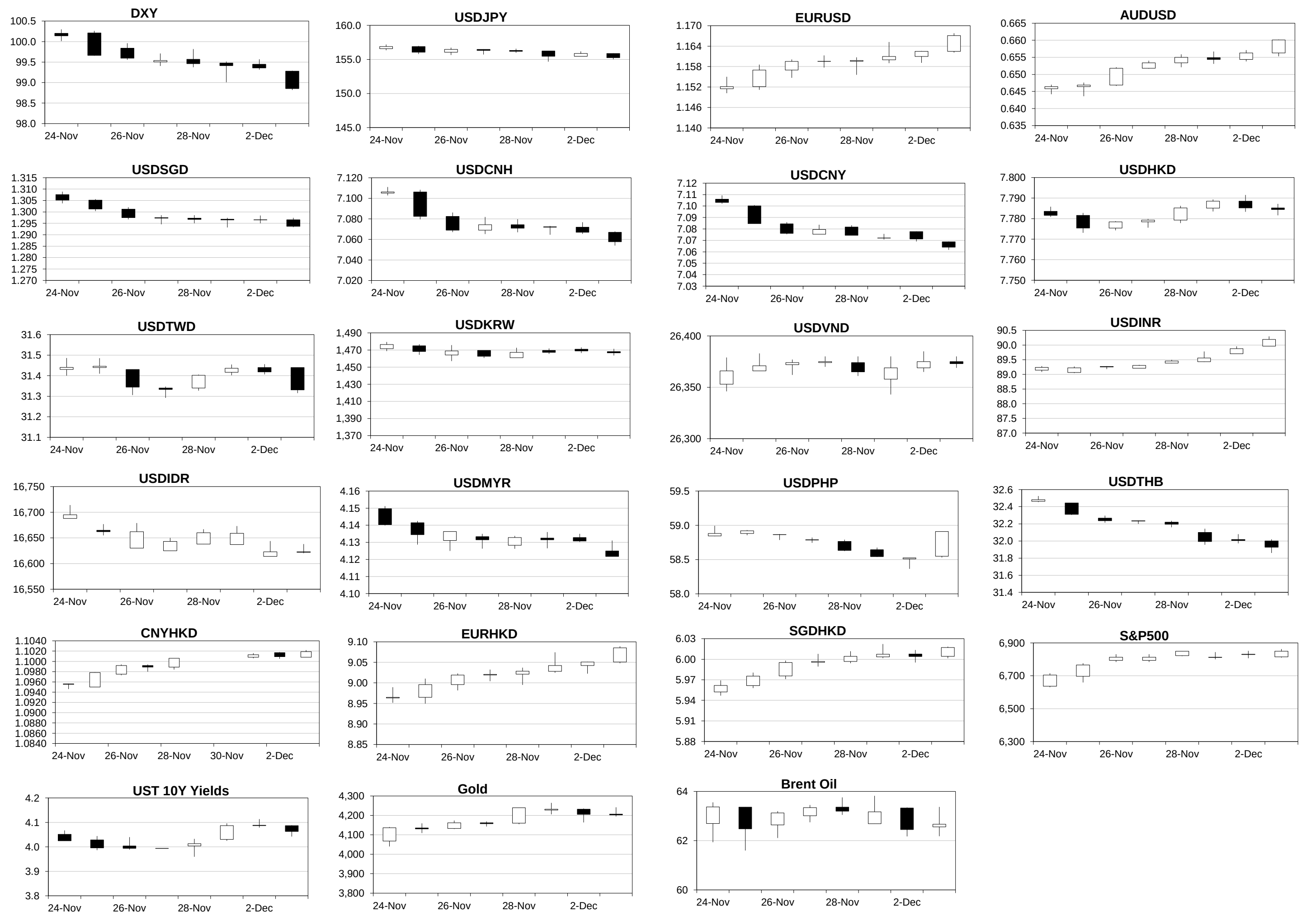
*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6849.72	20.35	+0.30%
Nasdaq (US)	23454.09	40.42	+0.17%
DJIA (US)	47882.9	408.44	+0.86%
N225 (JP)	49864.68	561.23	+1.14%
STOXX50 (EU)	5694.56	8.39	+0.15%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	11,575.88	361.70	+3.23%
IRON ORE (CN)	107.85	2.95	+0.42%
GOLD	4,203.08	-2.77	▼0.07%
SILVER	58.50	0.16	+3.20%
OIL (BRENT)	62.67	0.22	+0.35%
OIL (WTI)	58.95	0.31	+0.53%
NATURAL GAS	5.00	0.03	+0.05%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5223.52	-4.08	▼0.08%
STI (SG)	4554.52	16.56	+0.36%
SHCOMP (CN)	3878	-19.71	▼0.51%
SZCOMP (CN)	2440.972	-21.29	▼0.86%
HSI (HK)	25760.73	-334.32	▼1.28%
SENSEX (IN)	85106.81	-31.46	▼0.04%
JSE (ID)	8611.787	-5.26	▼0.06%
KLSE (MY)	1622.84	-7.76	▼0.48%
PSE (PH)	5905.84	-88.56	▼1.48%
SET (TH)	1274.82	-2.76	▼0.22%
VNINDEX (VN)	1731.77	0.01	+0.86%

CHARTS



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