Dollar slides, euro and yen gain as US labor market weakens

By Karen Brettell, Reuters, November 11, 2025

The U.S. dollar weakened against the euro and yen on Tuesday on concerns about the deteriorating U.S. labor market after a report showed that private employers cut jobs last month. ADP Research said on Tuesday that its preliminary estimates show that private employers shed an average of 11,250 jobs a week in the four weeks ending October 25. It comes as the federal government moves closer to reopening, which will unleash a flood of economic data that may point to a slowing economy. "When the government is closed, the news stream is non-existent. With the government going to reopen, I think we're going to begin seeing more cracks," said Marc Chandler, chief market strategist at Bannockburn Global Forex in New York.

The U.S. Senate approved a compromise on Monday that would end the longest government shutdown in U.S. history, breaking a weeks-long stalemate that has disrupted food benefits for millions, left hundreds of thousands of federal workers unpaid and snarled air traffic. It next heads to the Republican-controlled House of Representatives, where Speaker Mike Johnson has said he would like to pass it as soon as Wednesday and send it on to U.S. President Donald Trump to sign into law. The dollar has bounced in recent weeks as traders price in fewer rate cuts on a more positive growth outlook for the U.S. economy. Many Federal Reserve officials are also wary of making further rate cuts on concerns about the inflation outlook. But on Tuesday, the euro rose back above its declining trend line against the dollar that has held since September, Chandler noted. "The underlying sentiment toward the dollar still remains negative," he said. The dollar index , which measures the unit against a basket of currencies including the yen and the euro, fell 0.32% to 99.32, with the euro up 0.38% at $1.16. The euro is supported by the outlook for European Central Bank policy, with its key rate expected to stay unchanged through 2027, while the Fed is seen easing policy. The market is pricing in 67% odds the Fed will cut rates in December. Trading volumes were low on Tuesday with the U.S. bond market closed for the Veterans Day holiday. The Japanese yen strengthened 0.15% to 153.89 per dollar. The British pound edged higher, after earlier dropping on data showing that Britain's labor market cooled noticeably in the third quarter as the unemployment rate jumped and wage growth slowed.

Risk currencies rise as US government shutdown resolution nears

By Karen Brettell, Reuters, November 10, 2025

Risk-sensitive currencies including the Australian dollar rose on Monday, while safe havens like the Japanese yen dipped against the U.S. currency, as risk sentiment was boosted by signs the U.S. federal government is closer to reopening. The U.S. Senate on Sunday moved forward on a measure aimed at reopening the federal government and ending a 40-day shutdown that has sidelined federal workers, delayed food aid and snarled air travel. The perception that Democrats will be damaged by failing to achieve their aims during the shutdown may also be boosting risk appetite as people look ahead to next year's midterm elections, said Adam Button, chief currency analyst at investingLive in Toronto. This is on the idea that more pro-growth policies will be pursued if Republicans continue to hold majorities in Congress. "This really just looks like a kind of rout to the Democratic Party, and then you have two more years of a Republican majority," he said. That would mean more spending, which is good for stocks, gold and global growth, Button added.Still, moves were dampened by relatively low volumes ahead of Tuesday's Veterans Day holiday, when the U.S. bond market will be closed and forex markets are likely to see a drop in activity. "Trading volumes are relatively thin ahead of tomorrow's holiday and most participants are avoiding big directional positions as they grapple with the uncertainties still swirling around the state of U.S. fundamentals," said Karl Schamotta, chief market strategist at Corpay in Toronto.

Against the Japanese yen , the dollar was last up 0.38% at 153.98. The Aussie strengthened 0.72% versus the greenback to $0.6538. The Australian currency is sometimes used as a barometer of sentiment toward global growth, and often moves in line with equity markets, which were higher on Monday. The dollar index was little changed on the day at 99.59 and the euro dipped 0.03% to $1.1561. If the shutdown is lifted, the focus will shift to U.S. economic data, particularly non-farm payrolls data, which has not been released since government operations ground to a halt more than a month ago. Market pricing currently reflects a 61% chance of a Federal Reserve interest rate cut in December, although that pricing could shift sharply in either direction once the data comes through. U.S. central bankers who have supported two interest rate cuts this year signaled on Monday divergent views on the need for more, underscoring the challenge for Fed Chair Jerome Powell as he helms a divided group of policymakers.

There were also domestic factors shaping both the yen and Aussie dollar. Japanese Prime Minister Sanae Takaichi on Monday said she would work on setting a new fiscal target extending through several years to allow more flexible spending, essentially watering down the country's commitment to fiscal consolidation. Separately, the Bank of Japan's summary of opinions on Monday also said that the "fog surrounding Japan's economic outlook has begun to clear compared with July," potentially paving the way for a rate hike in December, which would help support the currency. "There is over-excitement that this will be complete Abenomics. We are expecting another hike by the BOJ," said Salman Ahmed, global head of macro and strategic asset allocation at Fidelity. Meanwhile, Reserve Bank of Australia Deputy Governor Andrew Hauser said in a speech that the country's financial conditions are closer to a neutral rate of interest - one that is neither stimulative nor a drag on the economy. "The speech, which came across as hawkish, propelled the Australian dollar higher," said analysts at Westpac in a note.

Brazil finmin says room for rate cuts, cenbank chief doing 'good job'

By Reuters, November 10, 2025

Brazil's finance minister said on Monday there is room for interest rates to fall, after the central bank last week kept borrowing costs unchanged for a third consecutive meeting. "There is indeed room for rate cuts," Fernando Haddad told CNN Brasil, adding that he had heard the same view from banks during a meeting earlier with industry group Febraban. But while many may have views on interest rates, the decision ultimately lies with the central bank, Haddad said. Policymakers last week kept Brazil's benchmark Selic rate at 15%, the highest in nearly 20 years, and maintained a hawkish stance, signaling rates would stay at that level for a "very prolonged" period to bring inflation back to its 3% target. Haddad said Gabriel Galipolo, who was previously his deputy at Brazil's finance ministry, was "doing a good job" as governor at the central bank, which is tackling a range of issues beyond interest rates. These included measures to curb abuses in the financial system inherited from the previous administration, he said. Galipolo, who was appointed by President Luiz Inacio Lula da Silva, has led the central bank since January. Haddad said Lula's government expects to close the year with a primary budget result close to zero. The official target is a zero primary deficit, with a tolerance margin of 0.25% of GDP either way.

Italian Pasta at Risk: US Tariffs of Up to 107% Threaten Shelf Presence of 13 Major Brands

With tariffs up to 107%, American shoppers may face doubled pasta prices as top Italian brands risk leaving the US market

By Robin Williams, IBTimes, Published 11/10/25

The United States is preparing to impose punitive tariffs, potentially reaching 107%, on a selection of Italian pasta imports, a move that threatens to remove 13 major brands from grocery shelves across the country. The decision follows an investigation into alleged 'dumping', where exporters are accused of selling products below their domestic market value, undercutting US producers. For American consumers, this could mean higher prices and fewer options for authentic Italian pasta. Meanwhile, for Italian exporters, it represents a major disruption to one of their most lucrative markets. Industry analysts warn that the impact could extend beyond the pasta aisle, signalling a new era of heightened trade tensions between the US and one of its key European partners, per New York Post. According to The Washington Post, La Molisana and Garofalo were flagged for submitting incomplete or untranslated documentation, slowing the investigation. The proposed tariff merges the standard 15% EU duty with a 92% anti-dumping levy, bringing the total to 107%. Barilla, partially produced in the US, is also included, as reported by Independent.

Why £600 Million of Italian Pasta Could Vanish From US Shelves - Italian pasta is a £3.5 billion (€4 billion / $4.7 billion) export industry. In 2024, the US imported £600 million ($700 million) worth of Italian pasta, representing 12% of the US pasta market. If the tariffs take effect, consumers could face significant consequences:

- Price hikes: Retail prices could double, turning a £1.50 ($1.75) pack into nearly £3 ($3.50).
- Reduced availability: Some brands may withdraw from the US market to avoid prohibitive costs.
- Market shift: US-produced pasta could gain market share, while authentic Italian pasta becomes scarce.

For context, total US pasta consumption reaches around £5 billion ($5.8 billion) annually. Losing £600 million ($700 million) in Italian imports would eliminate 12% of the market, significantly limiting variety for consumers.

Italian Leaders Warn of Economic Damage

The tariffs have provoked strong reactions in Italy. Agriculture Minister Francesco Lollobrigida described the move as 'hyper-protectionist'. The European Commission is reportedly ready to escalate the dispute to the World Trade Organisation if flaws are found in the US investigation. The 92% anti-dumping duty is preliminary and could change after a formal review in early 2026. Companies affected are formally requesting revisions in a bid to reduce or avoid the tariff.
Although this dispute centres on pasta, it reflects broader issues:

- Traditional 'Made in Italy' goods are vulnerable to trade enforcement.
- US trade policies under 'America First' are straining relationships with close allies.
- Cultural and economic interests collide in global food trade.