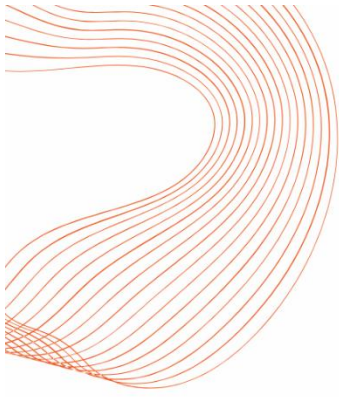




Your Income Advantage

14th October 2025



Overview of the US Market

Wall Street pulled back on October 14, 2025, as renewed US-China trade tensions overshadowed solid bank earnings and Federal Reserve signals of potential rate relief. The S&P 500 edged down 0.2% to 6644.31, while the Nasdaq Composite shed 0.8% amid a 1.6% drop in information technology, with Nvidia falling 4.4% on profit-taking after its recent surge. The Dow Jones Industrial Average bucked the trend, rising 0.4% as financials climbed 1.1% on strong results from JPMorgan and Goldman Sachs, which posted record revenue in investment banking.

President Trump's threat to halt cooking oil trade with China as retaliation for soybean snubs reignited fears of escalation, erasing early gains and dragging the benchmark negative despite Trade Representative Jamieson's note on ongoing talks. Crop traders like Bunge and Archer-Daniels-Midland rose over 1% on the news, while the "TACO" trade—betting on Trump's tariff backpedals—saw traders buy dips anticipating a rebound, per Barclays strategists. Consumer staples gained 1.7%, led by Walmart's AI partnership with OpenAI, but energy slipped 0.1% as oil tumbled 1.7% to \$58.47 a barrel.

Fed Chair Jerome Powell's comments bolstered rate-cut bets, noting a possible end to balance sheet shrinkage soon and worsening labor prospects, with two-year yields dipping to 3.48% near 2022 lows. Swap contracts now price in 1.25 points of easing by end-2026, supporting October and December cuts to a 3% terminal rate, according to TD Securities. A Bank of America survey showed 54% of fund managers viewing AI stocks as bubbly, up from last month, and though eToro's Bret Kenwell sees earnings beats reassuring on consumer health and AI spending.

Overview of the Australian Market

Australian shares eked out gains on October 14, 2025, buoyed by a mining rally that offset bank weakness and lingering US-China trade ripples. The S&P/ASX 200 rose 0.19% to 8899.4, with the All Ordinaries up 0.27%, as materials surged 2.3% on iron ore strength and gold's record \$4179 an ounce. Energy climbed 1.4%, with uranium plays like Paladin up 9.6%, while financials dipped 0.5% as Westpac and NAB fell over 1%.

BHP, Fortescue, and Rio Tinto each gained 1.8% or more on Rio's highest Q3 shipments since 2019, and rare earths like Lynas rose 5% amid unresolved curbs. Gold and silver records drew safe-haven flows, lifting Northern Star and Evolution, though consumer discretionary slid 1% on softer confidence to 12-month lows. Droneshield plunged 6.5% in a defense sector pullback after its 600% YTD run, while Cobalt Blue Holdings doubled on a cobalt MoU.

September NAB business confidence hit +7, up from +4, with conditions steady at +8, signaling resilience per NAB's Sally Auld—bolstering RBA patience amid 1.5% labor cost moderation. CommSec's Ryan Felsman noted calmer White House rhetoric aiding miners, though the Aussie dollar weakened 0.7% to 0.6468 on tempered November cut hopes from hawkish RBA minutes. AGMs for CBA, Origin, and Lottery loom Wednesday, alongside China's CPI/PPI deflation data.

Overview of the US Bond Market

Treasury yields ticked lower on October 14, 2025, with the 10-year dipping one basis point to 4.03% and the two-year falling three to 3.48%, reflecting haven bids amid trade jitters and Powell's dovish tilt on liquidity measures. The 30-year held steady at 4.63%, as two-year notes hit lows not seen since 2022 on expectations of Fed easing to counter job-market softening.

Powell's remarks confirmed an October rate cut trajectory, per JPMorgan's Michael Feroli, while TD Securities anticipates QT's end at the FOMC meeting, easing term premiums and funding strains—potentially via 2026 bill purchases if year-end pressures mount. Trade Representative Jamieson's optimism on senior-level US-China discussions, including a potential Trump-Xi meeting, tempered escalation fears, though Trump's cooking oil threat highlighted farmer aid delays from the shutdown. The Bloomberg Dollar Spot Index eased 0.1%, with the euro up 0.3% to \$1.1606, as global funds eye tariff truces' fading market lift.

JPMorgan's client survey showed net longs at two-month lows ahead of this week's data, with asset managers trimming positions across tenors by \$23.5 million per basis point in recent CFTC figures, signaling caution on inflation risks from tariffs. Dealers expect unchanged August-October auction sizes per April guidance, with 10- and five-year issuances up \$1 billion. Upcoming releases include international trade Tuesday (forecast -61 billion deficit), Philly Fed Thursday (8.5 index), retail sales (0.4% MM), and non-farm payrolls Sunday (50,000 jobs, 4.3% unemployment), which could sway cut odds if consumer resilience holds amid trade whiplash.

Overview of the Australian Bond Market

Australian government bond yields eased on October 14, 2025, with the 10-year down four basis points to 4.24% and the two-year slipping three to 3.43%, as equity gains in resources tempered risk-off flows from US trade noise. The 15-year fell to 4.58%, tracking global haven demand amid gold's surge.

NAB's confidence uptick to +7 underscores business steadiness despite hiring softness, aligning with RBA's pause and easing cost pressures that favor steady policy. China's looming CPI (-0.2% forecast) and PPI (-2.3%) Thursday could pressure commodity exporters if deflation persists, while US brinkmanship risks inflation via tariffs—though Trump's TACO pattern suggests dip-buying opportunities, per Nomura's Charlie McElligott, who pegs 12% returns from shorting S&P futures on escalations.

The AUD's drop to 0.6468 reflects caution ahead of Thursday's employment data (20,000 jobs forecast, 4.3% unemployment), which may test cut bets if labor softens. Strategists see funds rotating from discretionary and tech to resources, with pullbacks as entry points if fundamentals endure, though volatility from AI froth and trade could cap upside.

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YieldReport – Interest Rates & Yield Investment Data & Research
Level 2, Suite 208
33 Lexington Drive
Bella Vista NSW 2153

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