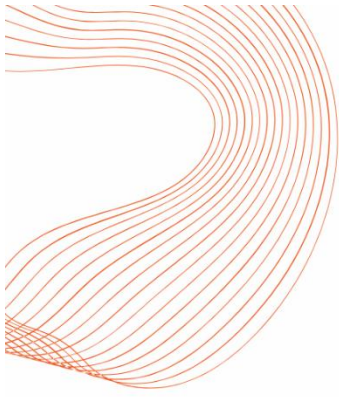




Your Income Advantage

17th October 2025



Overview of the US Market

Wall Street ended higher on October 17, 2025, buoyed by President Donald Trump's optimistic comments on US-China trade talks that eased concerns over escalating tensions. The S&P 500 rose 0.53% to close at 6664.01, marking its best week since August, while the Nasdaq Composite gained 0.52% and the Dow Jones Industrial Average advanced 0.52% or 238 points. Regional banks rebounded after a recent rout, with solid earnings helping to restore confidence, though Oracle tumbled on AI demand worries. Nvidia and Intel were among the most active stocks, with Nvidia up 0.78% amid continued AI enthusiasm.

Trump's remarks suggesting progress in negotiations and a potential meeting with President Xi Jinping helped calm markets rattled by tariff fears. Regional lenders like Zions Bancorp and Western Alliance rallied sharply, up 5.8% and 3.1% respectively, following better-than-expected provisions for loan losses despite fraud-related concerns. American Express beat earnings forecasts, but Novo Nordisk and Eli Lilly slipped after Trump hinted at lower Ozempic prices. Broadcom's deal with OpenAI provided a lift to tech sentiment.

Consumer staples led sector gains with a 1.23% rise, followed by financials at 0.84%, while materials and utilities lagged, down 0.35% and 0.38%. Equity inflows remained strong at \$28.1 billion for the week, per Bank of America data, even as the government shutdown delayed key releases. Applications for unemployment benefits fell to around 215,000, signaling labor market resilience, though non-farm payrolls earlier in the month disappointed at levels below expectations.

Keith Lerner at Truist Advisory Services noted the market's vulnerability to surprises after an extended rally, viewing pullbacks as buying opportunities. Fed speakers like Alberto Musalem supported potential rate cuts amid economic uncertainty, with markets pricing in a 25-basis-point reduction at the October meeting per Morgan Stanley economists. Looking ahead, the September consumer price index on October 24 is expected to show modest core inflation cooling, potentially bolstering dovish bets.

Strategists at UBS Global Wealth Management upgraded equities to attractive, citing AI momentum and Fed support, urging investors to reallocate from cash or bonds. Charles Schwab's CEO highlighted retail traders buying dips amid volatility.

Overview of the Australian Market

The Australian share-market closed lower on October 17, 2025, snapping a record run as global credit concerns and falling oil prices weighed on sentiment. The S&P/ASX 200 fell 0.81% to 8995.3, while the All Ordinaries dropped 0.88% to 9293.2. Financials led declines with a 1.20% slide, echoing US regional bank jitters from fraud-linked losses, and energy tumbled 2.80% as crude hit five-month lows amid US-China tensions and Ukraine peace talks.

Consumer staples bucked the trend, up 0.33%, with utilities and materials edging higher by 0.07%. Gold miners shone amid broader precious metals strength, with Emerald Resources up 4.1% and Van Eck Gold Miners ETF gaining 4.1%. Cufu and Lode Resources surged over 21% on sector momentum and project updates, but uranium and critical minerals stocks like Lotus Resources and Cobalt Blue plunged, down 14.3% and 19.6% amid pullbacks from recent rallies.

Treasury Wine Estates rose 3.7% ahead of its AGM, while QBE Insurance fell 9.3% on broader financial weakness. Weekly gains for the ASX 200 stood at 0.41%, but far from intraweek highs, reflecting risk aversion tied to US banking echoes from 2023.

Employment data showed a softer-than-expected 14.9 thousand rise for September, below the 20 thousand poll, with unemployment at 4.5% versus 4.3% expected, pressuring the RBA's stance. Composite leading index dipped 0.03%, signaling modest slowdown risks.

Overview of the US Bond Market

Bond prices fell as yields climbed across the curve, with the two-year Treasury yield rising three basis points to 3.46% from its lowest since 2022, reflecting reduced expectations for aggressive Fed easing amid trade optimism and resilient data. The 10-year yield advanced three basis points to 4.00%, while the 30-year edged up one basis point to 4.60%. The dollar held steady after its worst week since August, as Trump's soothing trade comments diminished safe-haven demand for Treasuries.

The government shutdown continues to obscure economic visibility, but analyses of state-level data showed initial jobless claims dropping, underscoring labor market stability despite earlier weak non-farm payrolls of around 50,000 for September, below the 223,000 polled. Unemployment ticked up slightly to 4.5%, higher than the 4.3% forecast, adding to calls for Fed action. Fed's Musalem emphasized meeting-by-meeting decisions, supporting another rate cut to aid a softening jobs picture, while Morgan Stanley sees a quarter-point move in October.

Housing starts and retail sales data from mid-week pointed to mixed consumer health, with starts below estimates at levels implying ongoing sector challenges. Import prices and trade balance figures later in the week could influence tariff discussions, as Treasury Secretary's comments on extending the US-China truce—potentially by 90 days—eased global risk fears, pressuring yields higher.

Bond traders trimmed long positions ahead of key auctions, with JPMorgan's survey showing net longs at two-month lows, suggesting caution amid high valuations and potential tariff pass-through in inflation data. Asset managers pared net longs in Treasury futures by \$23.5 million per basis point, focused on shorter tenors, while leveraged funds reduced shorts in longer bonds.

Dealers anticipate steady coupon auction sizes for November-January, aligning with prior guidance, with the next 10-year reopening expected at \$42 billion and 30-year at \$25 billion.

Overview of the Australian Bond Market

Australian government bond yields eased slightly, with the two-year yield down six basis points to 3.28% and the 10-year slipping five basis points to 4.09%, as softer jobs data bolstered rate cut bets amid global volatility. The 5-year yield fell six basis points to 3.50%, and the 15-year dropped four basis points to 4.45%. The Aussie dollar weakened 0.13% to 0.6476 against the US dollar, influenced by trade war jitters despite Trump's optimistic tone.

September employment growth disappointed at 14.9 thousand, with unemployment rising to 4.5%, heightening expectations for RBA easing to support a cooling labor market. The composite leading index's decline points to subdued growth, potentially offsetting tariff impacts from US-China talks.

Deal flows reflected caution, with energy and financials dragging amid US regional bank contagion fears, though gold's safe-haven appeal supported related assets.

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