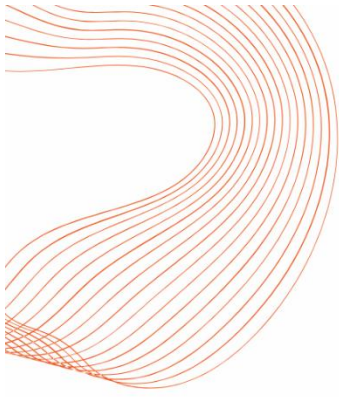




Your Income Advantage

22nd October 2025



Overview of the US Market

Wall Street extended losses on October 22, 2025, as volatility resurfaced amid a momentum unwind in speculative assets and fresh trade anxieties from reports of potential US restrictions on software exports to China. The S&P 500 fell 0.5%, slipping below 6,700, while the Nasdaq 100 dropped 1% following tepid outlooks from Texas Instruments and a 10% plunge in Netflix. The Dow Jones Industrial Average declined 0.7%, with industrials down 1.3% as broader risk sentiment soured. Energy stocks bucked the trend, rising 1.3% on higher oil prices, but consumer discretionary and tech sectors lagged with losses over 0.8%.

Gold extended its rout, falling 0.5% after an initial 2.9% drop, holding above \$4,100 amid choppy trading as investors digested overstretched rallies driven by debasement trades and Fed easing bets. Silver pared losses to end 0.3% lower, while Bitcoin slid 2.6% in a broader pullback for retail-favored assets like crypto and AI names, with the Bloomberg US Pure Momentum Portfolio reflecting sharp declines. Beyond Meat whipsawed amid meme-stock volatility, and Tesla slipped in after-hours despite record Q3 revenue, as profit missed estimates.

Corporate earnings showed resilience, with 87% of S&P 500 reporters beating expectations—the highest since 2021—bolstering views from JPMorgan's Dubravko Lakos-Bujas that AI cycles and consumer strength support growth, though strategists like City Index's Fiona Cincotta noted stretched valuations demand exceptional fundamentals. Southwest Airlines surprised with adjusted profit on bag fees, Alphabet touted quantum breakthroughs, and Capital One surged on buyback plans post-Discover acquisition. Geopolitically, Treasury Secretary Scott Bessent flagged ramped-up Russia sanctions, adding to trade jitters ahead of potential Trump-Xi meetings.

With the rally pausing two weeks from S&P highs, defensive staples and real estate gained over 0.4%, per Bespoke's note on cooling parabolic enthusiasm. Investors eye October 23 existing home sales data, polling at 4.06 million for September, and the Fed's October 29 decision, where Fundstrat's Thomas Lee sees solid earnings and dovish policy driving toward a 7,000 S&P year-end.

Overview of the Australian Market

The Australian share market retreated on October 22, 2025, handing back prior gains as plunging gold prices triggered a mining sell-off, with the S&P/ASX 200 down 0.7% at 9,030 and the All Ordinaries off 0.7% at 9,321.1. Materials tumbled 3.1% amid gold's rout, with the XGD sub-index plunging 8.5% as names like Nova Minerals fell 24.3% and G50 Corp dropped 14.1%; broader resources declined 2.7%, hitting Paladin Energy down 5.3% and Lynas Rare Earths off 3.3%. Energy provided the sole bright spot, up 1.3% on oil's rise, led by Woodside's 3.5% gain after improved Q3 production and guidance.

Fund flows shifted from precious metals—reminding of high-beta risks—to financials, which edged 0.1% higher with modest Big Four bank gains, while tech rose 0.4% amid rotations from low-PE resources. Standouts included Paradigm Biopharmaceuticals up 21.6% and Weebit Nano surging 18.9% on an investor update, with Northern Minerals gaining 14.5% on US funding support. Adairs jumped 8.3% despite cut guidance, citing reduced discounting, but consumer staples slipped 0.6% as NAB noted returning stress.

The dip followed Tuesday's record close, with Moomoo's Michael McCarthy attributing gold weakness to overbought conditions and impending US CPI, potentially flushing exuberance for a re-base. Investors await October 23 S&P Global PMI flashes, after prior readings around 52, which could gauge manufacturing and services amid tariff talks and China ties.

Overview of the US Bond Market

Treasury yields dipped modestly on October 22, 2025, with the 10-year down 1 basis point to 3.95%, as a strong \$13 billion 20-year auction drew demand amid equity volatility and gold's extended pullback, though subdued dollar trading—the quietest in over a decade—limited moves amid the government shutdown and global tensions. Shorter maturities like the 2-year eased 1 basis point to 3.44%, reflecting bets on Fed easing despite sticky inflation, with macro factors like oil's 3.4% jump to \$59.20 potentially pressuring yields if supply gluts persist.

Blended influences included the shutdown's data vacuum, where ADP halted private payroll feeds post-Fed speeches, heightening focus on labor fragility as Goldman Sachs pegs trend payrolls at 25,000 monthly—well below breakeven—amid AI adoption and tariff uncertainties. Positioning showed asset managers trimming net long Treasury futures per delayed CFTC data, with cuts in 5- and 30-year contracts, while leveraged funds pared shorts; JPMorgan's survey indicated shrinking longs ahead of key releases. Dealers anticipate steady coupon sizes for November-January, aligning with guidance, as Macquarie's Thierry Wizman highlights Fed dovishness and US-China reconciliation as risk tailwinds.

Upcoming October 23 existing home sales could underscore housing softness if below poll, while October 24 core CPI—expected at 0.3% monthly, 3.1% annually—may test the market's shrug-off of inflation above 3% for nearly five years, per Reuters analysis, potentially reinforcing downward yield pressure if labor concerns dominate. With oil gluts forecasting \$55 Brent by year-end per Eurasia Group, aiding consumer power, bonds may find support if data signals slowdowns, though resilient earnings could cap declines.

Overview of the Australian Bond Market

Australian government bond yields were mixed on October 22, 2025, with the 10-year down 2 basis points to 4.10% amid global haven flows from equity and gold volatility, though the 2-year rose 1 basis point to 3.32% reflecting caution on local data. Longer ends like the 15-year eased 2 basis points to 4.43%, tracking US yield dips as oil's spike highlighted supply-demand imbalances potentially capping inflation.

Macro blends encompassed gold's retreat from debasement-driven highs, with DWS's Darwei Kung viewing pullbacks as sensible near \$4,400 without altering bullish outlooks, while shutdown-induced data gaps amplify labor fragility per Goldman, blending into yield pressures if PMIs signal slowdowns. Positioning may test October 23 manufacturing PMI after 51.4 prior, and services at 52.4, potentially easing yields if softness emerges amid US-China negotiations and Trump's tariff reshaping.

With AUD/USD in a 0.6440-0.6535 range per Reuters, holding patterns await October 24 US CPI polling 0.3% core monthly—sticky at 3.1% annually—where lower oil forecasts aid disinflation, supporting bonds if consumer stress persists per NAB. Dealers expect steady auctions, as RBA monitors for dovish Fed spillovers.

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