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Your Income Advantage

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Overview of the US Market

Wall Street rebounded on October 23, 2025, with big tech leading gains as trade tensions eased ahead of Friday's consumer price index report, offsetting a spike in oil that fueled inflation concerns. The S&P 500 rose 0.6% to near all-time highs, the Nasdaq 100 climbed 0.9%, and the Dow Jones Industrial Average added 0.3%. Energy stocks surged 1.3% amid crude's 5.4% jump following US sanctions on Russian oil firms to pressure an end to the Ukraine war, while information technology gained 1% led by Tesla's 2.3% rally despite missing profit estimates. Industrials and materials also rose nearly 1%, but consumer staples fell 0.4%.

Gold halted its slide, up 0.5% as geopolitical risks bolstered safe-haven demand, while Bitcoin advanced 2.3%. Beyond Meat plunged 20.7% amid ongoing volatility, Rigetti Computing soared 9.8% on quantum sector buzz, and Transocean jumped 13.7% with oil's rally. Earnings showed durability, with 87% of S&P reporters beating estimates per Yardeni Research, supporting JPMorgan's Andrew Tyler view that solid results offset inflation angst, though Super Micro Computer disappointed with weak guidance and Molina Healthcare sank 17% on earnings miss and outlook cut. T-Mobile beat subscriber forecasts but slipped on competition, while Blackstone's credit assets hit $508 billion, up 18% yearly.

Trade optimism grew as the White House confirmed Trump's October 30 meeting with Xi Jinping, spurring hopes for de-escalation, with quantum firms rallying on reported federal funding talks—later refuted by Commerce. Nationwide's Mark Hackett noted buy-the-dip resilience amid Corporate America's strength, while UBS's Ulrike Hoffmann-Burchardi sees Fed easing, AI spending, and earnings driving further upside, advising diversification amid US-China risks. Investors await September existing home sales at 4.06 million—meeting poll—and October 24 core CPI at 0.3% monthly, 3.1% annually, where Principal's Seema Shah warns temporary tariff cushions may fade, risking sustained inflation.

A 22V survey showed 45% expecting risk-on post-CPI, with 61% viewing core on a Fed-friendly path, as Bowersock's Emily Bowersock Hill anticipates cuts October 29 and December despite sticky prices, given labor focus.

Overview of the Australian Market

The Australian share market edged higher on October 23, 2025, paring early losses as energy surged on global oil spikes, with the S&P/ASX 200 up 0.03% at 9,032.8 and the All Ordinaries gaining 0.09% at 9,329.1. Energy jumped 3.2% amid US Russia sanctions and crude's rise, led by Woodside's 4.3% advance on a US gas deal and Karoon Energy up 9.4% on Q3 report. Utilities rose 1.3%, consumer staples added 0.9%, but financials fell 0.8% with Big Four banks down modestly, and tech slipped 0.9%.

Fund flows favored energy amid Trump-Modi talks curbing Indian Russian oil buys, while gold rebounded 1.5% with Northern Star and Evolution up 2%, recovering a fraction of prior losses. Critical minerals gained post-US deal, with Iluka and Lynas over 3% higher, lithium's Liontown and Pilbara up 4%. VHM surged 14.8% on funding support, Baby Bunting jumped 12.7%, but Cobalt Blue fell 21.4% amid sector weakness. Fortescue rose 2.4% on production, but BHP dipped 1.2% at AGM.

IG's Tony Sycamore noted energy driving recovery from below 9000, with mixed miners and gold bounce. Investors digest October manufacturing PMI at 49.7—below prior 51.4 signaling contraction—services at 53.1, composite 52.6, potentially pressuring sentiment amid tariff risks and China ties.

Overview of the US Bond Market

Treasury yields climbed on October 23, 2025, with the 10-year up 6 basis points to 4.00%, as oil's surge on Russia sanctions spurred inflation bets ahead of CPI, though equity gains and trade thaw limited rises. Shorter ends like the 2-year rose 5 basis points to 3.49%, reflecting caution on sticky prices, with 30-year yields adding 5 basis points to 4.58% amid macro uncertainties from the shutdown's data gaps.

Blended factors included existing home sales at 4.06 million—hitting poll and a seven-month high—signaling housing resilience, yet labor fragility per Goldman Sachs' low payroll trends underscores Fed's easing bias despite core CPI stuck above 3% for years. Positioning via delayed CFTC showed asset managers trimming longs, concentrated in shorter tenors, while JPMorgan's scenarios peg 65% chance of S&P advance post-CPI, viewing tail risks needed to sideline October 29 cut. Dealers expect steady auction sizes November-January, as BMO's Ian Lyngen notes murky oil sanction fallout, with kneejerk crude spikes dominating attention.

Upcoming October 24 core CPI poll at 0.3% monthly could green light easing if not hotter, per Bloomberg preview, though Seema Shah flags tariff pass-through risks persisting into 2026, potentially forcing cautious Fed amid inventory depletion and margin squeezes. With oil gluts possibly hitting $55 by year-end per Eurasia, aiding disinflation, bonds may stabilize if data aligns with fragile jobs narrative.

Overview of the Australian Bond Market

Australian government bond yields rose on October 23, 2025, with the 10-year up 5 basis points to 4.15%, tracking US climbs on oil's inflation implications, though AUD/USD little changed at 0.6487 capped upside. Shorter 2-year added 5 basis points to 3.36%, reflecting PMI softness, while 15-year gained 5 basis points to 4.49% amid global risk-on from trade thaws.

Macro blends included manufacturing PMI dip to 49.7—contraction after expansion—offset by services rise to 53.1, keeping composite at 52.6, highlighting uneven recovery per S&P Global. Positioning sensitive to US CPI poll 0.3% core monthly tomorrow, where hotter print risks yield pressure amid tariff pass-through, as Principal notes temporary cushions like inventory frontloading may wane. Dealers anticipate steady auctions, with RBA eyeing Fed dovishness spillover.

Oil gluts aiding disinflation could support bonds if PMIs signal broader slowdown, blending with NAB's consumer stress return and China stimulus hopes lifting metals.

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