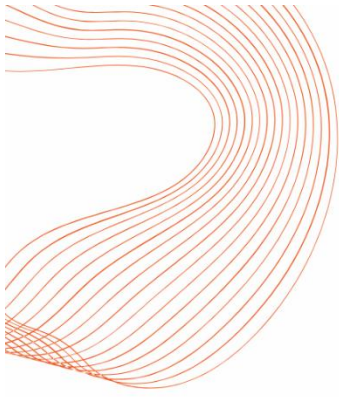




Your Income Advantage

24th October 2025



Overview of the US Market

Wall Street rallied to fresh highs on October 24, 2025, as cooler-than-expected inflation data reinforced bets on Federal Reserve rate cuts, overshadowing mixed earnings and an oil dip. The S&P 500 climbed 0.8%, briefly topping 6,800 for a new all-time peak, while the Nasdaq Composite rose 1.2% and the Dow Jones Industrial Average gained 1%. Information technology led with a 1.6% advance, boosted by Intel's upbeat outlook despite challenges, but energy fell 1% as crude slipped 0.6%. Communication services added 1.3%, financials rose 1.1%, but consumer staples and materials declined over 0.4%.

September core CPI rose 0.2% monthly—below poll's 0.3%—and 3% annually, down from 3.1% expected, with headline up 0.3%, signaling contained pressures despite tariffs, per Goldman Sachs' Lindsay Rosner noting little to spook the Fed. Consumer sentiment fell to a five-month low of 53.6 on persistent high prices, per University of Michigan, yet S&P Global PMIs showed business activity pickup, underscoring economic resilience. Beyond Meat extended losses, down 23.1% amid volatility, Ford surged 12.2% on supplier fire recovery signals, and Opendoor jumped 13.4%. Procter & Gamble beat sales on resilient demand, GM raised guidance but cut jobs, and Target restructured with 8% corporate cuts.

Trade talks progressed as US and Chinese officials met in Kuala Lumpur to avert escalation ahead of Trump-Xi summit, with Trump highlighting fentanyl, Taiwan, and Hong Kong's Jimmy Lai. Interactive Brokers' Jose Torres saw investors grabbing the bull by the horns for rate cuts, while Glenmede's Jason Pride noted easing path if jobs risks outweigh inflation. eToro's Bret Kenwell viewed data as not derailing cuts, with strong earnings like 87% beats supporting mild inflationary growth. Citadel Securities' Scott Rubner eyed year-end rally from seasonality, buybacks, and retail demand.

With swaps pricing quarter-point cuts October 29 and December, Janus Henderson's John Kerschner said CPI aids narrative of contained inflation, backing further easing into 2026. Strategists like Pacific Investment Management's Tiffany Wilding noted modest tariff pass-through due to retail pressures, keeping expectations anchored.

Overview of the Australian Market

The Australian share market ended slightly lower on October 24, 2025, in a subdued session amid US CPI anticipation, with the S&P/ASX 200 down 0.2% at 9,019 and the All Ordinaries off 0.1% at 9,317.2, yet holding weekly gains of 0.3% after Tuesday's record close. Information technology rose 1.3% on Nasdaq leads, with Weebit Nano up 6.7% and Wisetech Global gaining 3%, while materials added 0.4% amid lithium bounce. Financials fell 0.5% with ANZ down 1%, health care slipped 1.2%, and consumer staples dropped 0.8%.

Fund flows were muted pre-CPI, with risk-off vibe but technical showing inflows to ASX stocks, as CVS's Fiona Clark noted political concerns over Trump-Xi and Canada talks weighing. Energy edged 0.3%, resources up 0.8% with lithium like Core up 14.3% on holder notice, Pilbara 9.1% on quarterly, and Liontown implied strength. Stakk surged 27.5% on revenue growth, Latrobe Magnesium jumped 19.4% on offer, but Mount Gibson plunged 26.6% on operations update, Astron fell 15.3% amid critical minerals weakness.

The October manufacturing PMI at 49.7—contraction from 51.4—offset by services rise to 53.1 and composite 52.6, signaling uneven growth per S&P Global. Investors eye local CPI, RBA's Bullock speech, and global rates next week amid tariff risks and China stimulus hopes lifting metals.

Overview of the US Bond Market

Treasury yields were little changed on October 24, 2025, with the 10-year steady at 4.00% after an initial dip on soft CPI faded amid resilient PMIs, blending inflation relief with growth signals that cap aggressive easing bets. Shorter 2-year yields fell 1 basis point to 3.48%, reflecting dovish cut odds, while 30-year held at 4.59% as oil's drop tempered tariff-induced price fears.

Macro influences included core CPI's 0.2% monthly rise—below poll—keeping annual at 3%, with headline 0.3%, confirming sticky but fading trends per Lombard Odier's Florian Ielpo, reinforcing multiple 2025 cuts amid anchored expectations. Consumer sentiment's drop to 53.6 highlighted price erosion on finances, yet S&P PMIs' uptick and existing home sales at 4.06 million—meeting poll—bolster labor-focused Fed narrative, per Morgan Stanley's Ellen Zentner seeing no surge or cliff. Positioning via delayed CFTC likely shows trimmed longs, with JPMorgan's Michael Feroli expecting QT end announcement October 29 alongside cut, viewing benign data as risk-management green-light.

White House noted no October CPI due to shutdown, heightening private data reliance, where ClearBridge's Josh Jamner flags slower goods inflation undershooting tariff expectations, aiding labor support. With swaps at 120 basis points easing to sub-3% neutral by mid-2026, bonds may see support if jobs weaken, though Strategas' Don Rissmiller sees contained upside risks from anchored expectations despite utilities and used cars volatility.

Overview of the Australian Bond Market

Australian government bond yields edged higher on October 24, 2025, with the 10-year up 2 basis points to 4.14% tracking US stability post-CPI, though AUD/USD down 0.2% at 0.6499 limited gains. Shorter 2-year raised 1 basis point to 3.34%, reflecting PMI mixed signals, while 15-year added 2 basis points to 4.47% amid global risk-on from trade talks.

Macro blends encompassed manufacturing PMI dip to 49.7—first contraction since May—balanced by services at 53.1, keeping composite expansion at 52.6, highlighting resilience per S&P yet uneven amid tariff uncertainties. Positioning cautious pre-local CPI and RBA speech, with US cores softer 0.2% monthly reinforcing global eases, where Pacific's Tiffany Wilding notes modest tariff pass-through from retail pressures anchoring expectations. Dealers expect steady auctions, as RBA monitors Fed's likely October 29 cut and QT end per JPMorgan's Feroli.

Oil dip aiding disinflation could bolster bonds if PMIs foreshadow slowdown, blending with NAB consumer stress and China pledges for self-sufficiency and consumption boost, potentially lifting exports.

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