



Your Income Advantage

2nd October 2025



Overview of the US Market

Wall Street eked out modest gains on October 2, 2025, extending records for a second day as AI optimism overcame concerns over the extending government shutdown and threats of federal job cuts. The S&P 500 rose 0.06% to 6715.35, the Nasdaq Composite climbed 0.39% to 22844.05, and the Dow Jones Industrial Average added 0.17% to 46519.72. Materials gained 1.05% and Information Technology advanced 0.49%, with the Philadelphia Semiconductor Index up 1.9% led by AMD and Intel. Energy fell 1.02% and Consumer Discretionary dropped 0.69%. Actives included Intel up 3.78%, Rigetti Computing surging 18.59%, and Tesla tumbling 5.11% despite better-than-forecast deliveries but below street expectations.

OpenAI's \$500 billion valuation in a share sale fueled tech euphoria, boosting Alibaba to a four-year high and Chinese US-listed tech to three-year peaks. The Trump administration's plan for "thousands" of layoffs, discussed in a meeting with Budget Director Russell Vought, aims to pressure Democrats but risks prolonged economic drags if extended, differing from past minimal impacts. Challenger data showed dialed-back hiring in September with fewer cuts, amid data blackouts delaying Thursday's jobless claims and Friday's nonfarm payrolls.

Treasury Secretary Scott Bessent anticipates a trade breakthrough with China to aid farmers hit by declining purchases. Vantage's Hebe Chen noted tech's gravity-defying momentum amid AI headlines. Charles Schwab's Joe Mazzola warned a lengthy shutdown could sideline Fed cuts in late October without key data. JPMorgan's Kim Crawford highlighted cyclical labor weakness and lacking wage growth, supporting money markets' near-full pricing for a quarter-point cut this month and another in December.

Overview of the Australian Market

Australia's share market rallied strongly on October 2, 2025, nearing record highs as resources and defensives attracted broad buying amid index flows. The S&P/ASX 200 surged 1.13% to 8,945.9, while the All Ordinaries climbed 1.14% to 9,240.3. Health Care jumped 2.03% and Materials advanced 1.83%, with Financials up 1.22% and Energy gaining 1.12%. Communication Services dipped 0.03%. Gold hit \$3,895, boosting Northern Star, Evolution, and Ramelius over 3%, while BHP rebounded 1.1% after Wednesday's dip.

The session showed a shift to cyclicals like resources, with gold up 3.0% and uranium plays like Paladin surging 5.9%, amid broader offense over high P/E sectors. ANZ rose 2.0% and CBA climbed 1.7% despite an outage. Liontown gained nearly 10% recovering from supply fears. Droneshield fell 9.8% after recent gains. August household spending rose 0.1% below 0.3% forecast, signaling conservative consumers amid cost pressures, though three rate cuts since February may ease strings.

Trade data disappointed with goods balance at A\$1.825 billion versus A\$6.2 billion poll, driven by -7.8% exports and 3.2% imports. S&P Global Services and Composite PMIs finalized at 52.4, indicating expansion. US shutdown risks data delays and growth hits, amplifying uncertainties for Australian exports under Trump's tariffs.

Overview of the US Bond Market

Treasuries saw yields dip slightly on October 2, 2025, with the 10-year declining 1 basis point to 4.09% as shutdown concerns and labor signals kept Fed cut bets alive despite data voids. The 2-year fell to 3.54%, 5-year to 3.67%, and 30-year to 4.69%. Shorter ends held with 3-month at 3.85% and 6-month at 3.69%.

Challenger's September hiring slowdown with fewer cuts underscores cooling market, aligning with JPMorgan's Kim Crawford on cyclical weakness and absent wage growth, bolstering expectations for quarter-point cuts in October and December. Shutdown delays initial claims and nonfarm payrolls, with Charles Schwab's Joe Mazzola noting prolonged closure could halt late-October easing without inflation reads, potentially hurting growth as per Treasury Secretary Scott Bessent. Past shutdowns had negligible macro effects, but layoff threats could extend payroll drags.

Dollar rose after four losses, gold cooled from records. OPEC+ supply fears deepened oil glut, pushing WTI below \$61.

Overview of the Australian Bond Market

Australian government bonds gained on October 2, 2025, with the 10-year yield down 5 basis points to 4.31% amid global shutdown volatility and local data misses supporting caution. The 2-year fell to 3.47%, 5-year to 3.73%, and 15-year to 4.66%.

August trade surplus plunged to A\$1.825 billion against A\$6.2 billion expectations, hit by 7.8% export drop outweighing 3.2% imports, signaling vulnerability to China's slowdown and US tariffs. Household spending's weak 0.1% underscores conservative consumers, per AMP Economics noting nominal 5% growth masks per capita volumes at 0.4% amid population and prices. S&P Global Services PMI at 52.4 confirms expansion but uneven recovery post-RBA's 3.6% hold. US impasse amplifies policy uncertainty, potentially curbing demand and inflating costs for RBA ahead of Financial Stability Review.

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