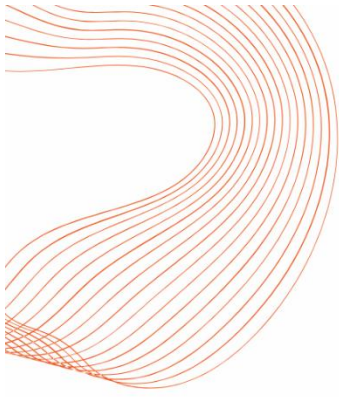




Your Income Advantage

30th October 2025



Overview of the US Market

Wall Street closed lower on October 30, 2025, as hefty losses in megacap technology stocks outweighed positive developments in US-China trade talks and mixed corporate earnings. The S&P 500 fell 0.99%, marking a pause in its recent rally that has added \$17 trillion to market value since April, while the Nasdaq Composite dropped 1.57% and the Dow Jones Industrial Average eased 0.23%. Meta Platforms tumbled 11.3% after warning of notably larger capital expenses in 2026 tied to AI investments, and Microsoft slid 2.9% following a record \$35 billion in quarterly spending. Alphabet bucked the trend with a 2.5% gain on strong advertising and cloud results, but Nvidia fell 2% after briefly surpassing \$5 trillion in market capitalization the prior day.

Sector performance was uneven, with consumer discretionary leading decliners at 2.56%, followed by communication services down 2.14% and information technology off 1.41%. Real estate rose 0.64% and financials gained 0.32%. Active stocks included Cambium Networks up 27.12% on high volume, while Pfizer held flat and Nvidia saw heavy trading amid the broader tech pullback.

The downturn came despite a landmark US-China summit where President Donald Trump and President Xi Jinping agreed to extend a tariff truce, roll back export controls, and reduce trade barriers, including China resuming soybean purchases and cracking down on fentanyl. Markets showed little reaction, suggesting the deal was largely anticipated and falls short of resolving core economic rivalries. Investors also digested the Federal Reserve's quarter-point rate cut on Wednesday, its second straight reduction, but Chair Jerome Powell's comments tempered expectations for a December move, with odds now at about 70% down from over 90% earlier in the week. The decision featured dissents in both directions for the first time in six years, signaling debate over jobs and inflation outlooks.

After-hours trading provided some relief, with Amazon surging 13% on cloud unit growth of 20%—its fastest since late 2022—and Apple rising in volatile trading after beating revenue estimates despite supply constraints on iPhone 17 models. Apple CEO Tim Cook forecast double-digit iPhone sales growth and 10-12% overall revenue increase for the holiday quarter, topping Wall Street views. YouTube announced AI up scaling for low-resolution videos, aiming to enhance TV viewing, while expanding thumbnail sizes and testing larger uploads.

Consumer confidence rose slightly in October to 94.6, beating estimates, but job market worries lingered amid a government shutdown delaying key data. Strategists note that while AI spending raises short-term pullback risks, strong earnings and trade stability could support equities longer-term, though fewer Fed cuts next year loom if employment holds firm.

Overview of the Australian Market

Australia's share market slid to two-week lows on October 30, 2025, as hotter-than-expected inflation data dashed hopes for further Reserve Bank rate cuts, outweighing limited uplift from US-China trade headlines. The S&P/ASX 200 dropped 0.46% to 8,885.5, while the All Ordinaries fell 0.43% to 9,178.9. Consumer discretionary plunged 4.19%, dragged by Wesfarmers down 7.0% after its AGM addressed a proposed cash flow tax, and JB Hi-Fi off 4.5% despite a quarterly update showing stagnant appliance sales. Real estate tumbled 2.27% and information technology lost 1.53% amid revised rate outlooks.

Health care rebounded 1.87% to end a six-session skid, with CSL up 5.1%, while energy gained 1.29% and materials edged 0.29% higher. Lithium stocks shone amid JP Morgan's upgraded spodumene outlook on EV demand, with Lontown Resources surging 11.2%, Pilbara Minerals up 5.4%, and Mineral Resources rising 13.7%. Uranium plays like Paladin Energy added 5.9%, and Champion Iron jumped 9.9% on quarterly results. Lynas Rare Earths fell sharply as US-China tensions eased, trimming its year-to-date gains to 129%. The pullback followed third-quarter CPI data showing a 1.3% quarterly rise—above the 1.1% forecast—and annual inflation at 3.2%, with trimmed mean at 3.0% year-over-year, hotter than expected. This solidified views that the RBA is done easing, pressuring rate-sensitive sectors. The US-China truce, including tariff rollbacks and fentanyl crackdowns, offered few surprises and was largely discounted, failing to spark a bounce.

Fortescue rallied 2.7% despite flat iron ore, while gold miners traded mixed as the metal found support near \$A6,019 an ounce. Appen slumped 5.5% on its quarterly report, aligning with downtrends. Shareholders ousted James Hardie directors amid takeover backlash, sending shares down over 3%. The Australian dollar eased to 0.6591 against the US dollar, reflecting inflation-driven strength earlier in the week.

Overview of the US Bond Market

Bond traders pared bets on aggressive Federal Reserve easing following the central bank's hawkish-tilted rate cut and Powell's caution that a December reduction is not assured, pushing Treasury yields higher across the curve. The 10-year yield rose 2 basis points to around 4.10%, while the 2-year added to 3.61% and the 30-year climbed to 4.65%. The 2s-10s curves steepened slightly to +48.5 basis points amid month-end flows and a stronger dollar.

The selloff reflected tempered rate-cut expectations as policymakers grapple with resilient jobs data and inflation, with the Fed's 10-2 vote highlighting internal divisions—one for a larger cut, another for holding steady. Treasury Secretary Scott Bessent supported the move but called for reforms, echoing doubts about further easing amid the US-China trade truce that eases global risks but leaves uncertainties. The agreement, which includes tariff rollbacks and export continuity for rare earths, may stabilize supply chains but falls short of a full resolution, potentially limiting downside for yields if economic fallout is contained. On the economic front, durable goods orders rose 0.2% in September, missing forecasts, while consumer confidence improved more than expected. The dollar index surged 0.31% to its highest since early August, bolstered by rising yields and ECB steadiness, with EUR/USD down 0.28% and USD/JPY up 0.92%. Gold jumped 2.0% to \$4,018.72 an ounce on safe-haven demand, but oil dipped 0.5% as investors assessed the trade deal.

Swap contracts now price in less than half a point of easing by year-end, with markets bracing for Dallas Fed President Lorie Logan's remarks on Friday. Asset managers trimmed net long positions in Treasury futures last week, per CFTC data, with leveraged funds reducing shorts in longer tenors. Dealers expect steady coupon auction sizes for August-October, aligning with April guidance, though 5- and 10-year sales may edge \$1 billion larger. While trade progress dissipates some uncertainty, high valuations and AI spending scrutiny could pressure bonds if growth holds, strengthening the case for rates to stay elevated longer.

Overview of the Australian Bond Market

Australian government bond yields climbed as third-quarter inflation prints exceeded forecasts, reducing odds of RBA cuts and aligning with a hawkish Fed tone that bolstered global yields. The 10-year yield rose 7 basis points to 4.29%, the 2-year added 3 to 3.57%, and the 15-year increased 7 to 4.60%. The curve showed little change, with markets pricing steady policy amid resilient data.

The CPI rose 1.3% quarterly and 3.2% annually, with RBA's trimmed mean at 1.0% quarterly and 3.0% yearly—0.3 points above estimates—pushing back easing expectations. Weighted median CPI hit 2.8% year-over-year, signaling persistent pressures. This came as US-China trade progress, including extended truces and export flows, eased global risks but left competition intact, potentially supporting yields if supply chains stabilize without reigniting inflation.

The Aussie dollar held near 0.6591, dragged by a softer yuan and copper prices ahead of PPI and China PMI data. Finance Minister Satsuki Katayama backed the BOJ's rate hold as reasonable, while UK developments added currency volatility. Bond traders anticipate steady auctions, though inflation resilience could pressure prices if growth holds, echoing Fed debates and strengthening the higher-for-longer narrative.

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