



Your Income Advantage

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Overview of the US Market

Wall Street ended mixed on November 12, 2025, with the Dow Jones Industrial Average hitting all-time highs amid optimism over the impending end of the historic government shutdown, while tech-heavy indexes slipped on profit-taking ahead of key earnings. The S&P 500 edged up just 0.06% to close at 6,850.92, supported by gains in about 300 of its constituents, though a 1.2% drop in the Bloomberg Magnificent Seven gauge weighed heavily. The Nasdaq Composite fell 0.26% to 23,406.46, paring an earlier 0.6% decline, and the Dow climbed 0.68% to 48,254.82, marking its fourth straight advance. The resolution of past shutdowns has historically boosted equities, with the S&P 500 averaging 1.2% gains in the month following, compared to 0.8% in normal periods, suggesting potential upside as delayed data resumes.

Advanced Micro Devices surged 9% after forecasting accelerating sales growth over five years, driven by AI data center demand, lifting chip peers and the broader semiconductor space. Opendoor Technologies topped actives with 248.6 million shares traded, rising 10.5%, while BigBear.ai jumped 18.3% on AI hype. Plug Power gained 7.9%, and Nvidia edged up 0.3% despite broader tech weakness. Conversely, communication services and consumer discretionary sectors lagged, down 1.18% and 1.05%, respectively, as mega-caps like those in the Magnificent Seven extended losses for a second day. Energy fell 1.42% amid oil's sharp drop, the most since June, on OPEC's supply glut warnings.

Investors shifted focus to the Federal Reserve's December outlook amid data voids from the 43-day shutdown, with White House confirmation that October's unemployment and CPI reports may never release, fueling uncertainty. Still, markets priced in a likely December rate cut, favoring equities like big tech and cyclicals. House Speaker Mike Johnson's confidence in passing the shutdown-ending bill, blessed by President Trump, added tailwinds, though Democratic opposition lingers. Seema Shah at Principal Asset Management noted the real challenge is gauging the economy without data, but resuming releases could reinforce a risk-on environment.

Corporate highlights included Chevron's West Texas data center power project, Anthropic's \$50 billion AI infrastructure spend, and Google's EU antitrust probe over news rankings. Delta Air Lines flagged shutdown impacts but eyed Thanksgiving recovery. Oil's 4.3% plunge to \$58.43 a barrel hit energy names, while gold rose 1.7% to \$4,194.95 on rate-cut bets. Bitcoin dipped 0.3% to \$101,565.01 after erasing gains. With earnings season wrapping, attention turns to Nvidia's report next week; Wells Fargo's Sameer Samana cited profit-taking and "selling the news" on the shutdown end. Yardeni Research sees the S&P 500 hitting 7,000 by year-end on earnings strength, while UBS targets 7,300 by June 2026, urging exposure to AI and resources amid under-allocation.

The market's resilience during the shutdown—S&P up 2% since October 1—highlights limited impact, per LPL Financial's Adam Turnquist. Yet, as data fog lifts, re-pricing risks loom if positioning proves off, per Michael Landsberg at Landsberg Bennett. Overall, the session reflected cautious optimism, with health care up 1.36% and financials gaining 0.9%, offsetting tech drags.

Overview of the Australian Market

The Australian share market closed lower on November 12, 2025, with the S&P/ASX 200 dipping 0.22% to 8,799.5, hitting its session low amid a tech sector rout and bank weakness, though mining gains provided some offset. The broader All Ordinaries fell 0.21% to 9,079.4, with advancers outnumbering decliners 145 to 124 in the ASX 300, reflecting rotation from high P/E risk-on stocks to defensives and cyclical. This shift aligns with global caution ahead of US shutdown resolution, as investors eye delayed data impacts on Fed policy, potentially influencing RBA rate bets—still unlikely before Q2 2026.

Information technology tumbled 3.3%, led by Life360's 13.1% plunge on weak customer growth, with NextDC (-2.5%), Xero (-2.2%), and Technology One (-2.0%) dragging. Consumer discretionary dropped 1.3%, pressured by Aristocrat Leisure's 7.5% fall to \$59.42 after underwhelming FY25 results. Financials shed 0.92%, with Commonwealth Bank (-3.1%) extending losses post-quarterly update, wiping billions in value and dipping below \$160 first since April. Bendigo and Adelaide Bank also fell 3.1%. Communication services slipped 0.35%, with REA Group (-2.5%), Seek (-1.2%), and Car Group (-1.0%) offsetting Telstra's 0.4% gain.

Conversely, energy rose 1.02% as oil edged up on US Russia sanctions, boosting Woodside (1.3%) and Santos (1.7%), with natural gas at eight-month highs. Materials gained 0.86%, driven by Rio Tinto's 2.3% rally to \$132.47 on Simandou project start in Guinea, plus iron ore futures lift on China stimulus hopes—BHP and Fortescue climbed late. Gold producers shone with spot gold near \$US4,106/oz; Northern Star, Evolution, and Newmont advanced. Consumer staples led at 1.05%, with Coles, Woolworths up, and Endeavour (+5% over two days) on new CEO hire.

Lithium strength featured, with Mineral Resources (+9.2%) on POSCO partnership for 30% stake sale at US\$765m, plus China royalty news; Lontown (+6.0%), Wildcat (+9.3%), and Lake Resources (+18.4%) surged. Critical minerals mixed, but American West (+17.5%), St George (+15.0%), and others rose. Flight Centre gained 1% after guidance uplift, while ARN Media plunged 10% on 25% earnings hit from ad weakness.

Eyes turn to Thursday's October employment data—+20,300 jobs forecast, unemployment at 4.4%—unlikely to sway RBA cuts. Nikkei futures up 0.3%, Hang Seng down 0.3%, AUD steady at \$0.6528. Rotation signals fund flows into defensives amid super inflows, per analysis, with staples benefiting from bank aversion. Overall, the session underscored sectoral push-pull, with resources eyeing China rebound.

Overview of the US Bond Market

Treasuries rallied on November 12, 2025, with yields falling across the curve as traders piled into options betting on a 10-year drop below 4%, fueled by expectations of a Federal Reserve rate cut in December to support the jobs market amid shutdown-induced data delays. The 10-year yield slid five basis points to 4.07%, the 2-year declined three to 3.56%, and the 30-year fell four to 4.66%. This extended a bond-friendly backdrop, with the rally gaining steam ahead of the House vote to end the 43-day shutdown, unlocking delayed economic indicators like September's nonfarm payrolls and CPI, though October data may remain lost, per White House statements.

Bond traders adjusted positions cautiously, with JPMorgan's client survey showing net longs shrinking to two-month lows, reflecting tempered bullishness despite steady Fed easing bets—swap contracts pricing just under 50 basis points by year-end. The resilience of the US economy, even sans official data, bolsters views that rates may stay higher longer, but shutdown resolution could clarify the outlook, potentially reinforcing cuts if labor softens. Seema Shah at Principal Asset Management highlighted the difficulty in assessing growth without reports, yet anticipates a re-emerging December cut case, favoring risk assets.

Oil plunged 4.3% on supply concerns easing inflation fears, while gold and copper advanced on dovish Fed wagers. Treasury Secretary Scott Bessent's comments on "substantial" moves to cut prices of imports like coffee and bananas—via potential tariff tweaks—added to disinflation hopes, though no decisions on \$2,000 rebates. Trump's tariff truce talks with China, set to expire soon, could extend 90 days, per Bessent, mirroring EU deals that tempered market reactions but supported bonds by dissipating uncertainty.

Economic glimpses from private sources suggest stable labor—weekly jobless claims at 225,000 forecast for November 8—aligning with Vanguard's Josh Hirt viewing shutdown effects as temporary, with Q4 GDP drag offset in Q1 2026. Yet, the K-shaped economy, per Fundstrat's Hardika Singh, with tech thriving on AI and others lagging tariffs, may confuse post-shutdown data floods, including delayed September industrial production (0% forecast) and retail sales (0.4%). UBS's Ulrike Hoffmann-Burchardi expects two more cuts by early 2026, aiding equities, bonds, and gold.

Primary dealers anticipate steady coupon auction sizes for August-October, per surveys, with high-grade bond sales hitting 2020 highs. Asset managers pared net longs in futures by \$23.5 million per basis point, focused on 5- and 30-year, while leveraged funds trimmed shorts. Atlanta Fed President Raphael Bostic's retirement announcement added policy intrigue. Overall, bonds benefited from shutdown end bets and rate-cut positioning, though re-pricing risks loom if resumed data surprises, per TD Securities' Oscar Munoz.

Overview of the Australian Bond Market

Australian government bonds saw yields ease slightly on November 12, 2025, tracking US Treasuries lower amid global bets on Fed easing post-shutdown, with the 10-year yield little changed at 4.38% after dipping two basis points intraday. The 2-year fell one to 3.62%, 5-year one to 3.85%, and 15-year three to 4.67%, reflecting cautious positioning ahead of local jobs data and US data resumption. This supports a soft landing narrative, though RBA cuts remain distant, with markets pricing no move until mid-2026 amid persistent inflation.

US shutdown end boosting sentiment, as delayed September data like nonfarm payrolls (50k forecast) and CPI could clarify Fed path, potentially two cuts by early 2026 per UBS, aiding global bonds. Locally, October employment eyed at +20.3k, unemployment 4.4%, per polls—stable labor may keep RBA hawkish, but tariff talks add disinflation hopes. Treasury Secretary Bessent's signals on cutting US tariffs for coffee, bananas signal broader relief, echoing Trump's Fox comments, which could ease import costs Down Under.

Bond flows reflect rotation, with resources up on China stimulus whispers—iron ore gains supporting AUD stability at \$0.6528. Yet, tech rout (-3.3%) highlights risk-off, favoring defensives like staples (+1.05%). Economic voids from US shutdown mirror local concerns; CBO's \$7-14bn unrecovered GDP hit underscores drags, though Vanguard sees temporary. Private data suggests polarized economy—AI thriving, tariffs hurting—per economists, confusing post-shutdown floods like September retail sales (0.4% forecast).

Dealers expect steady auction sizes, aligning with US views. Yen warnings from Japan add currency volatility, with AUD unchanged. Overall, bonds drew safety bids amid equity wobbles, with shutdown resolution poised to lift fog, though re-pricing if data surprises strong.

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