



Your Income Advantage

18th November 2025



Overview of the US Market

Wall Street extended its slide on November 18, 2025, as a selloff in megacap technology stocks deepened amid growing skepticism over artificial intelligence valuations and profitability, marking the S&P 500's longest losing streak since August. The S&P 500 dropped 0.83% to 6,617.32, its fourth straight decline and the lowest close in over a month, down more than 3% from its late-October peak. The Nasdaq Composite fell 1.21% to 22,432.85, reflecting heavy tech pressure, while the Dow Jones Industrial Average slid 1.07% to 46,091.74. The MSCI World Index also declined 1.1%, underscoring global risk aversion as investors de-risked ahead of Nvidia's pivotal earnings.

Sector performance highlighted defensive rotations amid the rout: Health Care rose 0.54%, Energy gained 0.61%, and Real Estate added 0.36%. Communication Services eked out a 0.11% advance, while Consumer Staples climbed 0.15%. However, losses dominated: Consumer Discretionary tumbled 2.50%, Information Technology slid 1.68%, and Industrials fell 0.48%. Nvidia dropped 2.81% as anxiety built over Wednesday's results, expected to test AI hype despite anticipated beats—analysts like JPMorgan's Daniel Pinto warned of potential corrections in lofty valuations. Ondas Holdings surged 25.34% on volume, while Opendoor Technologies fell 4.08%. The Bloomberg Magnificent 7 Total Return Index shed 1.8%, with Microsoft and Amazon declining after downgrades from Rothschild & Co, citing unclear AI returns.

The pullback reflects mounting doubts on AI's revenue generation amid massive capex, with Carson Group's Sonu Varghese questioning the trend's longevity. Investors' cash below Bank of America's sell-signal threshold signals positioning headwinds, per Michael Hartnett, potentially exacerbating declines without a December Fed cut. Home Depot fell 6% after cutting guidance, citing consumer caution on big-ticket items, while the Russell 2000 rose 0.3%, showing small-cap resilience. VIX hovered near 25, its highest in a month, amid broader volatility.

Corporate news included Microsoft and Nvidia's \$15 billion Anthropic investment, tying the startup closer to OpenAI backers, and Meta's antitrust win on Instagram/Whatsapp. Alphabet rose after a Loop Capital upgrade. Strategists remain mixed: Navellier & Associates' Louis Navellier sees amplified leverage from mega-tech weighting but strong earnings as support, while Main Street Research's James Demmert expects Nvidia to exceed estimates, potentially fueling a Santa rally to 7,100. HSBC's Harriet Smith dismisses bubble fears, noting deep-pocketed incumbents. However, Piper Sandler's Craig Johnson warns of deeper corrections, and Miller Tabak's Matt Maley flags financial stocks nearing breakdowns amid credit woes like Capital One's charge-off spike.

Economic data showed jobless claims at 232,000 for week ended October 18, with ADP noting 2,500 weekly cuts through early November, signaling labor softness. Homebuilder confidence edged to 38, per NAHB, amid high rates and prices. Fed's divide deepened: Governor Waller backed December cut on weakening jobs, while Richmond's Barkin offered optimistic inflation views but urged data wait. Minutes Wednesday may reveal October splits.

Volume was 18.66 billion shares, below averages, with advancers edging decliners 1-to-1 on Nasdaq. Tuesday brings August durable goods (0.2%), Wednesday October CPI (core MM 0.3%), and Thursday September jobs (50,000 payrolls, 4.3% unemployment)—a soft print could revive cut odds, now ~50%, per futures.

Overview of the Australian Market

Australian shares plunged on November 18, 2025, posting their second-biggest daily loss of the year as global AI valuation concerns hammered technology stocks and broader risk aversion weighed, erasing over \$200 billion from market value since mid-October peaks. The S&P/ASX 200 tumbled 1.94% to 8,469.1, its lowest since June, down 7% from four-week highs amid US selloffs and RBA minutes signaling limited cut scope without inflation turnaround. The All Ordinaries dropped 1.99% to 8,738.3, with Small Ords falling 2.66%, All Tech crashing 4.34%, and Emerging Companies sliding 3.67%. Decliners crushed advancers 264-to-23 in ASX 300.

Sector carnage was widespread: Information Technology plunged 5.99%, with Technology One cratering 17.2%—its worst in two decades—post-missed FY25 profit, joined by Catapult Sports (-11.7%), Superloop (-11.7%), and Wisetech Global (-4.6%). Materials sank 3.00%, dragged by iron ore giants, gold miners amid spot gold's 4% drop since Thursday, and mixed falls—BHP, Rio Tinto, Fortescue all down. Financials fell 1.90%, with big banks like Commonwealth (-2% to seven-month low) hit by rate-cut doubts. Energy dropped 1.78% on oil/gas slips and coal/uranium weakness. Consumer Discretionary (-1.33%), Communication Services (-1.40%), Real Estate (-1.45%), Industrials (-1.29%), Utilities (-0.74%), Health Care (-0.52%), and Consumer Staples (-0.20%) all declined.

Bright spots were sparse: James Hardie surged 9.9% after Q2 FY26 results and CFO appointment, boosting guidance. Inverse ETFs gained: Global X Ultra Short Nasdaq-100 (+5.3%), BetaShares US Strong Bear (+4.5%), BetaShares Australian Equities Strong Bear (+4.4%). Eroad rose 5.0% on Cleanaway deal, SKS Technologies +4.3% on acquisition. Lithium bucked trends: Pilbara Minerals (+3.3%), Liontown (+2.1%) in uptrends. A2 Milk (+1.7%) and GQG Partners (+3.5%) advanced.

The rout reflects de-risking ahead of Nvidia earnings, US data resumption, and Japan's bond jitters, per IG's Tony Sycamore—calling it an overreaction ripe for bounce. RBA minutes Tuesday (11:30 AEDT) may clarify easing views; Q3 wages Wednesday (QQ 0.8%, YY 3.4%) key for inflation—stronger could delay cuts. Flash PMIs Wednesday gauge activity.

Strategists mixed: Capital.com's Kyle Rodda sees positioning and momentum driving drops, while Schroders' Johanna Kyrklund remains optimistic on benign economy, valuations expensive but sustainable. Dakota Wealth's Robert Pavlik warns of protracted slowdowns. Bitcoin below \$90,000 and gold slips amplified risk-off.

Volume reflected panic, with AUD/USD -0.15% to 0.6484. Wednesday's wages precede Thursday's FOMC minutes, PBoC LPR unchanged (3%/3.5%), Friday's US jobs (50,000 payrolls). Brokers like Morgan Stanley favor equities over bonds, eyeing earnings despite pullbacks.

Overview of the US Bond Market

Treasury yields slipped on November 18, 2025, as risk aversion drove haven flows amid equity selloffs and AI valuation fears, with the 10-year yield down 3 basis points to 4.11% and the 30-year little changed at 4.73%. The 2-year fell 4 bps to 3.57%, steepening the 2s-10s curve slightly, as traders pared December cut bets below 50% amid Fed divisions and data delays. Benchmarks advanced, contrasting stock weakness, with Pfizer's \$6 billion sale highlighting issuance resilience despite circular AI deals scrutiny.

The dip ties to broader macro uncertainty: jobless claims at 232,000 (week ended October 18) and ADP's 2,500 weekly cuts signal labor cooling, potentially tilting toward easing, but persistent inflation above 2%—unchanged yearly—fuels hawkish views. Fed Governor Waller reiterated December cut support on weakening jobs, while Richmond's Barkin emphasized data needs, noting unclear shutdown impacts. Minutes Wednesday may detail October dissents, with projections showing year-end rate at 3.50%-3.75%. Swaps imply <25 bps easing by December, reflecting hawkish shift during shutdown via reduced cut pricing.

Credit markets show caution: investment-grade spreads at 83 bps, near highs, with 40% order attrition on Monday sales like Amazon's \$15 billion—unusually high amid \$121 billion hyperscaler issuance since September, per BofA. Junk yields hit 10.38% (CCC tier), widest in months, as circular AI flows (e.g., Microsoft/Nvidia's \$15 billion Anthropic) raise bubble fears—JPMorgan's Pinto predicts corrections. Private credit warnings from Gundlach persist, with Blue Owl restricting redemptions. Wellington's Brij Khurana notes growth signals not in yields, while PineBridge's Michael Kelly sees little spread value in turbulent tech world.

Positioning data: asset managers trimmed long Treasury futures by \$23.5 million per bp last week, per CFTC, focused on 5s/30s; leveraged funds cut shorts in bonds. JPMorgan survey shows net longs at two-month lows.

Dealers expect steady August-October auctions: 10-year \$42 billion (up \$1B), 5-year \$70 billion (up \$1B). Oil rose 1.3% to \$60.71, gold +0.6% to \$4,071, pressuring yields. Bitcoin below \$90,000 briefly underscores risk-off. Tuesday's durable goods (0.2%) and TIC flows precede Wednesday's CPI (core MM 0.3%, YY 3.0%)—hot prints could widen spreads, per GSAM's Lindsay Rosner. Thursday's jobs (50,000 payrolls) key: weakness rallies bonds, strength hits amid Fed split. Overall, while inflation hawks dominate near-term, labor data could revive cuts, with diversification urged amid AI skepticism and shutdown gaps.

Overview of the Australian Bond Market

Australian government bond yields dipped on November 18, 2025, tracking Treasury gains amid global risk aversion and equity routs, with the 10-year yield down 4 basis points to 4.44% and the 2-year falling 4 bps to 3.66%. The 5-year slid 4 bps to 3.92%, while the 15-year dropped 2 bps to 4.75%, flattening the curve slightly as haven demand rose. Benchmarks advanced, contrasting ASX's 1.94% plunge, amid AI skepticism and rate-cut doubts.

The decline blends macro headwinds: RBA minutes Tuesday (11:30 AEDT) may signal cautious easing amid sticky inflation, with Rate Tracker at low December cut odds. Q3 wages Wednesday (QQ 0.8%, YY 3.4%) critical—hotter prints could lift yields via wage-push inflation fears, while softness aids disinflation.

Flash PMIs Wednesday (manufacturing 49.7, services 52.5) test growth; contraction signals pressure yields lower.

Globally, US selloff (S&P -0.83%) and Nvidia jitters underscore AI bubble risks, per Carson's Sonu Varghese—circular deals like Microsoft/Nvidia's \$15 billion Anthropic raise sustainability doubts, potentially stalling credit spreads. Fed divide: Waller's cut backing vs. hawks like Cleveland's Hammack prioritizing 2% inflation credibility. Minutes Wednesday detail splits; December odds ~50%, swaps <25 bps easing. Data delays: Thursday's September jobs (50,000 payrolls, 4.3% unemployment) key—weakness rallies bonds, strength justifies holds amid shutdown gaps.

Domestically, tech wreck (XIJ -6%) and materials slide tie to gold/oil slips, gold -0.72% wait no, +0.6% to \$4,071 per articles—haven unwind post-shutdown. Bitcoin below \$90,000 amplifies volatility. PBoC LPR Thursday unchanged (3%/3.5%) highlights China disinflation, exporting via cheap goods—Oxford estimates 10% export price drop cuts producer prices.

Asset flows cautious: dealers expect steady US auctions, but local issuance watches wages. Oil +1.3% to \$60.71, gold +0.6% temper yield drops. AUD/USD -0.15% to 0.6484 on risk-off.

Tuesday's leading index (October, -0.03%) precedes wages; soft data could rally bonds. Overall, inflation persistence dominates near-term, but labor weakness may revive cuts—diversification urged amid AI doubts and data fog.

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