



Your Income Advantage

25th November 2025



Overview of the US Market

US stocks climbed for a third consecutive day on November 25, 2025, buoyed by renewed bets on a Federal Reserve interest-rate cut in December amid softer-than-expected economic data. The S&P 500 rose 0.91% to close at 6765.88, recovering from intraday swings and building on Monday's gains. The Nasdaq Composite added 0.67% to 23025.59, trimming an earlier decline of as much as 1.3% as Big Tech valuations fluctuated on AI chip competition news. The Dow Jones Industrial Average outperformed with a 1.43% advance to 47112.45, driven by strength in health care and consumer sectors.

Sector performance was mixed, with health care leading at 2.16%, followed by consumer discretionary up 1.92% and communication services gaining 1.63%. Energy and utilities lagged, down 0.68% and 0.35% respectively, amid falling oil prices on Ukraine-Russia peace talk progress. Individual movers included Alphabet Inc. rising 1.53% amid reports of Meta Platforms discussing use of Google's AI chips, pushing Alphabet closer to a \$4 trillion valuation. Nvidia Corp. fell 2.59% on competition concerns, with high trading volume of 319.4 million shares. Other notable decliners were NIO Inc. ADR down 4.35% and Ondas Holdings Inc. off 3.21%, while Opendoor Technologies Inc. edged up 0.65%.

Economic releases on Tuesday reinforced dovish Fed expectations. September retail sales rose modestly by 0.2%, below the 0.4% forecast and prior 0.6%, with the control group unexpectedly declining 0.1%. November consumer confidence slid to a seven-month low of 93.4, missing estimates of 94.6, amid job and economy anxieties. Private payrolls data for the four weeks ending November 8 showed a moderating labor market with an average loss of 13,500 jobs. These figures boosted December rate-cut odds to about 80%, up from recent fluctuations, following dovish policymaker remarks.

White House National Economic Council Director Kevin Hassett emerged as a front-runner for Fed chair, adding to policy uncertainty. Treasury Secretary Scott Bessent indicated ongoing interviews for the role, with a potential announcement before Christmas. Broader market sentiment improved as the MSCI World Index rose 0.9%, though Bitcoin dropped 1.7% below \$88,000, on track for its worst month since 2022 amid outflows from crypto ETFs.

Investors are eyeing this week's key events, including durable goods orders and jobless claims on Wednesday, and preliminary Q3 GDP on Thursday. Strategists like those at Bloomberg note the revival in rate-cut bets supports risk assets for a potential year-end rally, barring shocks. However, AI frenzy continues to reorder markets, with Nvidia's dominance challenged by Alphabet's Gemini model and TPU chips, potentially shifting leadership among tech giants. Three years post-ChatGPT, AI has powered 64% of S&P gains, concentrating the index in seven megacaps now at 35% weighting.

Crypto traders face holiday scrutiny after a \$1 trillion wipeout, with retail investors like Michael Smith and Zach Loneragan defending positions amid family gatherings. Despite caution, metrics like Bitcoin's RSI at 32 suggest oversold conditions, with some optimism for a rebound above \$90,000.

Overview of the Australian Market

Australian shares edged higher on November 25, 2025, with the S&P/ASX 200 closing up 0.14% at 8,537.0, marking a modest gain amid mixed sector performance and firmer commodity prices. The broader All Ordinaries rose 0.27% to 8,824.2, while small caps outperformed with the Small Ords up 1.49%. Futures pointed to further strength, advancing 1.1% overnight, a 109-point premium to the close, setting up for a third straight session of gains on Wednesday.

Materials led sectors with a 1.70% rise, buoyed by copper's 0.91% gain and general strength in critical minerals. Information technology added 1.20%, and energy climbed 0.63%. Financials lagged, down 0.67%, with Bendigo and Adelaide Bank falling 7.4% on money laundering deficiencies. Consumer staples dropped 0.56%, utilities 0.50%, and real estate 0.52%. Standouts included Metallium up 24.8% on Nasdaq listing plans, Droneshield surging 14.6% on a \$5.2m European military contract, and Ramsay Health Care gaining 12.7% post-AGM presentation.

Precious metals and lithium stocks shone: Lindian Resources rose 12.3%, Titan Minerals 11.0%, and Winsome Resources 9.3% on high-grade drilling. Ora Banda Mining added 9.8%, and Wildcat Resources 8.2%. Decliners featured Fleetwood down 9.5% on CEO departure, Felix Gold off 8.3% on gold results, and Iress slipping 6.1% amid media speculation.

No major local data released Tuesday, but investors eye Wednesday's October CPI (weighted 3.6% y/y forecast), key for RBA rate outlook. AUD/USD firmed 0.11% to 0.6455 late, rallying from 0.6436 lows on US data weakness, forming a bullish hammer candle. This supports equities as the dollar weakens.

Broker moves included downgrades for Accent Group to hold/neutral, with targets cut to \$1.10/\$1.08. Broader sentiment ties to US trends, with S&P 500 up 0.91% aiding local futures. Miners benefit from commodity firmness, while AI themes echo globally, though local focus remains on inflation and spending.

Upcoming: Thursday's Q3 capital expenditure (0.5% forecast) and Friday's private credit. If CPI softens, rate-cut bets may rise, boosting cyclical. Sterling shrugged fiscal concerns pre-UK budget, mirroring AUD resilience.

Overview of the US Bond Market

Bond prices rose on November 25, 2025, with Treasuries rallying as weak economic data revived expectations for a December Federal Reserve rate cut. The 10-year yield declined two basis points to 4.00%, lingering near recent lows, while the 30-year yield rose six basis points to 4.65% in a curve-steepening move. Shorter maturities saw the two-year yield drop two basis points to 3.46%, and the five-year down four to 3.56%. The 2s-10s spread widened 0.8 basis points, reflecting bets on easing amid labor market softening.

Traders ramped up wagers on Fed action following Tuesday's data dump. September retail sales advanced just 0.2%, undershooting the 0.4% consensus, signaling subdued consumer spending ahead of holidays. Consumer confidence tumbled to 93.4 in November, the sharpest drop in seven months, highlighting job market concerns. ADP private payrolls indicated moderation, aligning with Fed Governor Stephen Miran's comments on deteriorating employment due to current rate settings.

Swap markets now price an 80% chance of a quarter-point cut next month, up from 42% a week ago, as officials appear divided post-September and October reductions.

Macro pressures blend into the outlook, with inflation risks noted by Northern Trust, yet weak data like stagnant income growth per JPMorgan Chase Institute analysis constrains holiday retail power. Ukraine's support for a Russia peace framework eased geopolitical tensions, contributing to oil's 1.5% drop to \$57.94 a barrel, which in turn supported lower yields. The Bloomberg Dollar Spot Index fell 0.3%, aiding Treasuries as the euro and pound strengthened.

Positioning data shows caution: JPMorgan's client survey revealed net long positions in Treasuries shrank to two-month lows ahead of the Fed meeting, with fewer longs and more shorts. CFTC figures for the week ended November 22 indicate asset managers trimmed net longs by \$23.5 million per basis point, focused on five-year and bond contracts, while leveraged funds reduced shorts in the classic bond. This suggests investors are hedging amid uncertainty over Trump's Fed pick, with Hasset as front-runner, and ongoing US-China tariff truce talks—Bessent noted a possible 90-day extension.

Dealers expect steady coupon auction sizes for August-October, per Treasury guidance, with 10-year and five-year potentially up \$1 billion. Broader resilience in the economy tempers bearish views, but high equity valuations and AI spending raise vulnerability, per Goldman Sachs, with their risk appetite gauge at zero pressuring speculative assets.

Looking ahead, Wednesday's durable goods (forecast 0.3%) and jobless claims (225k) could sway yields, alongside Thursday's Q3 GDP preliminary (prior 3%). If data confirms weakness, yields may test lower supports, but tariff clarity and AI tailwinds could sustain higher-for-longer rates, diversifying investor focus beyond US bonds.

Overview of the Australian Bond Market

Australian government bonds firmed modestly on November 25, 2025, tracking US Treasuries lower amid soft American data boosting global rate-cut expectations. The 10-year yield dipped one basis point to 4.43%, while the two-year rose two to 3.69%, and five-year up two to 3.94%. The 15-year yield fell two to 4.74%, in a slight curve flattening at the long end.

Local sentiment aligns with US weakness: September retail sales there missed at 0.2%, consumer confidence at seven-month low, fueling 80% odds for December Fed cut. This spilled into AUD/USD rallying to 0.6475 before settling +0.11%, pressuring Aussie yields lower as the dollar index dropped 0.45%. Macro blend includes Ukraine-Russia peace hints easing oil to \$57.94 (-1.5%), supporting disinflationary views.

No domestic data Tuesday, but Wednesday's October CPI looms—weighted 3.6% y/y poll, SA MM and YY at 0.3%/3.5% prior. If below forecasts, RBA easing bets could intensify, with markets pricing first cut mid-2026. RBA's steady 3.60% cash rate contrasts Fed divisions, but global dovishness from weak US payrolls and income growth per JPMorgan may pull yields down.

Positioning cautious: AUD trading near upper Bollinger bands, progress may slow, but USD/CNH drop to 7.0795 aids. Brokers see AUD support at 0.6415, resistance 0.6580.

Upcoming US durable goods, jobless claims Wednesday, and Q3 capex Thursday could sway if confirming slowdown. Local private credit Friday. Tariff talks—US-China truce extension possible per Bessent—add uncertainty, but AI tailwinds and commodity strength (copper +0.91%) bolster economy, tempering bearish bond views. Yields may test lower if CPI soft, but high valuations globally per Goldman suggest diversification.

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