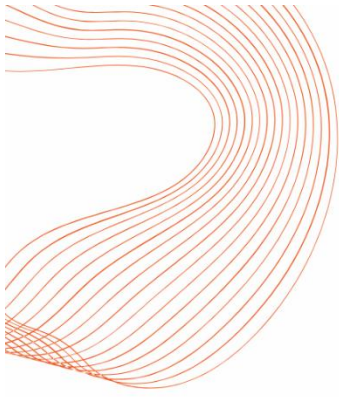




Your Income Advantage

3rd November 2025



Overview of the US Market

Wall Street closed mixed on November 3, 2025, with tech stocks rallying on artificial intelligence deals while broader market breadth remained weak amid conflicting Federal Reserve signals and persistent manufacturing contraction. The S&P 500 rose 0.17% to close at 6,851.97, buoyed by the Magnificent Seven gauge's 1.2% advance, but its equal-weighted version slipped as over 300 components retreated. The Nasdaq Composite gained 0.46% to 23,834.72, while the Dow Jones Industrial Average fell 0.48% to 47,336.68, dragged by healthcare names like UnitedHealth and Merck. Amazon surged 4% after inking a \$38 billion, seven-year deal with OpenAI for Nvidia-powered cloud services, lifting Nvidia 2.2% and fueling AI optimism. Kenvue jumped 12.3% on its \$40 billion acquisition by Kimberly-Clark, which sank 14.6%. Other movers included Cipher Mining up 22% and Pfizer little changed.

US factory activity shrank for an eighth straight month in October per ISM data, with easing inflationary pressures, while consumer staples and materials sectors lagged. Fed officials staked out divided positions ahead of the December meeting: Chicago's Austan Goolsbee voiced inflation concerns and no rush to cut, San Francisco's Mary Daly urged an open mind on a December move, and Governor Stephen Miran argued policy remains restrictive, heightening downturn risks. Investors eye this week's ISM non-manufacturing PMI, ADP payrolls, and Challenger layoffs for labor clues amid the government shutdown's data blackout.

Strategists noted the rally's concentration, with UBS's Ulrike Hoffmann-Burchardi highlighting high valuations and murky Fed outlook but seeing room for the bull market to run. Evercore's Julian Emanuel warned of volatility from record bullishness, while LPL's Adam Turnquist and Jeff Buchbinder advised not fighting the tape despite non-linear bull markets. Bespoke Investment Group cited historical November gains in strong years, averaging 2.6% when the S&P is up 10% or more through October. Bloomberg Intelligence's Christopher Cain and Wendy Soong pointed to strong earnings beats but muted stock reactions, rewarding strength but punishing misses twice as hard.

Overview of the Australian Market

The Australian share market edged higher on November 3, 2025, starting the historically strong month with modest gains as banks and tech offset mining and health care weakness amid softer Chinese data and ahead of the Reserve Bank's rate decision. The S&P/ASX 200 rose 0.15% to 8,894.8, while the All Ordinaries added 0.05% to 9,182.5, though breadth was poor with decliners outpacing advancers 182 to 98. Information Technology jumped 1.65%, Financials gained 1.25%, and Energy rose 0.79%, but Health Care tumbled 1.68% and Materials fell 0.94%. Westpac climbed 2.8% after full-year results, lifting CBA 2.3%, NAB 0.9%, and ANZ 0.8%. Tech standouts included Megaport up 7.6% and Life360 surging 3.2%.

Resources lagged on iron ore futures dipping to \$US105 amid China's manufacturing contraction, with Pilbara Minerals down 5.2%, Lynas Rare Earths off 8.1%, and Fortescue slipping 1.1%; BHP eased 0.2%. Gold stocks weighed, with the sub-index down 1.4%, though spot gold reclaimed \$US4,000/oz. Building approvals surprised higher at 12% month-on-month in September, beating 5% estimates, while S&P Global Manufacturing PMI finalized at 49.7, signaling contraction. Investors await the RBA's November 4 meeting, expected to hold at 3.6%, with no further 2025 cuts seen by over 90% of economists per Reuters polling after Q3 inflation's 1.0% core surge.

Capital.com's Kyle Rodda noted a flat day post-major catalysts, seeking fresh momentum, while CreditorWatch's Ivan Colhoun said softer September retail supports eventual RBA easing despite inflation pressures. OPEC+'s pause on output hikes lifted oil, aiding Woodside and Santos over 1.1% each. Standouts included Mount Ridley Mines up 75% on CEO appointment and Locksley Resources rising 17.4% on US EXIM Bank support.

Overview of the US Bond Market

Bond traders pushed Treasury yields higher on November 3 as Fed speakers' mixed signals clouded the December rate path and AI-driven equity gains underscored economic resilience, prompting a reassessment of easing bets. The 10-year yield climbed two basis points to 4.10%, the 2-year advanced two to 3.59%, and the 30-year rose three to 4.68%, steepening the 2s-10s curve to +50.4 basis points. The move came amid broader dollar gains and crypto weakness, with Bitcoin down 3%, as markets weighed Goolsbee's inflation caution against Miran's push for deeper cuts and Daly's balanced view.

A scarcity of data due to the shutdown amplifies focus on upcoming releases like ISM services PMI on November 5, non-farm payrolls on November 5, and third-quarter GDP advance on November 6, which could sway expectations for a half-point of easing by year-end. Treasury Secretary comments were absent, but ongoing AI infrastructure deals from Microsoft (\$9.7 billion with IREN) and Amazon bolster the case for sustained growth, potentially pressuring yields if they signal less Fed support needed. Swap contracts still price in about a 50% chance of a December cut, though Evercore ISI's Krishna Guha sees lingering dovish anxiety tilting odds toward easing.

In futures, asset managers trimmed net long positions across tenors last week per CFTC data, with leveraged funds reducing shorts in the classic Bond contract. Dealers expect steady coupon auction sizes for August-October, aligning with April guidance, as the department signals no changes. The resilience of equities amid tariff uncertainties and Fed splits has some bears arguing rates stay higher longer, though narrow credit spreads and buoyant stocks don't fully reflect policy stance, per Miran.

Overview of the Australian Bond Market

Australian government bond yields climbed on November 3 as stronger-than-expected building approvals and bank results reinforced economic stability, reducing near-term easing bets ahead of the RBA's decision and amid global yield upticks. The 10-year yield rose five basis points to 4.34%, the 2-year advanced four to 3.59%, the 5-year gained five to 3.81%, and the 15-year climbed six to 4.66%. The AUD/USD edged up 0.24% to 0.656, supported by US dollar wavers, while commodity weakness pressured metals.

September approvals jumped 12% month-on-month versus 5% forecast, with year-on-year at 12.4%, signaling housing resilience despite high rates, though exports plunged 7.8% and trade surplus narrowed to A\$1.825 billion, missing A\$4 billion estimates. Reuters polling shows unanimous hold at 3.6% on November 4, with minutes from September highlighting data dependence; Q3's 1.0% trimmed mean inflation exceeded the RBA's 0.9% threshold, shifting 2025 cut expectations to none from most economists. S&P Global Services and Composite PMIs finalize November 4 at 53.1 and 52.6, potentially guiding the statement, which may retain easing option without commitment.

An aversion to cuts could lift AUD/USD toward 0.6707, per analysis, while balance of goods on November 6 and RBA's Bullock comments loom. Yields track US moves amid Fed uncertainty, with AI deals and US growth tailwinds seen limiting downside if tariffs ease further.

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