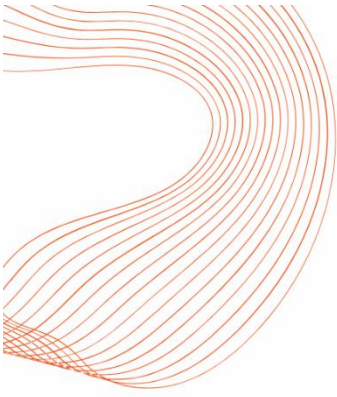




Your Income Advantage

4th November 2025



Overview of the US Market

Wall Street closed sharply lower on November 4, 2025, as warnings from top bank CEOs about potential market pullbacks amplified concerns over stretched valuations, triggering a broad selloff led by technology stocks. The S&P 500 tumbled 1.17% to 6,771.55, marking its biggest one-day drop since October 10, while the Nasdaq Composite slid 2.04% to 23,348.64 and the Dow Jones Industrial Average fell 0.53% to 47,085.24. Information Technology plunged 2.27%, with Nvidia down 3.96% and Palantir sinking 7.94% despite raising its outlook, amid Michael Burry's disclosed bearish puts on both. Hertz surged 36.23% on cost cuts, but Pfizer dipped 1.46%. Super Micro fell after missing estimates, Amgen rose on raised guidance, and Uber dropped 5.1% on legal charges overshadowing growth.

ISM services PMI is due November 5, expected at 50.8, offering labor insights amid the ongoing government shutdown's data void. Fed divisions deepened, with Powell noting strong differing views on December easing, Goolsbee leery of cuts amid sticky inflation, and Miran pushing for deeper reductions. Senate efforts to reopen government stalled for the 14th time, with Democrats demanding ACA tax credits.

Treasury Secretary Comments were absent, but Trump's pressure on Republicans to end the shutdown and threats to food aid highlighted impasse risks. Wall Street CEOs like Goldman's Solomon and Morgan Stanley's Pick flagged 10-20% drawdowns as healthy, echoing Capital Group's Gitlin on fair-to-full valuations despite strong earnings. Bespoke noted concerns but less scary details, while BMO's Lyngen, Hartman, and Choi saw sympathy for consolidation amid narrow leadership.

Strategists from Evercore ISI and FHN Financial warned of vulnerability from AI narrative wobbles and unpredictable corrections. Piper Sandler's Johnson favored buying pullbacks, BTIG's Krinsky eyed 6,400-6,500 support, and Truist's Lerner cited historical upside in bull markets past year three, averaging 4.7% November-December gains when up over 15% through October.

Overview of the Australian Market

The Australian share market closed sharply lower on November 4, 2025, extending losses to a six-week low as the Reserve Bank held rates at 3.6% with a hawkish tone on persistent inflation, amplifying global risk-off sentiment and commodity weakness. The S&P/ASX 200 dropped 0.91% to 8,813.7, while the All Ordinaries fell 0.92% to 9,098.2, with breadth weak at 61 advancers to 219 decliners. Materials tumbled 1.83% on softer iron ore, copper, and lithium futures down over 5%, dragging BHP 1.9%, Rio Tinto 2.6%, and Fortescue 2.7%. Utilities plunged 2.78% after the government's free electricity scheme announcement, hitting Origin 3.8% and AGL 3.7%. Health Care edged up 0.04%, buoyed by CSL's 0.9% gain offsetting losses elsewhere.

RBA Governor Bullock emphasized data-driven caution post-September inflation surge, with forecasts now seeing trimmed mean at 3.2% by June 2026, up from 2.6%, dimming cut hopes. S&P Global services PMI finalized at 53.1 and composite at 52.6, beating polls, signaling expansion. Balance of goods due November 6, expected at A\$1.825 billion surplus versus A\$4 billion poll, after September exports plunged 7.8%.

Capital.com's Rodda noted RBA's concern over inflation above target longer, with Vanguard's Feng seeing limited 2026 cuts amid full capacity.

Standouts included Dronesield up 8.6% on options update, Core Lithium gaining 8.0%, but Novonix down 10.6% on off take termination and G8 Education off 13.0% on FY25 update.

Overview of the US Bond Market

Bond traders lifted Treasuries on November 4 as equity weakness from valuation fears and Fed policy splits drove a risk-off mood, with yields dipping amid persistent money-market strains signaling liquidity drying up ahead of quantitative tightening December end. The 10-year yield fell three basis points to 4.09%, the 2-year declined three to 3.58%, and the 30-year slipped two to 4.66%, extending Asian and European gains in a bull-steepening move. SOFR eased after Friday's 18 basis point surge but remained above IORB at 4.13%, with tri-party repo exceeding administered rates, prompting Dallas Fed's Logan to flag potential asset buys if pressures persist.

The government shutdown, now tied for the longest, clouds December easing odds at about 60% per swaps, with ISM services PMI on November 5 and non-farm payrolls eyed for labor clues that could sway the Fed's data-dependent path. Bank of America's Cabana saw diverse FOMC views delaying QT halt and purchases, risking further reserve drain to \$2.8 trillion lows, while SMBC's Abate urged aggressive T-bill buys given hedge fund repo funding twice 2019 levels. BNY's Velis noted temporary operations risk if rates grind higher.

On the economic front, S&P Global services PMI finalized at 55.2 and composite at 54.8, signaling expansion, but shutdown-impacted data like durable goods and retail sales loom later. JPMorgan's client survey showed shrinking net longs, with asset managers trimming futures positions per CFTC, concentrated in 5-year and bonds. Dealers expect steady coupon sizes for August-October, but ongoing AI deals and tariff clarity could pressure yields if growth resilience bolsters higher-for-longer views.

Overview of the Australian Bond Market

Australian government bond yields dipped modestly on November 4 as the RBA's hold at 3.6% with upward inflation revisions reinforced caution, aligning with global Treasury gains amid equity selloffs and US money-market stress, though AUD/USD slipped 0.21% to 0.6524 on commodity weakness. The 10-year yield fell one basis point to 4.32%, the 2-year declined one to 3.58%, the 5-year slipped one to 3.80%, and the 15-year dropped one to 4.64%. The move tracked US yield retreats, with SOFR pressures and Fed QT pivot building, potentially easing liquidity strains that could spill into Aussie funding if global rates stay elevated.

September goods exports fell 7.8% and imports rose 3.2%, narrowing surplus to A\$1.825 billion below A\$4 billion poll, signaling trade headwinds ahead of November 6 data. RBA forecasts imply no 2026 cuts per over 90% of economists, with Bullock citing less easing room than peers amid sticky inflation, risking AUD/USD push toward 0.6707 if aversion strengthens. S&P Global services PMI at 53.1 beat 52.5 poll, supporting growth but underscoring inflation risks.

An extended shutdown-impacted US data void amplifies focus on Australian indicators, with initial jobless claims and PCE prices later, potentially swaying RBA's path if US resilience bolsters higher-for-longer globally. Yields may face upside if tariffs bite or AI tailwinds fade, but current hawkish stance limits downside amid policy error risks.

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YieldReport – Interest Rates & Yield Investment Data & Research
Level 2, Suite 208
33 Lexington Drive
Bella Vista NSW 2153

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