yieldreport Daily

Your Income Advantage

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Overview of the US Market

Wall Street ended lower on November 6, 2025, as concerns over high valuations in tech stocks and signs of a cooling labor market rattled investors. The S&P 500 fell 1.1% to close at 6,720.32, marking its second decline in three days and pulling back from recent highs. The Nasdaq Composite dropped 1.9% to 23,053.99, hit hard by losses in AI-related names, while the Dow Jones Industrial Average shed 0.8% to 46,912.30. Nvidia led megacap declines with a 3.7% drop, Tesla also slid, and the UBS US AI Winners Index tumbled nearly 3%, underscoring the market's heavy reliance on artificial intelligence themes that have driven much of the year's gains.

Private sector data highlighted labor market fragility amid the ongoing government shutdown, which has delayed official economic reports. Challenger, Gray & Christmas reported 153,074 job cuts in October, the highest for that month since 2003 and nearly triple last year's figure, driven by tech and warehousing sectors. Revelio Labs showed a net loss of 9,100 nonfarm jobs, reinforcing skepticism about hiring reacceleration. These figures amplified worries that the Federal Reserve might need to ease policy further, though comments from officials like Cleveland Fed President Beth Hammack emphasized inflation risks over employment weakness.

Corporate earnings provided mixed signals. Qualcomm delivered an upbeat forecast but disappointed investors, while Snap surged 9.7% on strong revenue and a Perplexity AI partnership. DoorDash plunged 17.5% after missing profit expectations due to higher investments, and Elf Beauty sank 35% on weak guidance. EchoStar reported a massive impairment charge, and CarMax terminated its CEO amid sales woes, sending shares down sharply. Broader market sentiment was dented by volatility, with the VIX briefly topping 20, as traders digested Fed speakers' unease about rate cuts without fresh inflation data.

The ongoing shutdown added uncertainty, with FAA flight capacity cuts at 40 airports potentially disrupting travel and commerce. President Trump's tariff discussions with China and drug price deals with Eli Lilly and Novo Nordisk offered some relief, slashing costs for weight-loss drugs in exchange for import duty grace periods. However, these positives were overshadowed by economic jitters. Strategists at JPMorgan noted strong retail flows could support stocks into year-end, while Morgan Stanley's team viewed AI concerns as overblown, maintaining a bullish long-term outlook. An investors eye Nvidia’s upcoming earnings as a potential catalyst, but for now, the pullback reflects a needed reality check after AI-fueled exuberance.

Overview of the Australian Market

The Australian share market edged higher on November 6, 2025, snapping a two-session slide as mining stocks provided support amid commodity strength, though gains were modest amid lingering investor caution. The S&P/ASX 200 rose 0.3% to 8,827.9, while the All Ordinaries added 0.3% to 9,098.2. The index opened strongly, up nearly 70 points, but pared gains in the afternoon, reflecting uncertainty over global growth and rate paths. Resources led with a 1.4% advance, buoyed by gold miners as spot prices edged to US$3,989/oz, and iron ore giants like BHP, Rio Tinto, and Fortescue each up over 1.6% despite futures dipping to US$104.20/tonne.

Sector performance showed rotation dynamics, with Materials up 1.4% and Energy gaining 0.8% on LNG futures spiking to four-month highs, supporting Woodside and Santos.

This offset weakness in high P/E areas: Information Technology fell 0.3%, Consumer Discretionary dropped 0.4%, and Financials slipped 0.1%. NAB dragged banks lower, down 3.3% after an underwhelming profit, while Westpac fell 1.2%; ANZ and CBA gained modestly. Moomoo's Michael McCarthy noted mining strength tied to better-than-expected growth potentially averting commodity falls, amid no RBA rate cut signals.

Top performers included Light & Wonder, up 8.2% on solid earnings, and gold plays like Northern Star and Evolution amid sector bids. Caprice Resources surged 19.2% on drilling news, Toubani Resources rose 18.9% on Mali updates, and Santana Minerals gained 7.9% after a mining permit. Domino's Pizza jumped 4.7% on debt facility commitments. Laggards featured James Hardie, down 12.7% post-MSCI index removal and merger scrutiny, Droneshield tumbling 11.7% amid defence sector froth concerns (down 50% from October highs but up 335% YTD), and Neuren Pharmaceuticals falling 10.4% despite record sales.

Trade data showed a widened September surplus to A$3.938 billion, below polls but driven by gold exports, with exports up 7.9% and imports rising 1.1%. The AUD/USD held above 0.65 at 0.651, supported by risk-on tones. Investors eye AGMs for Nine and Qantas, plus Macquarie results. Broader sentiment reflects fund flows from growth to cyclicals, with HSBC, Morgan Stanley, and UBS maintaining bullish views on earnings and AI, though tariff resolutions with the US and EU temper prior boosts.

Overview of the US Bond Market

Treasury yields fell across the curve on November 6, 2025, as labor market weakness boosted bets on Federal Reserve rate cuts, countering recent hawkish tones from policymakers. The benchmark 10-year yield dropped seven basis points to 4.09%, its steepest decline in about a month, while the 2-year yield slid seven basis points to 3.56% and the 30-year fell six basis points to 4.68%. The move reflected a flight to safety amid equity volatility and private data signaling a fragile jobs backdrop, with money markets pricing over a 60% chance of a December cut, up from prior levels.

The government shutdown's data blackout has shifted focus to alternative sources, amplifying their impact. Challenger's report of October layoffs surging to 153,074—the most since 2003—highlighted AI-driven disruptions and cost-cutting, echoing 2022 tech layoffs but with broader risks in a low-hiring environment. Revelio Labs' 9,100 job loss figure added to doubts about labor reacceleration, pressuring the Fed to act despite inflation at 3% in September, above the 2% target. Fed speakers like Chicago's Austan Goolsbee expressed unease over missing data, while Cleveland's Beth Hammack prioritized inflation risks, yet markets leaned dovish.

Bond gains were supported by tariff developments, with Treasury Secretary Scott Bessent noting ongoing US-China talks on extending the truce, potentially adding 90 days, which could ease inflationary pressures. Drug price agreements with Lilly and Novo, offering tariff relief for lower Medicare costs, also signaled policy efforts to curb living expenses amid voter concerns. However, the shutdown's extension risks further delays in key data like nonfarm payrolls and GDP, clouding the outlook.

Strategists at Brown Brothers Harriman stuck to expectations of a 25 basis-point December cut, citing restrictive policy's potential to worsen employment fragility. UBS's Ulrike Hoffmann-Burchardi forecasted two more cuts by early 2026, viewing quality fixed-income as appealing for income and slowdown hedges. JPMorgan's client survey showed net long positions shrinking to two-month lows ahead of potential Fed dissent, while asset managers pared longs in futures.

Dealers anticipate steady coupon auction sizes for August-October, aligning with April guidance. The Bloomberg Dollar Spot Index fell 0.3%, aiding the rally, as investors diversify amid high equity valuations and AI uncertainties, with oil steady and gold little changed.

Overview of the Australian Bond Market

Australian government bond yields rose modestly on November 6, 2025, tracking mixed global cues as labor concerns in the US contrasted with resilient local data, while the RBA's steady stance limited downside. The 10-year yield climbed two basis points to 4.33%, the 2-year edged up fractionally to 3.56%, and the 15-year rose two basis points to 4.65%. Gains reflected rotation into resources equities and commodity strength, with gold and LNG supporting risk appetite, though shutdown-induced US volatility capped moves.

September trade figures showed a surplus of A$3.938 billion, short of the A$4 billion poll but up from prior, fueled by 7.9% export growth including gold surges, offsetting 1.1% import rise. This bolstered views of economic stability, aligning with RBA's November hold at 3.6%, as per polls. S&P Global PMIs finalized October manufacturing at 49.7 (contraction), services at 53.1, and composite at 52.6, indicating mild expansion but softening demand. Globally, US Challenger layoffs at two-decade highs for October amplified Fed cut bets, pressuring the dollar and aiding AUD stability at 0.651.

Tariff truce extensions discussed by US Treasury's Bessent, potentially adding 90 days with China, eased inflation fears down under, given export ties. Drug deals with Lilly and Novo for lower prices echoed policy efforts to curb costs, indirectly supporting consumer sentiment. However, shutdown delays in US data like payrolls and GDP cloud Fed paths, with markets pricing a 60% December cut chance, influencing RBA monitoring.

Strategists at Brown Brothers Harriman see US easing worsening labor fragility, while UBS forecasts two Fed cuts by early 2026, favoring fixed-income hedges. Locally, fund flows from high P/E tech and consumer stocks to low P/E miners suggest diversification, with Moody's Mark Zandi noting resale housing competition amid job angst. Dealers expect steady US auction sizes, but Australian yields may face upside if growth exceeds forecasts. The curve's modest steepening reflects caution, with oil steady and gold firm, as investors await clarity on tariffs and AI impacts.

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