yieldreport Daily

Your Income Advantage

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Overview of the US Market

Wall Street staged a late rebound on November 7, 2025, amid optimism over progress in ending the US government shutdown, though tech weakness capped gains and led to the Nasdaq's worst week since April. The S&P 500 rose 0.1% to 6,728.80, recovering from a 1.3% intraday drop after Senate Democrats proposed scaling back demands, signaling potential compromise despite Republican rejection. The Dow Jones Industrial Average added 0.2% to 46,987.10, while the Nasdaq Composite slipped 0.2% to 23,004.54, down 3% for the week as AI doubts intensified. Nvidia edged up 0.04% but megacaps like those in the Magnificent 7 fell 0.9%, with the Nasdaq 100 posting its steepest weekly loss since April amid valuation concerns.

Consumer sentiment plunged to near-record lows per the University of Michigan's index at 50.3, battered by shutdown impacts and high prices, heightening labor market fears. With official payrolls delayed, private data loomed large: 22V Research highlighted labor unwind as the top trading risk, while recent Challenger and Revelio reports showed surging layoffs and net job losses, fueling bets on Fed easing. Markets priced a 65% chance of a December cut, up slightly, though Fed speakers like BlackRock's Rick Rieder urged rates to 3% amid softening jobs.

Corporate news mixed: KKR fell on a fee charge despite record earnings; Sweetgreen cut guidance amid weak demand, sinking shares, while Wendy's beat on sales resilience. Airlines pared gains but rose overall—American up 3.8%, Delta 1.9%—on shutdown deal hopes, though Transportation Secretary Sean Duffy warned of 20% flight cuts if unresolved. Crypto rebounded, Bitcoin up 2.3% to $103,422, trimming weekly losses after a $300 billion selloff.

Broader sentiment reflected froth purge, per Nationwide's Mark Hackett, with BMO's Ian Lyngen noting data distortions lingering post-shutdown. TD Securities eyed Thanksgiving travel as a backstop, while Wolfe's Chris Senyek warned of market risks if Fed skips December amid negative payroll surprises. Piper Sandler's Craig Johnson saw supportive flows despite anxiety, and Goldman's Tony Pasquariello viewed the dip as temporary in a bull trend. Investors eye next week's earnings like Disney and Cisco, plus Nvidia's pivotal report, as S&P earnings beats hit 82.5%, but labor fragility could cap upside.

Overview of the Australian Market

The Australian share market closed lower on November 7, 2025, extending weekly losses to its lowest in over three months amid rate-sensitive weakness and global tech jitters. The S&P/ASX 200 fell 0.7% to 8,769.7, down 1.3% for the week and 3% over two weeks, while the All Ordinaries dropped 0.7% to 9,031.7. Early gains faded as financials tumbled 1.3%, with Macquarie Group down 5.7% on earnings miss, and big banks mixed—Westpac and CBA lower, NAB up modestly. CVS Lane's Fiona Clark noted sparse highlights amid grim outlook.

Sectors showed defensives outperforming: Communication Services up 0.7%, Consumer Staples 0.6%, Energy 0.5%, Real Estate 0.5%, Utilities 0.2%, and Health Care flat. High P/E areas lagged: Information Technology down 2.3%, Consumer Discretionary 1.1%, Financials 1.3%, Industrials 0.9%. Materials slipped 0.5% as iron ore futures below US$103/tonne on China export drop, despite rare earths rebound; BHP, Rio, Fortescue lower. Gold miners mixed as spot topped US$4,000/oz.

Top performers: AUB Group up 6.3% on EQT proposal, Sun Silver 8.9% on antimony discovery. Laggards: Alliance Aviation down 42.7% on guidance cut, Block 15.8% on US earnings miss echoing Nasdaq woes, Qantas 6.6% on soft revenue guidance, Zip Co. 6.6% on funding update, OOH!Media 6% on trading weakness.

September trade surplus at A$3.938 billion missed polls but export growth at 7.9% supported resilience, per RBA's steady 3.6% rate. AUD/USD held 0.648 amid risk-off, correlated to S&P 500's 3.7% from highs. Uranium plays fell amid sector weakness.

CVS Lane highlighted rates grimness pressuring leveraged sectors. Investors eye AGMs for Coles, Goodman, and earnings from ANZ, Orica. HSBC, Morgan Stanley, UBS maintain bullish on earnings/AI, but shutdown/AI doubts temper. Bitcoin up modestly but in bear market, down 23% from peaks.

Overview of the US Bond Market

Treasury yields were mixed on November 7, 2025, with the 10-year steady at 4.09% amid shutdown deal hopes offsetting weak consumer sentiment and labor signals, as investors weighed Fed cut odds against resilient growth. The 2-year yield held at 3.56%, while the 30-year rose two basis points to 4.70%, reflecting curve steepening as equities bounced late. The session's volatility tied to University of Michigan data showing sentiment at 50.3—near historic lows—due to shutdown woes and finances, amplifying calls for easing, with December cut probability at 65%.

Shutdown-induced data gaps persisted, delaying payrolls, prices, and retail sales, forcing reliance on alternatives like NFIB's small business index next week. Recent private reports—Challenger's October layoffs at 153,074, Revelio's 9,100 job loss—underscored cooling labor, per Wells Fargo's Jennifer Timmerman, yet aligned with soft-landing views via policy tailwinds like tax cuts. BlackRock's Rick Rieder highlighted significant softening, backing 3% rates, while Principal's Seema Shah noted Fed focus on employment to avert acceleration in weakness.

Tariff truce talks with China, per Bessent, and drug deals with Lilly/Novo for Medicare access echoed efforts to ease costs, potentially curbing inflation. Yet, China's October export drop amid tariffs reminded of global drags, with oil up 0.7% to $59.85 on Hungary-Russia hopes. Bloomberg Dollar Spot fell 0.2%, aiding bonds.

Strategists at Wolfe saw December cuts likely despite splits, warning markets view Fed as behind if data worsens. SlateStone's Kenny Polcari noted thinning labor cushion pressuring spending and multiples. JPMorgan's survey showed shrinking net longs, with asset managers paring futures positions per CFTC. Dealers expect steady August-October auctions, but shutdown prolongation risks deeper equity losses per Markets Pulse—14% see one-two weeks ending rally. Gold rose 0.7% to $4,003.75 as haven. Overall, bonds eyed as hedges, with UBS and others bullish long-term on earnings/AI, but near-term volatility from labor/AI doubts looms.

Overview of the Australian Bond Market

Australian government bond yields dipped slightly on November 7, 2025, amid global risk-off and local defensives rotation, as shutdown hopes buoyed sentiment but tech/AI jitters lingered. The 10-year yield fell one basis point to 4.35%, 2-year up fractionally to 3.58% wait—no, data shows + but overall minor; 15-year flat at 4.67%. Moves reflected Nasdaq's weekly slump influencing ASX tech down 2.3%, with AUD/USD at 0.648 tied to S&P 500 weakness.

September goods balance at A$3.938 billion below A$4 billion poll, but 7.9% exports (gold-driven) versus 1.1% imports signaled stability, aligning RBA's November hold at 3.6%. S&P PMIs: manufacturing 49.7 (contraction), services 53.1, and composite 52.6 showed mild growth. Global cues: China's export drop amid tariffs, US sentiment at 50.3 lows from shutdown/labor, with Challenger/Revelio data fueling Fed cut bets at 65% December.

US tariff truce talks (possible 90-day extension) and drug pacts eased inflation fears for exporters. Yet, Duffy's 20% flight cut warning if shutdown persists risks travel/economy.

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