



yieldreport Weekly

Your Income Advantage

3rd to 7th November 2025



PART 1 – Equity & Bond Market Review

Weekly Overview

The big technology stocks that led major U.S. stock indexes higher the previous week reversed course, dragging the market lower amid fresh investor scepticism about AI prospects. The NASDAQ bore the brunt of the sell-off and ended the week down 3.0%; the S&P 500 and the Dow fell 1.6% and 1.2%, respectively.

As a government shutdown extended into its sixth week, the absence of Friday's monthly jobs release again left investors in the dark about the state of the labour market. Nevertheless, a private release shed light on recent weakness, with the consulting firm Challenger, Gray & Christmas reporting that job cuts in October totalled 153,000, nearly three times the figure recorded in September.

Despite the week's negative stock results, earnings growth has remained a positive catalyst for the market overall. Of the 91% of S&P 500 companies that had released third-quarter results as of Friday, 82% exceeded analysts' earnings forecasts, according to FactSet. That earnings beat rate is the highest in 4 years; over 10 years, the average beat rate has been 75%.

A monthly indicator that tracks U.S. consumer sentiment fell to the lowest level in more than three years, with many survey participants citing concerns about the government shutdown and its impact on the economy. Friday's preliminary November reading from the University of Michigan's Consumer Sentiment Index was 50.3, down from October's final figure of 53.6. As recently as July, the index had been at 61.7.

The U.S. Supreme Court on Wednesday heard arguments in a challenge over the legal authority that the Trump administration used in implementing tariffs earlier this year. The high court didn't indicate when it might issue a ruling in the case, adding another layer of uncertainty for the economy and financial markets.

A gauge that tracks investors' expectations of short-term U.S. stock market volatility briefly surged to a three-week high at midday Friday before pulling back and finishing about 10% higher for the week. Despite the rise, the CBOE Volatility Index remained far below levels reached in April, when uncertainty about tariffs sent the index soaring.

A U.S. small-cap stock benchmark lagged its large-cap peers for the second week in a row, widening small caps' year-to-date margin of underperformance. The Russell 2000 Index finished down around 1.9% for the week; over the two-week period, it fell a cumulative 3.3%.

The price of the most widely traded cryptocurrency fell below the \$100,000 level on Tuesday for the first time in more than six months. Bitcoin's price edged upward later in the week, but its Friday afternoon level of around \$103,500 was still down sharply from the record high of around \$125,000 reached about four weeks earlier. The sell-off in the largest cryptocurrency by market cap is a broader reflection of the risk-off trade that is unfolding at the moment.

Reserve Bank of Australia (RBA) governor Michele Bullock signalled that the current interest rate cutting cycle may be over, as the central bank now expects inflation to remain above its 2–3% target range until the second half of 2026. The RBA held the cash rate at 3.6% in November, describing the current level as “close to neutral,” and suggested that future moves could go either way depending on data trends.

Bullock acknowledged that the RBA was surprised by the September quarter's stronger-than-expected inflation reading, with underlying inflation reaching 3%. She said the board is now more focused on bringing inflation back within the target range than on protecting employment, though both remain core parts of its mandate. The central bank expects headline inflation to peak at 3.7% in the year to June 2026 as energy rebates roll off, before moderating to 2.6% by mid-2027. In the meantime, real wages are projected to decline through 2026 before recovering the following year.

While Bullock attributed part of the inflation surge to one-off factors such as higher travel, fuel, and council rates, she warned that persistent cost pressures—particularly in housing construction and hospitality—remain concerning. Markets have scaled back expectations for rate cuts, pricing in only a 70% chance of a reduction by mid-2026. Economists, including NAB's Sally Auld and EY's Cherelle Murphy, suggested that only compelling evidence of a sharp economic slowdown would prompt policy easing, with both viewing the tone of Bullock's comments as hawkish.

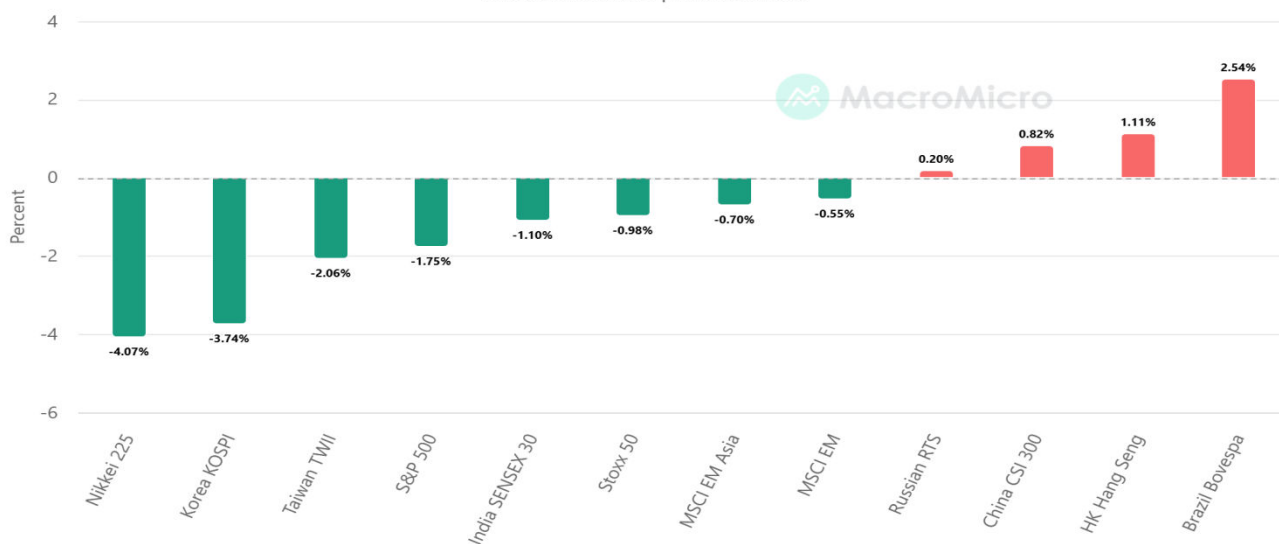
The RBA forecasts economic growth near 2% annually over the next two years—around its long-term trend—supported by strong household consumption, which exceeded expectations in September. Unemployment is expected to hold around 4.4% through 2027, reflecting a still-tight labour market. Unit labour costs rose 5% in the year to June, underscoring continued wage and cost pressures.

Overall, the RBA believes inflation will moderate gradually but remains wary of entrenched price pressures. Bullock reiterated that “just below three [per cent] is not good enough,” stressing the need for inflation to return sustainably to the 2.5% midpoint. While the RBA anticipates some easing in quarterly inflation ahead, it remains cautious amid signs that demand is still pressing against the economy's supply limits.

Exhibit 1: World – Major Stock Indices 7 Day Return

Market | Global Stock Markets 7-day Performance

MacroMicro.me | MacroMicro



Global Themes Shaping Markets

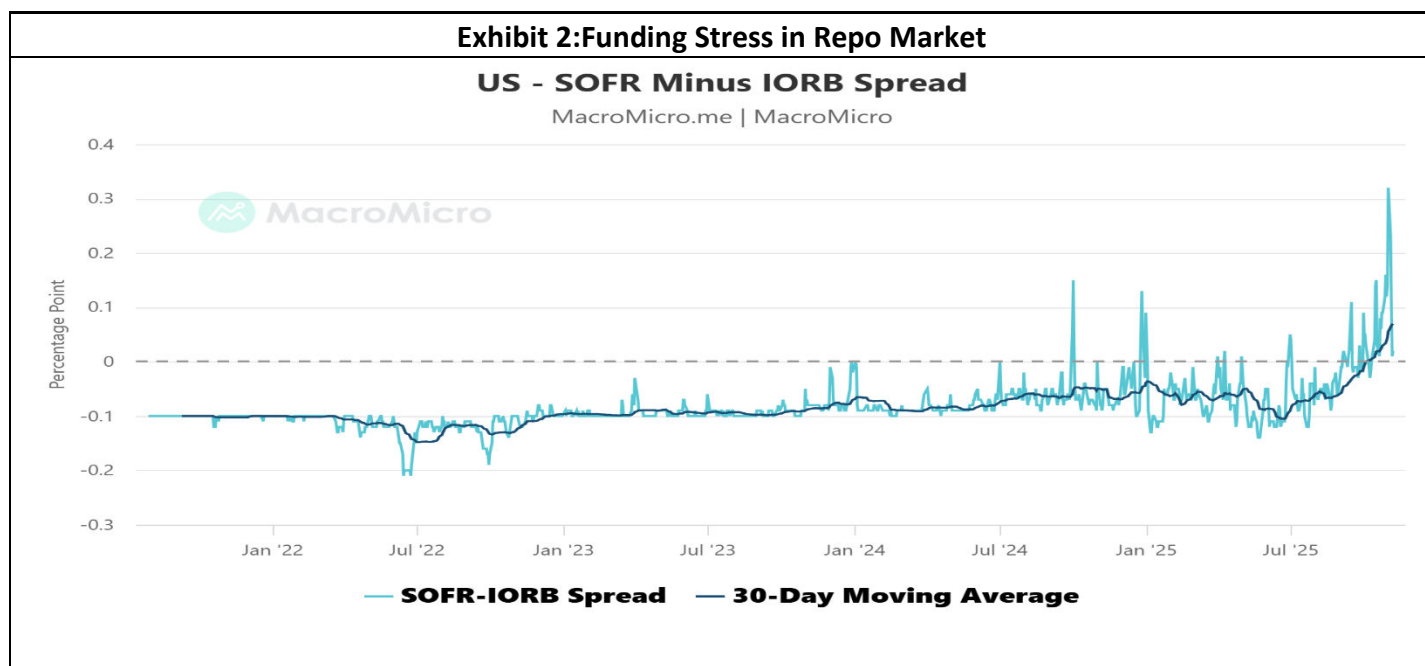
I. Risk Hedging

Portfolios that incorporate constant protection against systemic risk rather than relying on reactive stop-loss selling achieve better long-term resilience and avoid forced liquidation at market lows. Risk hedging should be a strategic, ongoing component of portfolio construction, not a response triggered only when volatility spikes and hedging costs rise.

The dangers of market timing are clear: investors who de-risked on false recession calls are now underperforming while underweight managers are now tempted to chase all-time highs, compounding performance risks. Despite strong growth, resilient earnings, and robust consumer demand underpinning a “Goldilocks” macro backdrop, structural fragilities persist beneath the surface. The U.S. fiscal deficit, approaching \$2 trillion annually has made liquidity provision a systemic requirement rather than a by-product of growth. With central banks selling Treasuries and buying gold, and private savings declining, the main marginal buyers of U.S. debt are highly leveraged hedge funds exploiting small arbitrage spreads through the repo market. This dependency on short-term funding represents the market’s hidden vulnerability.

If repo liquidity tightens or overnight rates rise sharply, these leveraged players could be forced to unwind Treasury exposures, triggering a wider funding shock with global implications. As 2022 showed, bonds and equities can decline simultaneously when inflation shocks liquidity, rendering the traditional 60/40 portfolio inadequate to protect capital. True diversification requires exposures that perform differently during liquidity contractions.

Multiple liquidity indicators reached critical thresholds in October, compelling the Fed's QT announcement. The SOFR-IORB spread turned positive for the first time this cycle, signalling elevated short-term funding demand, while overnight reverse repo (ON RRP) facilities drained to just \$14.1 billion, eliminating the primary liquidity buffer, as the Treasury General Account (TGA) climbed to \$964.8 billion during the Government shutdown, further constraining reserve availability.



Thus, investors may consider convexity protection, systemic risk hedges that rise in value during stressed periods, paired with equity risk assets such as the S&P/ASX 200 or MSCI World. When implemented during calm markets, these strategies act as affordable “insurance,” enabling investors to stay fully invested yet protected. Crucially, such hedges can provide liquidity during downturns and be monetised to buy distressed assets at attractive valuations.

In a financial system increasingly reliant on leverage, liquidity, and confidence, resilience is not optional. The most robust portfolios combine growth participation with structural protection, capturing upside while remaining prepared for inevitable reversals.

II. Fed Delivers Dovish Package amid Data Vacuum

The U.S. Federal Reserve delivered its second consecutive 25-basis-point rate cut in October, lowering the target range to 3.75–4.00%. The decision passed 10–2, came amid a data blackout caused by the prolonged government shutdown, forcing the Fed to rely on alternative indicators. Trump-appointed member Stephen Miran favoured a larger 50bp cut, while Kansas Fed President Jeffrey Schmid dissented, preferring no change, highlighting ongoing division within the committee. The Fed also announced the end of quantitative tightening (QT), effective December 1, 2025, after bank reserves fell below \$3 trillion to \$2.93 trillion and the reserves-to-assets ratio dropped to 12.32%, the upper boundary of the “ample reserves” zone. This move was pre-emptive, aiming to prevent liquidity stress similar to the 2019 repo market crisis. The decision to terminate QT and adopt a dovish tone underscores the Fed’s sensitivity to financial stability risks amid limited economic visibility. Despite policy divergence among members, the forward guidance retained “additional adjustments” language, signalling room for further easing if conditions deteriorate. Overall, the October meeting represented a balance between preventing liquidity dislocations and maintaining cautious flexibility amid an uncertain economic and political environment.

III. Preventive Rate Cut Reflects Labour Market Risk Management

The Fed framed its October rate cut as a preventive, risk-management action, emphasizing stabilisation rather than emergency support. Despite data limitations during the government shutdown, alternative indicators suggested the labour market remained steady, operating in “low hiring, low firing, low mobility” equilibrium. Private-sector employment data showed modest weakness, ADP payrolls fell by 32,000, while job postings remained soft, but layoffs and unemployment claims showed no material deterioration. Inflation data, one of the few official releases during the shutdown, showed annual CPI at 3.0% (up from 2.9%) while core CPI eased to 3.0% from 3.1%. Core goods inflation remained subdued at 1.5%, despite roughly 9% higher effective tariffs, indicating that firms were absorbing costs rather than passing them to consumers. Services inflation excluding shelter continued to cool, providing space for the Fed to act without stoking price pressures. The combination of contained inflation, steady employment, and tightening liquidity justified the Fed’s decision to ease policy pre-emptively. This stance reflects a shift from reactionary crisis management to a proactive strategy aimed at preserving balance between growth, inflation control, and financial stability as the economy navigates the twin challenges of fiscal uncertainty and global trade disruptions.

IV. Liquidity Metrics Force QT Termination Decision

Mounting liquidity pressures forced the Federal Reserve to announce the end of its quantitative tightening (QT) program. Key funding metrics flashed warning signs: the SOFR-IORB spread turned positive for the first time this cycle, signalling that short-term market funding costs had surpassed reserve rates. (Exhibit 2).

Meanwhile, overnight reverse repo (ON RRP) balances collapsed to just \$14.1 billion, eroding a vital liquidity buffer. Concurrently, the Treasury General Account (TGA) surged to \$964.8 billion during the government shutdown, effectively draining reserves from the banking system, which fell below \$3 trillion. The Fed’s balance sheet continued shrinking by about \$23 billion monthly between June and October, slower than the \$50–55 billion pace after April’s taper, bringing total assets to \$6.59 trillion.

Chair Powell stressed that reserves had reached the “slightly above ample” threshold and noted that while stress signals had emerged in repo markets, other indicators such as Reserve Demand Elasticity and intraday overdrafts remained stable, suggesting no immediate crisis. Nonetheless, the risk of an abrupt liquidity squeeze prompted the Fed’s pre-emptive QT termination. This decision highlights the central bank’s preference for proactive stabilization over reactive intervention, acknowledging that even moderate liquidity distortions can amplify volatility in today’s highly leveraged financial system

V. Powell Dampens December Cut Expectations

Fed Chair Jerome Powell tempered expectations for another rate cut in December, declaring that it was “not a foregone conclusion.” His remarks emphasized growing divergence among committee members regarding the next policy step, underscoring internal debate about whether recent cuts have already achieved an appropriate balance. Powell highlighted that policy rates, now in the 3–4% range, are nearing estimated neutral territory, suggesting a shift toward patience and data dependence. As a result, markets repriced December odds, with FedWatch probabilities showing roughly a 68–75% chance of a hold versus majority expectations for a cut before the meeting. Powell reiterated that the U.S. economy remains resilient, with labour market conditions cooling gradually rather than deteriorating sharply. Alternative indicators, such as state-level jobless claims and Beige Book surveys, showed stability rather than weakness. Powell characterized October’s rate cut as a pre-emptive move to manage downside risks and maintain equilibrium between inflation and employment goals, not a reaction to crisis conditions. With core PCE inflation estimated at 2.3–2.4% (excluding tariffs), the Fed’s cautious tone signalled a pivot from sequential easing toward strategic patience, reflecting a desire to preserve credibility and avoid overstimulating the economy amid persistent inflation uncertainties.

VI. US Earnings

US equities experienced broad volatility through the week as policy uncertainty, corporate deals, and mixed earnings updates drove divergent moves across sectors. Trade-sensitive stocks, consumer goods, and technology names were at the centre of market action.

Trade and Auto Sector Rally

Auto and export-linked stocks climbed after the US Supreme Court appeared skeptical of President Trump’s authority to impose sweeping global tariffs. The administration’s legal defence faced pointed questioning, including from conservative justices, boosting investor confidence that the levies could be overturned. General Motors gained 2.8%, while Ford rose 2.5%, as traders bet on relief for trade-exposed sectors.

Major Acquisition: Kimberly-Clark Buys Kenvue

Consumer-staples heavyweight *Kimberly-Clark* announced a \$40 billion cash-and-stock acquisition of *Kenvue*, the maker of Tylenol, in one of 2025’s largest takeovers. The merged group will form a \$32 billion health and wellness giant with 10 billion-dollar brands. However, Trump’s controversial claim linking acetaminophen to autism cast uncertainty over the deal. Kimberly-Clark’s shares fell 15%, while Kenvue surged 12%.

AI and Cloud Expansion: Amazon and Microsoft

In the technology space, *Amazon* struck a \$38 billion multiyear deal with *OpenAI* for computing capacity, reinforcing its cloud ambitions amid competition from Microsoft and Google. The same day, *Microsoft* signed a \$9.7 billion agreement with data-centre operator IREN to secure AI infrastructure. Amazon’s shares jumped 4% to a record high, highlighting investor enthusiasm for AI-linked growth.

Corporate Earnings and Sector Volatility

Palantir Technologies reported record revenue and earnings, driven by AI analytics demand, yet its richly valued stock tumbled 8% as investors questioned sustainability. *E.l.f. Beauty* plunged 35% after issuing weaker-than-expected full-year guidance despite 14% sales growth and the successful integration of Hailey Bieber's *Rhode* brand.

Transport and Airlines under Pressure

Airline stocks declined after the FAA ordered a 10% reduction in flights at 40 major airports due to unpaid air-traffic controllers amid the prolonged government shutdown. *American Airlines* fell 2%, with broader industry losses expected if disruptions worsen.

Corporate Governance and Consumer Travel

Tesla shareholders approved CEO Elon Musk's record \$1 trillion pay package, with over 75% support despite investor controversy; the stock fell 3.7%. Meanwhile, *Expedia* soared 18% and *Airbnb* edged up 0.3% as travel demand strengthened, with consumers booking earlier and opting for longer trips — a sign of resilience in discretionary spending despite policy and market headwinds.

Overview of the US Equities Market

Wall Street Weekly Summary – Hopes Rise for Shutdown Deal Amid Economic Uncertainty

Wall Street staged a late-week rebound as optimism grew that U.S. lawmakers were moving closer to ending the longest government shutdown in history. After dipping sharply earlier in the session, major indexes recovered, with nearly 400 S&P 500 stocks finishing higher. The S&P 500 closed up 0.1%, rebounding off its 50-day moving average, while the Nasdaq 100 pared most losses but still recorded its worst week since April. Treasury yields were steady at 4.09%, the U.S. dollar slipped 0.2%, and Bitcoin climbed 2.5% as risk sentiment steadied.

Shutdown Dominates Market Narrative

Investors reacted positively to signs of bipartisan negotiation progress after Senate Republicans rejected a scaled-down Democratic proposal but kept discussions alive. Yet, the prolonged federal closure continues to darken economic visibility: government agencies have stopped publishing key data, including Friday's jobs report. Private payroll and layoff data indicate a softening labour market, keeping hopes alive for a December Fed rate cut. Consumer sentiment has also dropped to near record lows, reflecting the toll of the shutdown and persistent inflation on household finances.

Labour Market and Fed Policy Outlook

Analysts are increasingly concerned about weakening labour conditions. BlackRock's Rick Rieder, considered a potential successor to Fed Chair Powell, said the labour market is "softening significantly" and urged rates be cut to around 3%. Market surveys show that prolonged government paralysis could halt the S&P 500's rally, with over one-third of investors expecting a pullback if the shutdown extends another month. TD Securities expects Thanksgiving travel disruptions, FAA traffic cuts, and delayed data collection to accelerate pressure for a resolution.

While private-sector layoffs from firms like *Amazon*, *Target*, *Paramount Skydance*, *Starbucks*, and *Delta* highlight economic cooling, Wells Fargo's Jennifer Timmerman sees policy tailwinds, tax cuts, monetary easing, and deregulation, rekindling growth by mid-2026. However, she and others warn that the Fed's next decision will be difficult without official data, with some October jobs and inflation figures potentially lost entirely.

Market and Technical Outlook

Strategists remain divided. Wolfe Research expects a December rate cut but warns of a negative payroll print once data resumes, potentially unsettling investors. SlateStone Wealth's Kenny Polcari noted that "a thinning labour cushion" threatens consumer spending and credit stability — limiting justification for high equity valuations. Despite caution, fund flows remain supportive: U.S. equity funds have logged eight straight weeks of inflows, the longest streak this year.

Goldman Sachs' Tony Pasquariello and Piper Sandler's Craig Johnson both view the current weakness as a healthy pause within a broader bull market. Johnson sees potential for a short-term bounce, though warns of waning momentum and possible 5–10% corrections before year-end. Navellier & Associates' Louis Navellier believes strong earnings could turn this pullback into a "buying opportunity."

Overview of the US Treasuries and Other Fixed Income Markets

US Treasuries ended the week largely unchanged as conflicting labour market signals clouded expectations for the Federal Reserve's next policy move. Yields oscillated amid mixed private-sector data on employment, leaving investors uncertain about the likelihood of another Fed rate cut in December. The benchmark 10-year Treasury yield closed at 4.09%, up just one basis point from the prior week.

Signs of labour-market weakness earlier in the week supported Treasury prices, reflecting investor bets on further monetary easing. However, subsequent indicators suggesting resilience in employment triggered selling, effectively neutralizing gains. The situation was further complicated by the continued absence of the Labour Department's official employment report, delayed for a second month due to the ongoing U.S. government shutdown, now the longest in history.

Market participants also weighed potential fallout from legal challenges to President Trump's tariff program, which has bolstered federal revenues but remains contentious. Despite this uncertainty, analysts see little change in the broader rates outlook. BlackRock's Jeff Rosenberg noted that private data continues to confirm a slowing labour market, supporting a roughly 70% probability that the Fed will resume rate cuts in December.

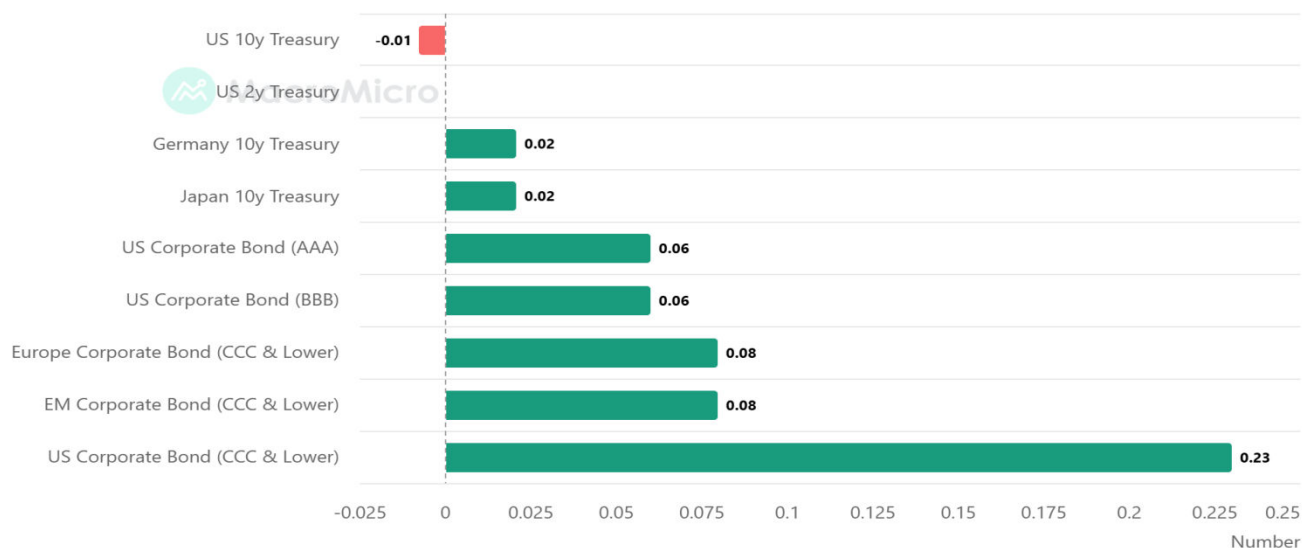
Still, caution prevails following Fed Chair Jerome Powell's recent remarks that another cut is "not a foregone conclusion." Other Fed officials have echoed this stance, emphasizing that inflation remains stubbornly above target and calling for patience before further easing.

Attention now turns to next week's Treasury supply tests, as the U.S. government prepares to auction \$125 billion in new three-, 10-, and 30-year bonds starting Monday. According to BMO's Ian Lyngen, yields around 4.10% appear reasonable given the subdued data flow and upcoming auctions, suggesting markets are in a holding pattern until clearer economic and policy signals emerge.

Exhibit 3: Bond Yield Movements in the Past Week

Bond Market Weekly Performance (Percentage Points)

MacroMicro.me | MacroMicro



Overview of the Australian Equities Market

The Australian share market closed at its weakest level in over three months, as rate-sensitive sectors fell amid renewed concerns about the interest rate outlook. The S&P/ASX200 dropped 0.66% (-58.6 points) to 8,769.7, while the broader All Ordinaries lost 0.74% (-66.9 points) to 9,031.7, leaving the market down nearly 3% over the past two weeks.

Financials led the decline, reversing early gains after Macquarie Group plunged 5.7% on earnings miss. Among the big four banks, Westpac and CBA fell 1.5% and NAB managed a modest rebound following its prior day's 3.3% drop. Other rate-sensitive sectors also struggled: IT stocks sank 2.3%, consumer discretionary fell 1.1%, and industrials slipped 0.9%.

The RBA forecasts economic growth near 2% annually over the next two years, around its long-term trend, supported by strong household consumption, which exceeded expectations in September. Unemployment is expected to hold around 4.4% through 2027, reflecting a still-tight labour market. Unit labour costs rose 5% in the year to June, underscoring continued wage and cost pressures.

Overall, the RBA believes inflation will moderate gradually but remains wary of entrenched price pressures. Bullock reiterated that "just below three [per cent] is not good enough," stressing the need for inflation to return sustainably to the 2.5% midpoint. While the RBA anticipates some easing in quarterly inflation ahead, it remains cautious amid signs that demand is still pressing against the economy's supply limits.

Mining stocks weakened alongside falling iron ore futures, which dropped below US\$103 per tonne on softer Chinese steel demand and disappointing export data, raising fresh concerns about China's economic health. Despite a small rebound in rare earths, large-cap miners dragged the sector lower. Gold miners were mixed, with Evolution and Northern Star down slightly, while Newmont and Perseus gained as gold prices edged above US\$4,000 an ounce.

Energy stocks were modestly higher (+0.5%) on a mild rise in oil prices, though uranium names continued to lag. Tech shares mirrored Wall Street's tech-led sell-off, with Block Inc. plunging over 15% after disappointing results, and local peers Xero, WiseTech, and Technology One all falling.

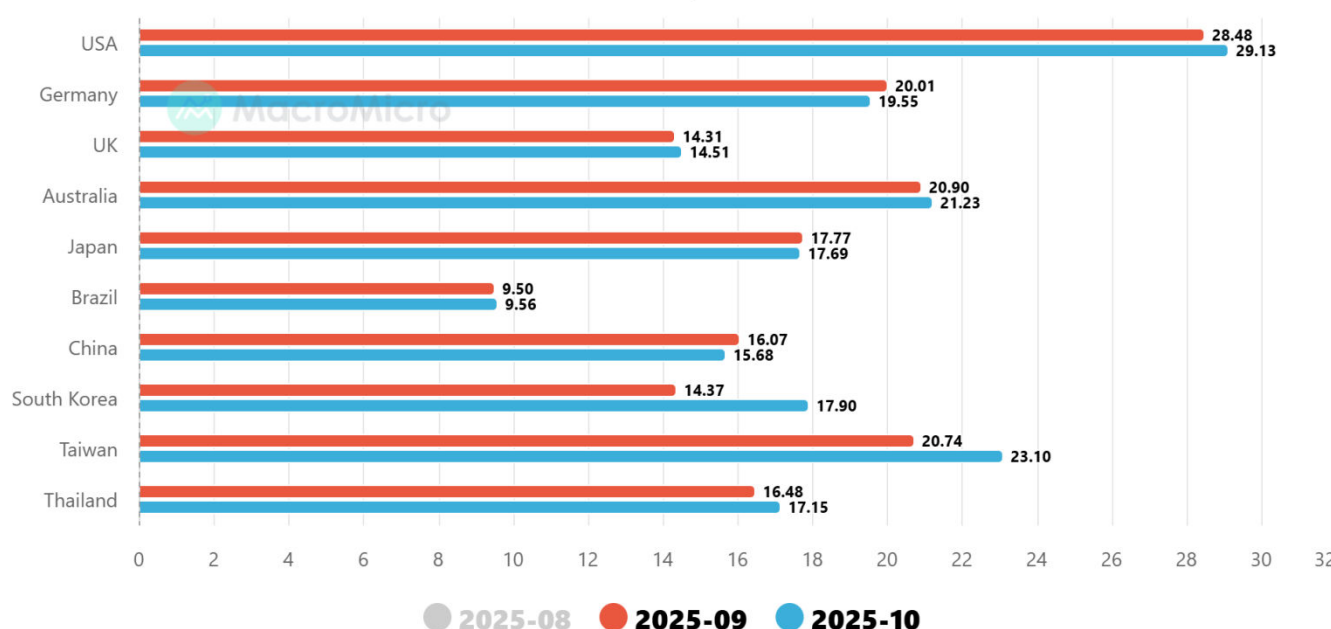
Qantas shares tumbled 6.6% after narrowing its revenue guidance, while Nine Entertainment slipped 1.8% amid weak ad spending expectations. The Australian dollar softened to 64.80 US cents.

Looking ahead, several ASX 300 companies — including Coles, Goodman Group, Downer, TPG, and Domino's — are scheduled for AGMs next week, alongside earnings updates from ANZ, Orica, Aristocrat, Xero, GrainCorp, and Infratil.

Exhibit: 4— World MSCIPE Ratio by country

World - MSCI PE Ratio by Country

MacroMicro.me | MacroMicro



Overview of the Australian Government Bond Market

Australian bond yields rose slightly over the week, with the 3-year up 3 basis points to 3.65%, the 10-year up 5bps to 4.36%, and the 30-year up 4bps to 4.99%. Short-term funding rates were steady, with the cash rate at 3.60% and the 3-month BBSW easing marginally to 3.64%. In the U.S., yields were mostly stable, with the 2-year down 4bps to 3.57%, the 10-year edging 1bp lower to 4.10%, and the 30-year up slightly to 4.70%. The Australian dollar weakened, falling 0.58% over the week to 64.81 US cents amid firmer global bond yields and renewed rate uncertainty.

The RBA held the cash rate steady at 3.6% on Tuesday, projecting inflation will not fall back within its 2–3% target range until after mid-2026. While the Bank noted some inflation drivers were temporary, Bullock's remarks confirmed that policymakers did not discuss rate cuts, prompting markets to sharply reprice expectations. For the first time in over a year, bond futures no longer fully price in a cut this cycle. The probability of a May 2026 rate cut has fallen to 69%, down from full confidence in a February move just last week.

Reserve Bank of Australia (RBA) governor Michele Bullock signalled that the current interest rate cutting cycle may be over, as the central bank now expects inflation to remain above its 2–3% target range until the second half of 2026. The RBA held the cash rate at 3.6% in November, describing the current level as “close to neutral,” and suggested that future moves could go either way depending on data trends.

Bullock acknowledged that the RBA was surprised by the September quarter’s stronger-than-expected inflation reading, with underlying inflation reaching 3%. She said the board is now more focused on bringing inflation back within the target range than on protecting employment, though both remain core parts of its mandate. The central bank expects headline inflation to peak at 3.7% in the year to June 2026 as energy rebates roll off, before moderating to 2.6% by mid-2027. In the meantime, real wages are projected to decline through 2026 before recovering the following year.

While Bullock attributed part of the inflation surge to one-off factors such as higher travel, fuel, and council rates, she warned that persistent cost pressures—particularly in housing construction and hospitality—remain concerning. Markets have scaled back expectations for rate cuts, pricing in only a 70% chance of a reduction by mid-2026. Economists, including NAB’s Sally Auld and EY’s Cherelle Murphy, suggested that only compelling evidence of a sharp economic slowdown would prompt policy easing, with both viewing the tone of Bullock’s comments as hawkish.

Bond traders have largely abandoned expectations for further interest rate cuts by the Reserve Bank of Australia (RBA) after Governor Michele Bullock signalled that elevated inflation leaves the policy direction finely balanced. Speaking at a post-meeting press conference, Bullock said higher-than-expected inflation meant the next move could go “in either direction,” reinforcing the RBA’s data-dependent stance and dampening hopes for rate relief.

The Reserve Bank’s November forecasts reflect a less optimistic outlook after surprise rises in inflation and unemployment disrupted its near-perfect August projections. Headline inflation is expected to peak at 3.7% by mid-2026, with core inflation near 3%, both above the 2–3% target range. Temporary factors, including the February energy rebate roll-off, are driving short-term price spikes, though the RBA expects inflation to ease to about 2.6% later. The Bank concedes reduced economic capacity and higher inflation risks but left growth and unemployment forecasts largely unchanged. Markets have dropped expectations for further rate cuts, with attention now on upcoming CPI data.

Former RBA official and Challenger chief economist Jonathan Kearns described a February cut as “unrealistic” unless the December quarter inflation rises only 0.4%. Other analysts, including Fortlake Asset Management’s Christian Baylis, interpreted the RBA’s tone as hawkish, citing persistent strength in inflation, housing, and consumption. Independent economist Tano Pelosi also questioned the RBA’s projections, calling it “incredulous” to expect inflation to fall from 3.2% to 2.6% within a year given global uncertainties.

Bullock admitted the Bank may have misjudged the gap between demand and supply, which has contributed to inflation’s resilience. Portfolio manager Chris Dickman of Australian Ethical warned the next move could be upward rather than downward, noting that “it’s virtually impossible to cut unless inflation clearly subsides.” Bank of America strategist Oliver Levingston echoed this, saying the market could begin pricing in rate hikes in the second half of 2026 if upcoming labour data shows continued strength.

Overall, the RBA’s stance reflects a shift from easing bias to cautious neutrality, with traders now viewing the next policy move as equally likely to be up as down.

Exhibit 5: Australia 3 and 10-year Bond Yield & Spread

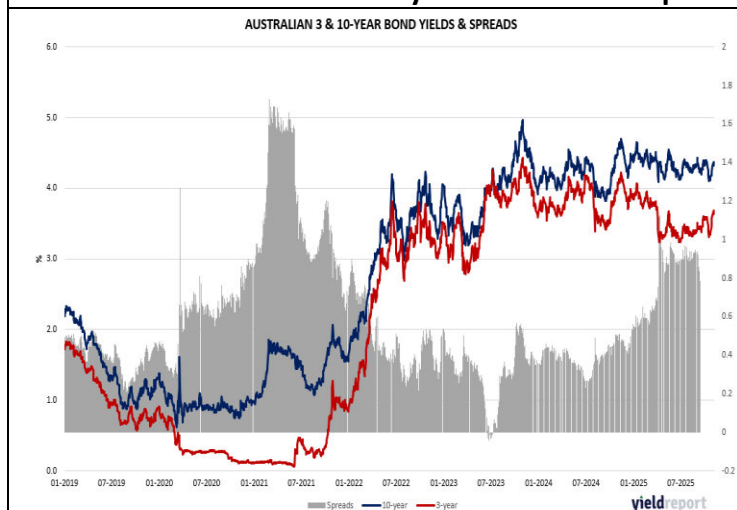
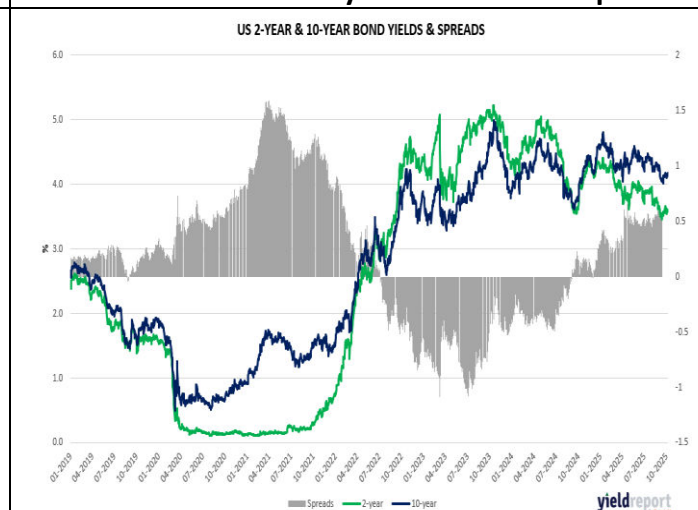


Exhibit 6: US 2 and 10-year Bond Yield & Spread



Market Summary Table

Name	Week Close	Week Change	Week High	Week Low
Cash Rate%	3.60%			
3m BBSW %	3.64	-0.01	3.64	3.64
Aust 3y Bond %*	3.65	0.03	3.68	3.62
Aust 10y Bond %*	4.36	0.05	4.37	4.31
Aust 30y Bond %*	4.99	0.04	5.01	4.95
US 2y Bond %	3.57	-0.04	3.63	3.57
US 10y Bond %	4.10	-0.01	4.16	4.09
US 30y Bond %	4.70	0.03	4.74	4.67
\$1AUD/US\$	64.81	-0.58	65.56	64.66

Chart of the week: US Equities PE Ratio Relative to Rolling Averages

The S&P 500 is set to post 10.7% blended earnings growth for Q3 2025, marking its fourth straight quarter of double-digit expansion, the longest streak since 2021. About 83% of companies beat EPS forecasts, led by mega-cap tech giants Alphabet, Amazon, Microsoft, and Apple, while Meta's \$15.9 billion tax charge was the biggest drag. Information Technology led sector growth at 25.6%, followed by Financials at 20.8%.

However, valuations have surged: the forward P/E ratio hit 23.1, its highest in five years, driven mostly by price gains (+38.3% since April) rather than earnings upgrades (+7.1%), prompting rising concerns over market froth.

Exhibit 7: US Equities PE Ratio Relative to 5 & 10 year Rolling Average

Forward P/E ratio of 23.1x exceeds 5-year and 10-year averages, driven by price appreciation

S&P 500 Forward PE Ratio & 25 Year Average and 1, -1 Std. Dev

MacroMicro.me | Dark Knight Noma



TAKE YOUR INVESTMENT STRATEGY TO THE NEXT LEVEL WITH FORESIGHT FACTORS

REGISTER NOW

We offer a range of quantitative tools to support forensic fund research, portfolio optimisation and a range of risk analytic tools.

Looking ahead: Major Economic Releases for the Week Ending 14th November

For the upcoming week ending 14 Nov, 2025, Australian economic data will focus on labour market indicators, with employment change and unemployment rate releases scheduled for mid-month. Expectations point to modest job growth recovering from prior levels, while the unemployment rate may edge slightly higher but remain contained, signaling ongoing stability amid global uncertainties. These figures could underscore resilience in Australia's workforce, potentially supporting consumer confidence and monetary policy decisions, though external pressures like trade tensions or commodity price fluctuations might temper optimism and influence future rate adjustments by the Reserve Bank.

In the United States, many key releases are delayed due to the ongoing government shutdown, now the longest in history. Only initial jobless claims remain on schedule for mid-month, with forecasts suggesting continued moderation in labour market slack. The shutdown itself is already impacting the economy, with officials warning of reduced GDP growth in the current quarter, aviation disruptions, and halted food aid programs, though some effects may rebound post-resolution assuming backpay for workers.

Major Economic Releases for the Week ending 14 Nov, 2025				
Date	Country	Release	Consensus	Prior
Thursday, 13/11	Australia	Employment	15	14.9
Thursday, 13/11	Australia	Unemployment Rate	4.4	4.5
Thursday, 13/11	United States	Initial Jobless Clm	n/a	218

Source: Refinitiv



F360 Insights
Intelligent Investment Decisions

Explore premium content including Fund Ratings, ETF's, Thematic Research, Asset Allocation, Interactive Chart Packs, Tools & Analytics, and more – all in one powerful platform

[Click to Explore More](#)

PART 2 – Investment Opportunity Review

Defensive Income – Cash

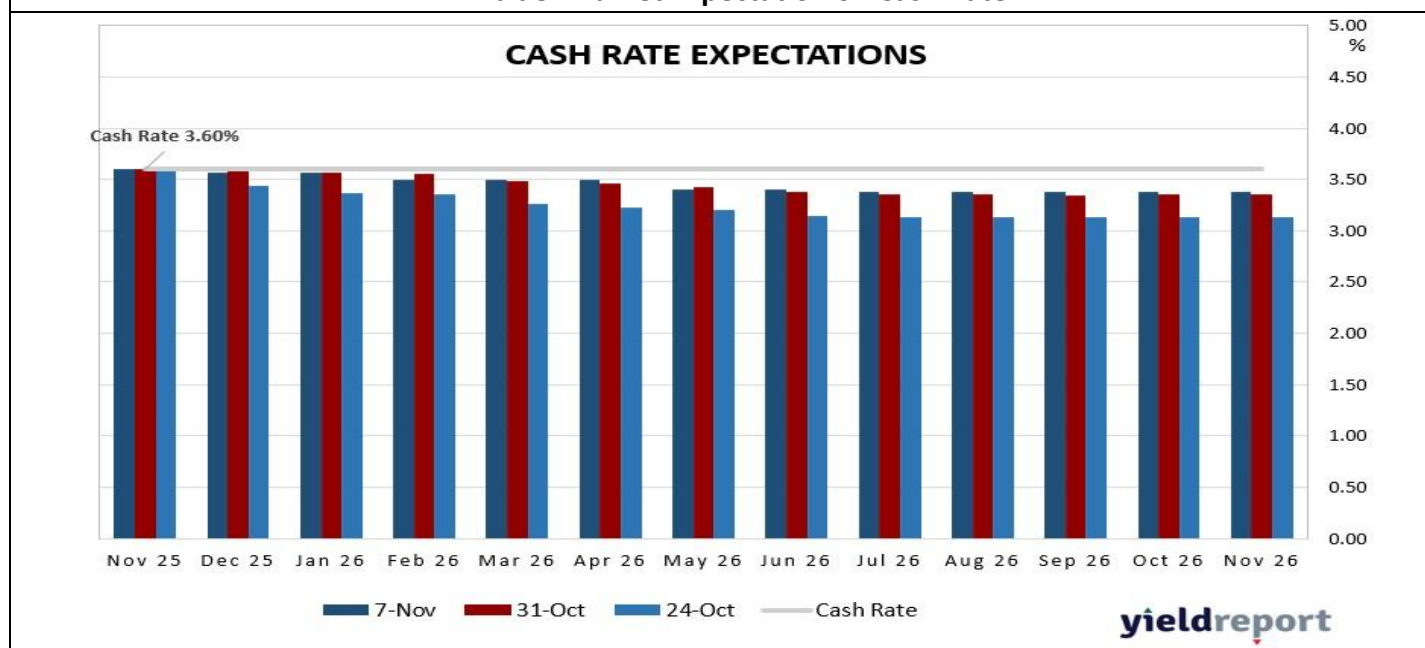
The RBA held the cash rate steady at 3.6% on Tuesday, projecting inflation will not fall back within its 2–3% target range until after mid-2026. While the Bank noted some inflation drivers were temporary, Bullock’s remarks confirmed that policymakers did not discuss rate cuts, prompting markets to sharply reprice expectations. For the first time in over a year, bond futures no longer fully price in a cut this cycle. The probability of a May 2026 rate cut has fallen to 69%, down from full confidence in a February move just last week.

Reserve Bank of Australia (RBA) governor Michele Bullock signalled that the current interest rate cutting cycle may be over, as the central bank now expects inflation to remain above its 2–3% target range until the second half of 2026. The RBA held the cash rate at 3.6% in November, describing the current level as “close to neutral,” and suggested that future moves could go either way depending on data trends.

Bullock acknowledged that the RBA was surprised by the September quarter’s stronger-than-expected inflation reading, with underlying inflation reaching 3%. She said the board is now more focused on bringing inflation back within the target range than on protecting employment, though both remain core parts of its mandate. The central bank expects headline inflation to peak at 3.7% in the year to June 2026 as energy rebates roll off, before moderating to 2.6% by mid-2027. In the meantime, real wages are projected to decline through 2026 before recovering the following year.

While Bullock attributed part of the inflation surge to one-off factors such as higher travel, fuel, and council rates, she warned that persistent cost pressures—particularly in housing construction and hospitality—remain concerning. Markets have scaled back expectations for rate cuts, pricing in only a 70% chance of a reduction by mid-2026. Economists, including NAB’s Sally Auld and EY’s Cherelle Murphy, suggested that only compelling evidence of a sharp economic slowdown would prompt policy easing, with both viewing the tone of Bullock’s comments as hawkish.

Exhibit 8: Market Expectation on Cash Rate



Defensive Income- Term Deposits

The movements in term deposit rates by major and non-major banks continue to show variability. Over the past week, ending November 07, 2025, there was a mix of up and down movements, though stability is notable in some terms. Our survey across 42 institutions indicates that the most contested term deposit term remains 6 months, followed by 3 months and 1 year, with sample sizes of 42 each.

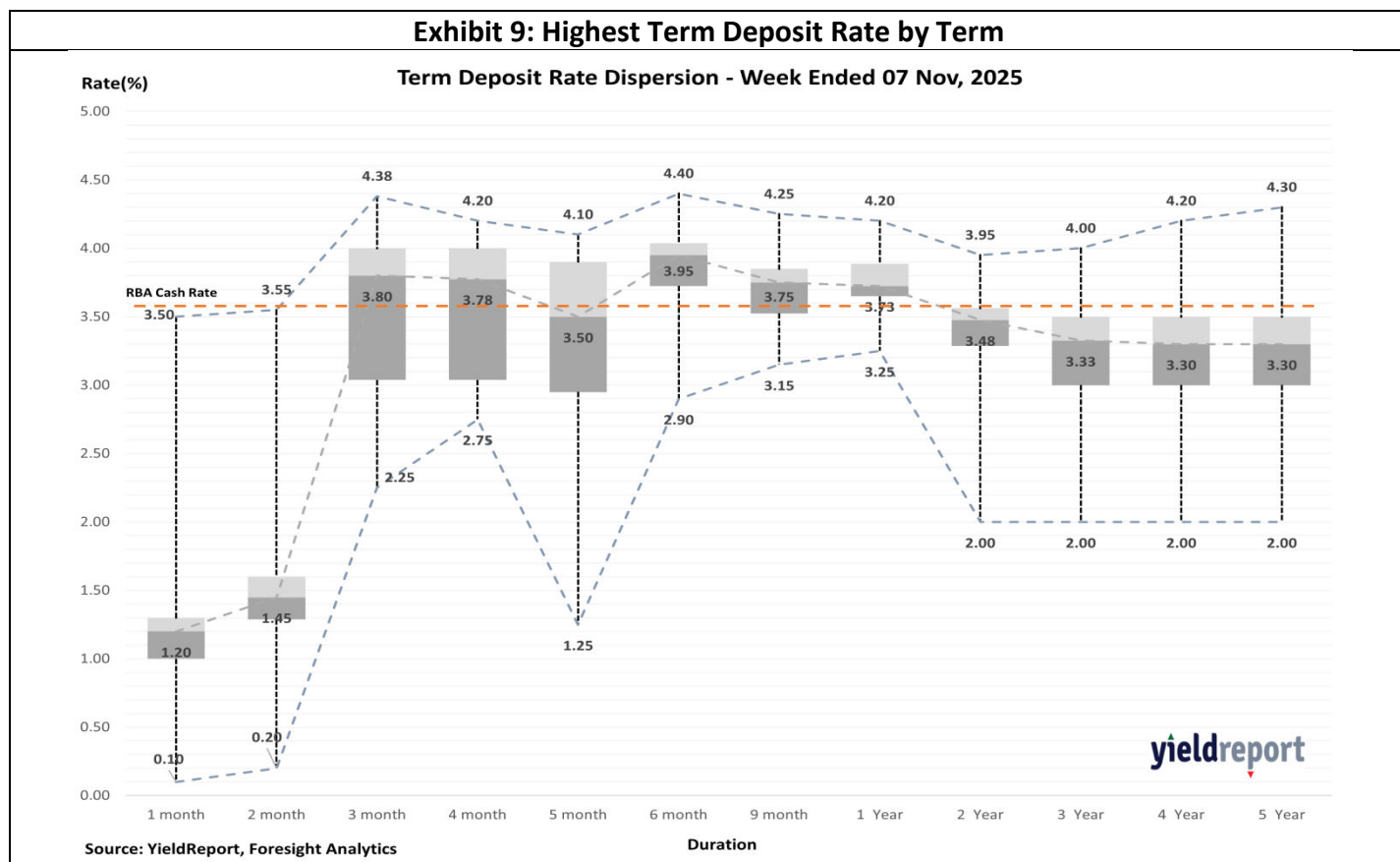
This week the best rate with a 3-month term was 4.38%, steady from the week before, with in1bank offering the top rate. The median rate of 3.80% reflects a broad range from 2.25% to 4.38%.

This week the best rate within 6 months term was 4.40%, up slightly from 4.35% last week, offered by Military Bank. The median rate of 3.95% shows a tight quartile spread of 0.31%, indicating consistency.

Interestingly, the best 5-year rate held at 4.30% from last week, led by Judo Bank and Rabobank Australia. The median rate held at 3.30%, with a range from 2.00% to 4.30%.

Our analysis shows term deposits with rates above 4% are holding strong. In the 3-month category, 5 institutions now offer over 4%, unchanged from last week. In the 6-month category, 11 institutions exceed 4%, down from 12 last week, reinforcing the 6-month term's competitiveness.

Exhibit 9: Highest Term Deposit Rate by Term



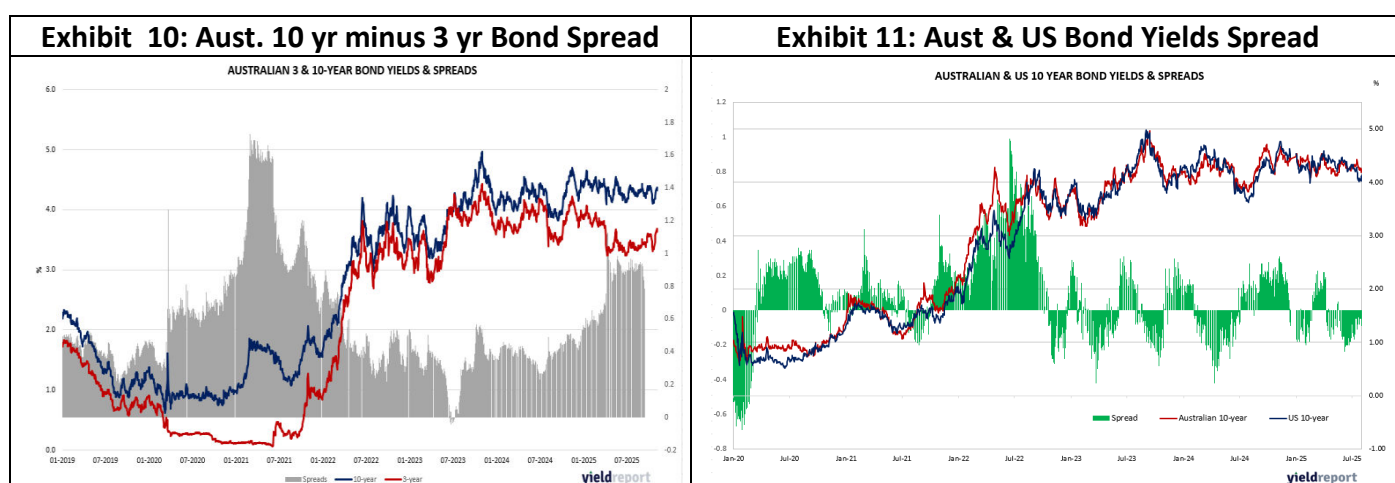
Defensive Income – Government Bonds

Australian bond yields rose slightly over the week, with the 3-year up 3 basis points to 3.65%, the 10-year up 5bps to 4.36%, and the 30-year up 4bps to 4.99%. Short-term funding rates were steady, with the cash rate at 3.60% and the 3-month BBSW easing marginally to 3.64%. In the U.S., yields were mostly stable, with the 2-year down 4bps to 3.57%, the 10-year edging 1bp lower to 4.10%, and the 30-year up slightly to 4.70%. The Australian dollar weakened, falling 0.58% over the week to 64.81 US cents amid firmer global bond yields and renewed rate uncertainty.

Bond traders have largely abandoned expectations for further interest rate cuts by the Reserve Bank of Australia (RBA) after Governor Michele Bullock signalled that elevated inflation leaves the policy direction finely balanced. Speaking at a post-meeting press conference, Bullock said higher-than-expected inflation meant the next move could go “in either direction,” reinforcing the RBA’s data-dependent stance and dampening hopes for rate relief.

The Reserve Bank’s November forecasts reflect a less optimistic outlook after surprise rises in inflation and unemployment disrupted its near-perfect August projections. Headline inflation is expected to peak at 3.7% by mid-2026, with core inflation near 3%, both above the 2–3% target range. Temporary factors, including the February energy rebate roll-off, are driving short-term price spikes, though the RBA expects inflation to ease to about 2.6% later. The Bank concedes reduced economic capacity and higher inflation risks but left growth and unemployment forecasts largely unchanged. Markets have dropped expectations for further rate cuts, with attention now on upcoming CPI data.

The Australian Bond spreads (3 & 10 years) continue to indicate positive sloping yield curve with significant steepening in the curve occurring from July 2023 (phase 1) and then accelerating from July 2024. The current spread continues to be at cyclical highs although lower than record highs observed in 2021. From an investment perspective, steepening yield curves and a rebounding lending environment are likely to boost domestic economic environment and bank profitability. In a similar vein, the spread between the US 2 year bonds and US 10 Year bond has also been steepening since July 2023.





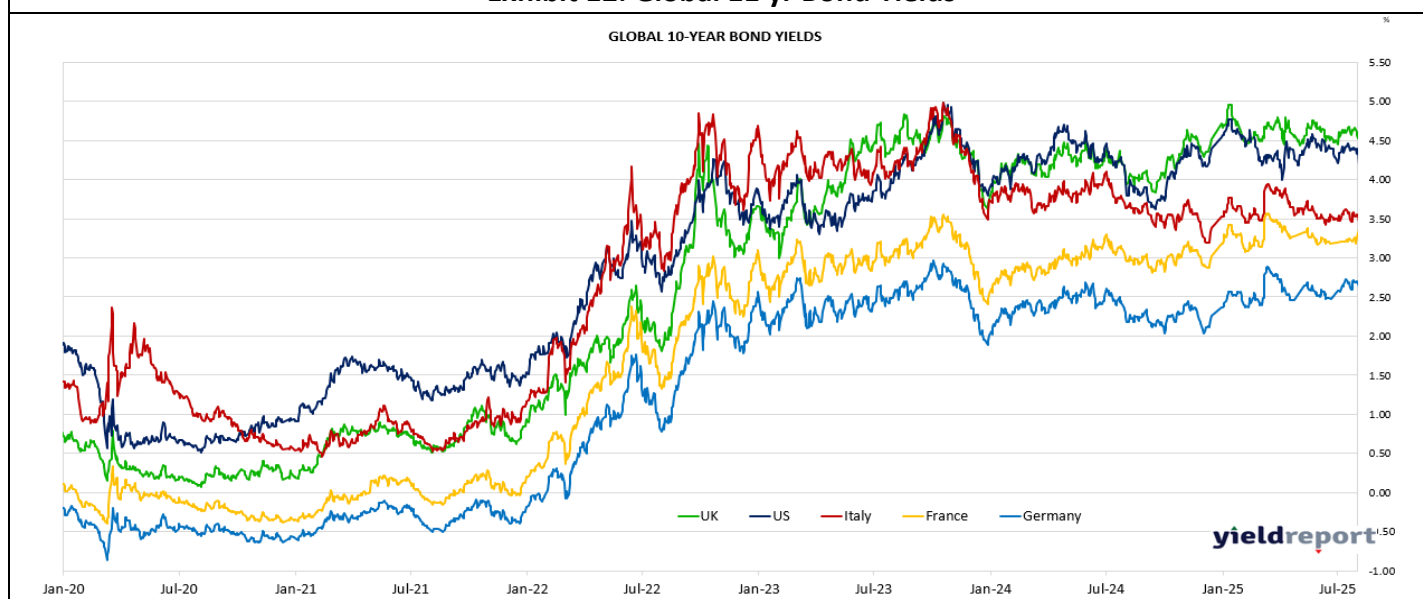
Foresight Analytics
Helping Investment Decisions

REGISTER NOW

TAKE YOUR INVESTMENT STRATEGY TO THE NEXT LEVEL WITH FORESIGHT FACTORS

We offer a range of quantitative tools to support forensic fund research, portfolio optimisation and a range of risk analytic tools.

Exhibit 12: Global 11 yr Bond Yields



Bank, Corporate Hybrids & Private Credit

ASIC's latest review of the Australian private credit sector revealed serious weaknesses in governance, transparency, and investor protection amid rapid market expansion. The sector has grown to \$224 billion, up 9% in a year, attracting insurers and investors seeking alternatives to the \$43 billion bank hybrid market. However, ASIC found inconsistent practices, poor disclosures, and inadequate oversight across both wholesale and retail funds.

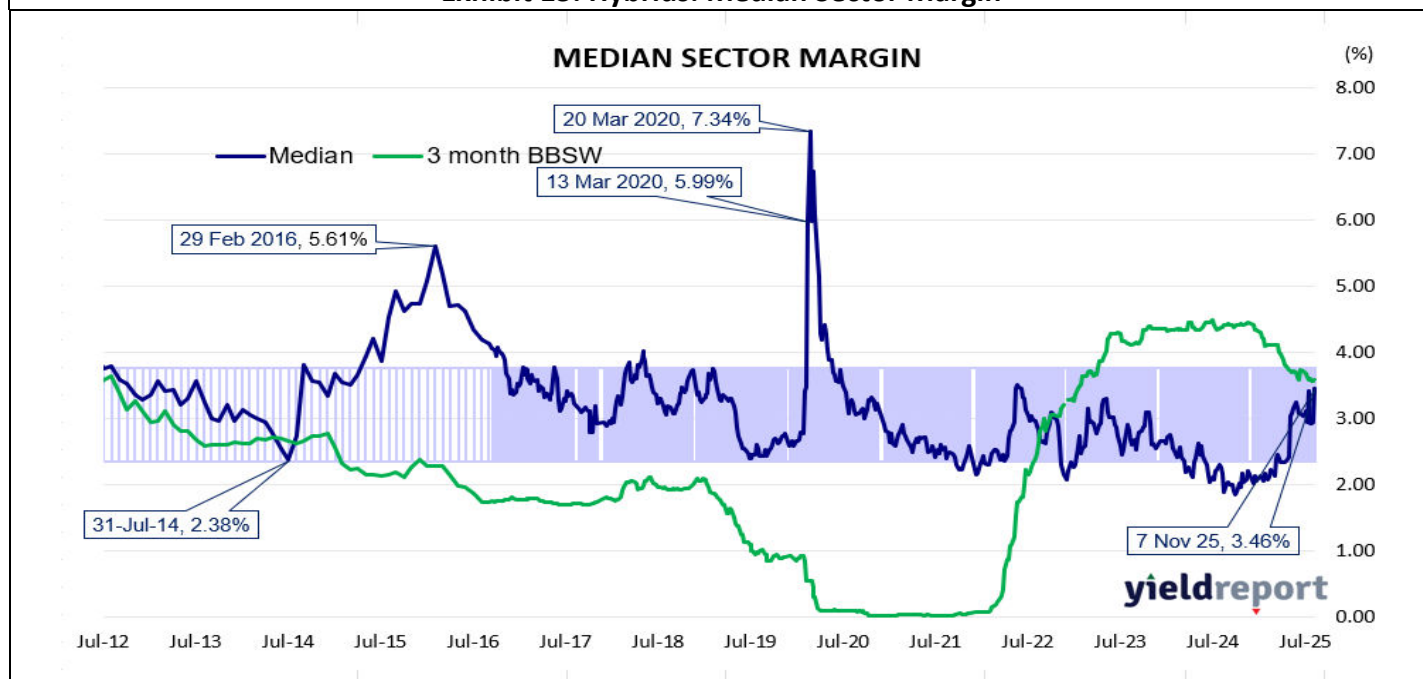
Of eight wholesale funds reviewed, only two conducted stress testing, while just four of 28 funds disclosed borrower interest rates. Two retail funds used aggressive marketing tactics, and several lacked adequate transparency around fees, underlying assets, and related-party transactions. Alarmingly, some fund managers retained up to 100% of origination or default fees, and interest rates charged to borrowers ranged widely, from 2.5% to 41.7%.

ASIC also identified weak separation between investment and risk monitoring functions, and limited independent verification by research houses, which rely heavily on data supplied by fund managers. Global events, including defaults at Tricolor and First Brands, and warnings from JPMorgan's Jamie Dimon about "cockroaches" in private credit, have heightened regulatory concern.

In response, ASIC will release guiding principles requiring rigorous fee disclosure, conflict-of-interest management, consistent asset valuations, and regular portfolio stress testing. ASIC chair Joe Longo warned that if standards do not improve, additional regulation will follow. The regulator also plans to expand surveillance and launch a 2026-27 data pilot to enhance transparency in managed funds.

While the Australian Investment Council welcomed ASIC's approach as balanced and collaborative, the regulator remains clear that the sector must professionalize or face stricter oversight. ASIC's intervention signals a shift toward tightening supervision of private credit—now viewed as a potential systemic risk if unchecked.

Exhibit 13: Hybrids: Median Sector Margin



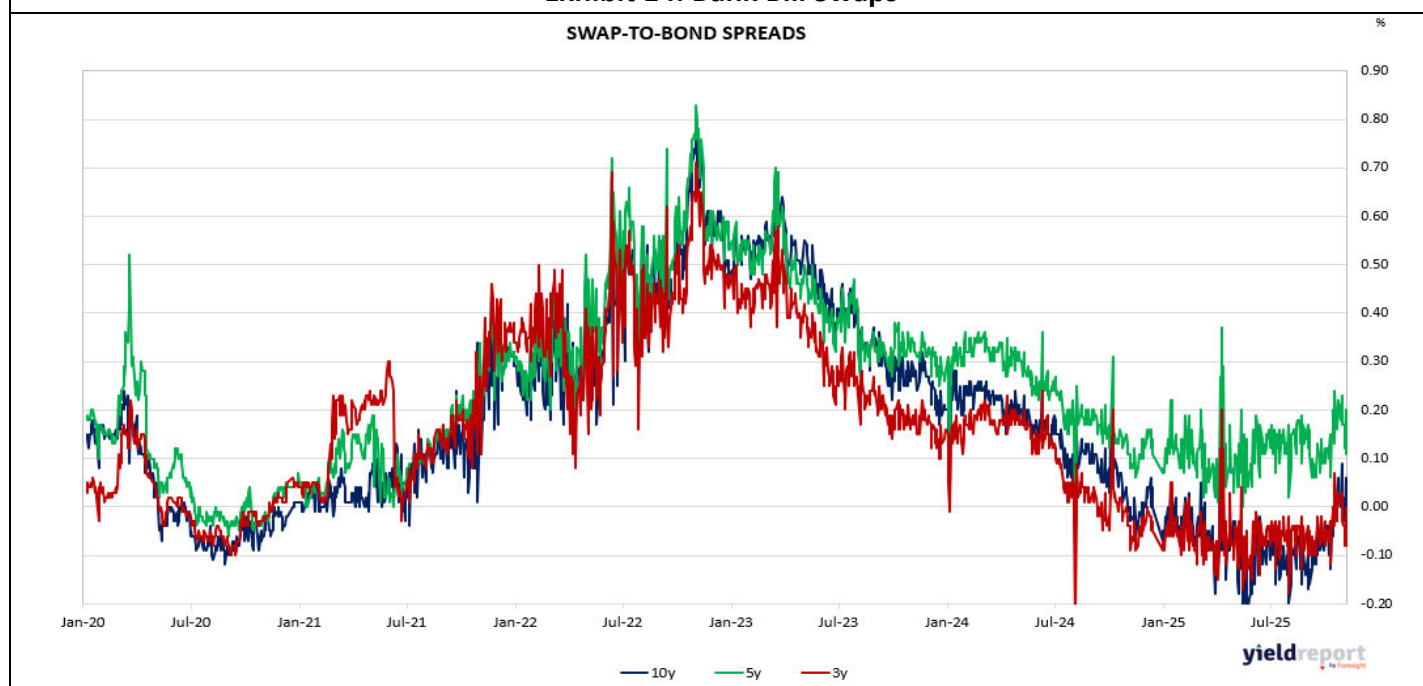
Bank Bill Swaps

Short-term Australian yields showed minor mixed movements, suggesting a stable interest rate outlook. The 1-month and 1-year maturities each rose by 1 basis point to 3.55% and 3.54%, while the 3-month and 6-month terms dipped slightly by 1bp to 3.64% and 3.88%, respectively. Medium-term yields (3–5 years) edged down 1bp to 3.58% and 3.95%, indicating modest easing in market expectations for future tightening. Longer-term bonds were steady, with the 10-year at 4.32% and the 15-year unchanged at 4.53%, suggesting markets continue to price in a higher-for-longer rate environment.

Over the month, yields drifted higher across most maturities, particularly at the short end, reflecting expectations that policy easing will be delayed amid persistent inflation. The 6-month tenor recorded the largest monthly increase (+11bps), followed by 1-year (+7bps), while the 10-year eased 1bp. This slight steepening at the short end versus the long end points to reduced expectations of near-term rate cuts and a mildly flattening yield curve.

Overall, the curve remains anchored, with moderate adjustments across maturities indicating confidence in the Reserve Bank's steady policy stance and the economy's soft-landing trajectory, though investors remain cautious about potential volatility in upcoming inflation and employment data.

Exhibit 14: Bank Bill Swaps



US & EM Corporate Bond Spreads

U.S. corporate bond spreads

- Investment-grade U.S. corporate spreads remain very tight: the broad U.S. corporate OAS (option-adjusted spread) is approximately 0.81% (81 basis points) as of early November 2025.
- The BBB segment of U.S. corporate bonds sits at roughly 1.04% spread over Treasuries.
- Historically low spreads reflect strong investor demand, limited risk premia, and favourable credit conditions. But regulators note spreads are compressed and may lack buffer against downside risk.

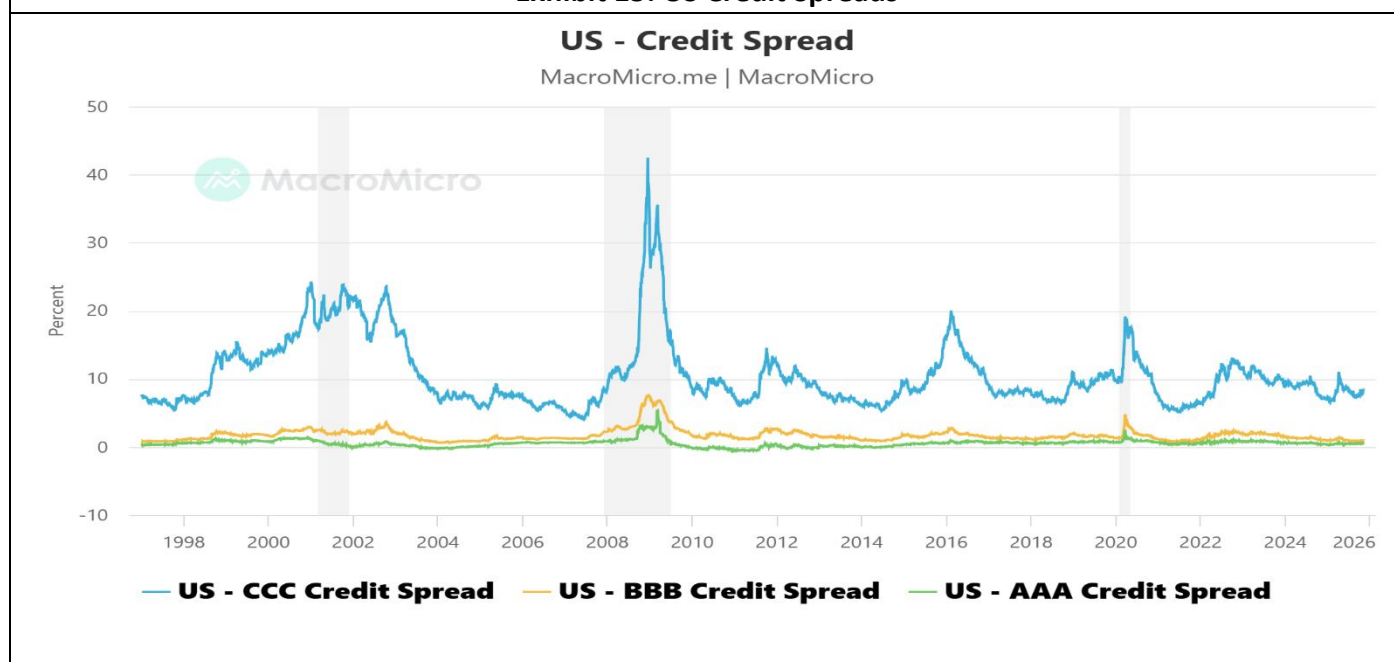
Emerging-market corporate bond spreads

- The EM corporate bond OAS for non-sovereign USD/Euro-denominated debt is about 1.57% (157 basis points) as of early November 2025.
- Although higher than U.S. IG spreads, EM corporate spreads are still regarded as tight relative to historical levels and relative to their underlying credit fundamentals.
- Analysts argue that EM corporate now offer less room for spread compression, but still provide attractive yield and diversification compared to developed-market credit.

Key take-aways

- Both U.S. and EM corporate spreads are at elevated narrowness, signalling strong risk appetite and limited compensation for credit and liquidity risk.
- The U.S. spread environment looks particularly “benign,” raising questions about whether it appropriately reflects underlying macro and credit risks.
- EM corporate spreads offer higher yield premiums, but the tightening they’ve already experienced suggests less “upside” for further spread compression—meaning returns will increasingly depend on carry and idiosyncratic credit performance.
- For investors, this means vigilance is required: tight spreads reduce cushion against adverse events (e.g., economic slowdown, policy shifts). The incremental reward for taking extra credit risk is muted, especially in the U.S. market.

Exhibit 15: US Credit Spreads



Listed Notes

This week's performance of ASX-listed floating rate notes highlights key trends in investor sentiment and yield opportunities across select issuers. Centuria Capital's floating rate note (C2FHA), maturing in April 2026, recorded a significant weekly price decline of 3.57%, despite offering a compelling running yield of 7.55%. The negative trading margin of -0.88% suggests cautious market behavior, possibly driven by short-term volatility or profit-taking. In contrast, Australian Unity's Bond Series D (AYUHD), maturing in December 2026, experienced a more modest weekly dip of 0.96%. With a positive trading margin of 1.55% and a running yield of 5.61%, this bond continues to attract medium-term investors seeking stable returns.

Meanwhile, Australian Unity's longer-dated Bond Series E (AYUHE), maturing in December 2028, showed the smallest weekly decline at 0.62%, supported by a strong trading margin of 1.65% and a running yield of 5.85%. This resilience indicates investor confidence in long-term income-generating assets. Overall, while weekly price movements were negative across the board, the attractive yields and positive trading margins (excluding Centuria) reinforce the appeal of floating rate notes in a rising interest rate environment. Investors may be recalibrating portfolios ahead of year-end, favoring instruments with stable returns and longer maturities.

ETFs

Australia – Energy Transition and Precious Metals Lead Gains

The Global ETF landscape continued to reflect strong investor interest in energy transition and precious metals, with notable dispersion in performance across sectors.

Performance

For the week ending October 31, 2025, the Betashares Global Uranium ETF (URNM) led weekly returns with a 9.8% gain, followed by Global X Hydrogen ETF (HGEN) at 7.5% and Global X Uranium ETF (ATOM) at 6.7%. South Korea-focused IKO and tech-heavy LNAS also posted solid weekly gains above 4%.

Year-to-date, MNRS (106.6%) and GDX (100.4%) topped the charts, underscoring continued strength in gold mining themes. Uranium ETFs like ATOM also remained strong with YTD returns above 90%. Over a 12-month horizon, HGEN, ATOM, and DTEC all posted returns above 80%, while bearish ETFs such as SNAS and BBUS continued to lag, with losses exceeding -39%.

Flows & Turnover

Weekly inflows were dominated by iShares MSCI Japan ETF (IJP), followed by Betashares Australian High Interest Cash ETF (AAA), reflecting investor appetite for international diversification and cash-like stability. Meanwhile, Alphinity Global Equity Fund Managed Fund (XALG) saw the largest weekly outflow at -A\$148.4 million.

Vanguard Australian Shares Index ETF (VAS) led 12-month inflows with A\$3.77 billion, followed by VGS and A200, indicating sustained investor preference for broad-based equity exposure. VBND and VGAD also saw strong inflows, each exceeding A\$1.3 billion.

In terms of turnover, VAS maintained its lead with a 12-month average daily turnover of A\$47.1 million, followed by AAA and IVV. GOLD continued to attract liquidity with weekly turnover of A\$32.7 million.

The week highlighted robust performance in uranium and hydrogen ETFs, while bearish strategies remained under pressure. Investor flows stayed concentrated in diversified equity and bond ETFs.

USA – Flow Trends

ETF flows remained strong, with investors adding \$37.6 billion to U.S.-listed ETFs for the week ending October 31, 2025, despite Federal Reserve Chair Jerome Powell's hawkish tone.

U.S. equity ETFs led the charge with \$19.3 billion in inflows, driven by gains in tech giants like Nvidia and Amazon. International equities followed with \$8.6 billion, while U.S. fixed income ETFs attracted \$8.7 billion. International fixed income products added \$2.2 billion, showing broad-based investor interest across geographies and asset classes.

Among top-performing funds, the SPDR S&P 500 ETF Trust (SPY) led with \$4.4 billion in inflows, followed closely by the Vanguard S&P 500 ETF (VOO) at \$4.3 billion. Tech-focused ETFs were in favor, with the Vanguard Information Technology ETF (VGT) drawing \$2.1 billion and the Invesco NASDAQ 100 ETF (QQQM) adding over \$1 billion. The JPMorgan Municipal ETF (JMUB) stood out among bond ETFs with \$1.9 billion in inflows.

International exposure was led by the Vanguard FTSE Developed Markets ETF (VEA) and JPMorgan BetaBuilders Europe ETF (BBEU), which added \$805 million and \$757 million, respectively.

On the outflows side, the iShares Russell 2000 ETF (IWM) saw \$1.8 billion in redemptions, reflecting continued weakness in small caps. The Direxion Daily Semiconductor Bull 3x Shares (SOXL) lost \$1.3 billion, while the SPDR Gold Shares (GLD) and iShares 0–3 Month Treasury Bond ETF (SGOV) each saw around \$1 billion in outflows, as investors took profits and adjusted to shifting rate expectations.

Overall, flows were broad-based, with core equity and bond ETFs remaining in favor, while commodities and leveraged/inverse products saw modest outflows.

European Thematic ETF Flows – Overview

In October 2025, European thematic ETFs saw net inflows of +\$3.09 billion, with investor focus intensifying around high-conviction megatrends. Global Defence ETFs led with +\$640 million, driven by rearmament cycles and technological modernization. Artificial Intelligence ETFs followed with +\$599 million, reflecting strong belief in the ongoing AI infrastructure build out. European Defence ETFs attracted +\$461 million, highlighting strategic autonomy efforts within NATO. Uranium and Clean Energy ETFs also performed well, with +\$337 million and +\$279 million respectively, amid rising energy demand and record solar capacity additions.

Conversely, Blockchain ETFs saw the weakest performance, losing \$56 million, as investors shifted toward themes with clearer earnings visibility. Digitalization and Cloud Computing ETFs also declined, losing \$51 million and \$41 million, respectively, due to their broad and less differentiated appeal.

Year-to-date (YTD) flows from January to October 2025 totaled +\$15.8 billion, reinforcing investor conviction in defence and AI. Global Defence ETFs led YTD with +\$6.58 billion, followed by European Defence (+\$4.39 billion) and AI ETFs (+\$2.71 billion). Uranium and Cybersecurity ETFs also showed resilience. On the downside, Circular Economy, Healthcare Innovation, and Digitalization ETFs posted the weakest YTD flows due to shifting investor priorities.

About YieldReport - Your Income Advantage

YieldReport is Australia's leading online investor platform on interest rate markets and yield investments. YieldReport provides research, data, advice, news review and insights on what's shaping the yield curve and fixed income markets. It also provides a great source of reference for pricing and performance data on yield focused investment opportunities including cash, term deposits, and government and semi-government bonds, managed funds, ETFs, corporate bonds, floating rate notes and hybrids. YieldReport insights and analyses are designed to help anyone capital allocation or investment selection – whether it be their own or whether they sit on a finance committee, board etc. – to make informed decisions about where interest rates are going and to have access to the best rates and latest performance data available on yield-oriented investments.

Explore more via the website - www.yieldreport.com.au. Find daily updates on social media platforms such as [LinkedIn](#) and [Twitter](#).

For inquiries, please contact contact@yieldreport.com.au or call 0408 266 713.

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

Disclaimer

The material contained in this document is for general information purposes only. It is not intended as an offer or a solicitation for the purchase and/or sale of any security, derivative, index, or financial instrument, nor is it an advice or a recommendation to enter any transaction. No allowance has been made for transaction costs or management fees, which would reduce investment performance. Actual results may differ from reported performance. Past performance is no guarantee for future performance.

This material is based on information that is reliable, but Foresight Analytics makes this information available on an “as is” basis without a duty to update, make warranties, express or implied, regarding the accuracy of the information contained herein. The information contained in this material should not be acted upon without obtaining advice from a licensed investment professional. Errors may exist in data acquired from third party vendors, & in coding related to statistical analyses.

Foresight Analytics disclaims any & all expresses or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. This communication reflects our quantitative insights as of the date of this communication & will not necessarily be updated as views or information change. All opinions expressed herein are subject to change without notice.



F360 Insights
Intelligent Investment Decisions

Explore premium content including Fund Ratings, ETF's, Thematic Research, Asset Allocation, Interactive Chart Packs, Tools & Analytics, and more – all in one powerful platform

[Click to Explore More](#)