US Market Wrap - 31st October 2025

AMZN props up NDX as Fed talk toes a hawkish tone

- **SNAPSHOT**: Equities up, Treasuries steepen, Crude up, Dollar up, Gold down.
- **REAR VIEW**: Trump says will not start renegotiations with Canada; Trump pushes back on reports of strikes on Venezuela; Chicago PMI tops expectations; Fed's Schmid, Logan, and Hammack argue against rate cuts, while Bostic supported Wednesday decision; Hotter-than-expected Tokyo CPI; AAPL & AMZN beat on top and bottom line.
- **COMING UP**: **Data:** Chinese RatingDog PMI, Swiss CPI, EZ, UK & US Final Manufacturing PMI, US ISM Manufacturing PMI. **Speakers:** Fed's Daly, ECB's Lane, BoC's Macklem. **Holiday:** Japan. **Supply:** BoE Gilt Sale (long-term), US Financing Estimates. **Earnings:** Ryanair.
- **WEEK AHEAD:** Highlights include US ISM PMIs, ADP, Supreme Court Tariff Hearing, RBA, BoE, OPEC-8, French Revenue Vote. Click here for the full report.
- **CENTRAL BANK WEEKLY:** Previewing BoE, RBA, Riksbank, Norges Bank, BCB; Reviewing FOMC, BoJ, BoC, ECB. Click here for the full report.
- **WEEKLY US EARNINGS ESTIMATES:** Numerous earnings with highlights including PLTR, UBER, AMD, SHOP, MCD, QCOM, ARM. Click here for the full report.

MARKET WRAP

US equities were mixed when looking on a sector basis, as Consumer Discretionary surged thanks to Amazon's X% rally on a profit, revenue, and AWS beat. In tech, Apple was marginally higher (+x%) as participants weighed the miss on some metrics (mainland China, iPhone, and Mac revenue) against the positive Q1 revenue outlook, which seemingly puts the impacts from the iPhone Air launch delay in the past. Utilities, Materials, and Staples underperformed and were in the red. Market-moving updates included reports from the Miami Herald (which synced up with WSJ reports) that the US has decided to attack military sites in Venezuela that could come at any moment, as the sites are being used to smuggle drugs. A fleeting risk-off trade was seen, with US President Trump later refuting the prospects of a strike on Venezuela. Crude prices saw upside on the Miami Herald report, which held to some extent throughout the day but ~ USD 0.50/bbl off highs. For the Dollar and Treasuries, pertinent updates came via the Fed, where Fed's Schmid, Logan, and Hammack argued against lowering rates in October and beyond, citing either/both concerns over high inflation or an economic outlook that argued otherwise. Treasuries settled mixed, with the long end seeing modest losses while the opposite was seen in the short end. The Dollar extended post-Fed gains amid a slight reduction in rate cut expectations at the Fed's December meeting. JPY outperformed with unchanged performance vs USD as hotter-than-expected Tokyo CPI provided support.

FED

Logan (2026 voter, Hawk) – Preferred to hold rates this week as the economic outlook did not justify a move and finds it difficult to support another cut in December. Stated the labour market is roughly balanced and cooling slowly, with low layoffs and unemployment claims, though she's mindful of recent layoff announcements. She also touted that the breakeven rate has fallen to 30k. Logan emphasised that inflation risks remain, and the Fed had already mitigated employment risk with the September cut. On rates, Logan said that she is disappointed to see market repo rates rise above the Fed's ceiling rates. She also reiterated calls to modernise the Fed funds target rate. She suggested the Fed should shift the policy target from the Fed funds rate to a repo-based rate.

Schmid (2025 voter, hawk, dissenter) – Voted to keep rates unchanged due to continued economic momentum and concerns over high and potentially spreading inflation, which he noted is affecting both goods and services. Described policy as only modestly restrictive and argued it still needs to lean against demand and price pressures. He said the labour market is largely in balance and that any stress likely stems from structural changes, not something small cuts would fix. Schmid also warned that lowering rates too soon could undermine the Fed's commitment to the 2% target. Regarding rising prices, he specifically noted that rising healthcare costs and insurance premiums are at the top of mind.

Hammack (2026 voter, hawk) – Said she would not have cut rates in October, citing challenges to both sides of the mandate and stressing that policy is now around neutral and barely restrictive. She said the Fed cut in September because of the sharp drop in payroll, but since then, it is not obvious that the shift in the labour market is on the demand side. Hamamck argued that some restriction still needs to be maintained to bring inflation down, especially with little to no progress on core services ex-housing and additional pressures from tariffs, electricity, and insurance. Hamamck noted there are some emerging signs of labour softness, including layoffs, but said the Fed is missing more on the inflation side than on jobs. Emphasised the need to stay restrictive while remaining open-minded to new labour data ahead of December. On the balance sheet, she said there is a benefit to having the smallest possible balance sheet they can have, and that she agrees with Fed's Logan that she wants to see Repo rates trading roughly in line with interest on reserve rates.

Bostic (2027 voter) – Ultimately supported this week's rate cut but noted that mandates are in tension. He said the Fed is still in restrictive territory and needs to bring inflation down to 2%, though more progress is needed before feeling comfortable moving to neutral. Bostic acknowledged that less than half of upward price pressures are due to tariffs. He described the current environment as uncertain but not flying blind, and said some labour market shifts are structural. Backed Powell's message that a December cut is not a foregone conclusion and reiterated that policy remains data-dependent. On the balance sheet, he also said he would like a little extra buffer on the balance sheet, noting he is "team abundant", vs Hammack, who is "team ample".

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLED 1 TICK LOWER AT 112-21+

T-Notes chop to risk tone but ultimately settle flat. At settlement, 2-year -1.2bps at 3.602%, 3-year -0.9bps at 3.604%, 5-year -0.7bps at 3.713%, 7-year -0.5bps at 3.893%, 10-year +0.2bps at 4.095%, 20-year +1.4bps at 4.642%, 30-year +1.8bps at 4.666%.

INFLATION BREAKEVENS: 1-year BEI -0.1bps at 2.865%, 3-year BEI +1.5bps at 2.534%, 5-year BEI +1.9bps at 2.338%, 10-year BEI +1.1bps at 2.289%, 30-year BEI +1.0bps at 2.233%

THE DAY: T-Notes saw two-way trade with the curve ultimately little changed but with a steeper bias. T-Note futures sold off in the European morning with the risk tone improving, before a reversal was seen. T-Note futures rose from morning lows of 112-17 to a peak of 112-27. T-Notes had peaked as risk tone started to sour on reports that the US has decided to attack military sites in Venezuela, sparking haven demand; however, US President Trump later denied this. Elsewhere, US data saw the Chicago PMI report beat expectations but had little impact on price action. Elsewhere, there was plenty of Fed speak following the end of the blackout period. Schmid explained his reason for voting unchanged, noting there is momentum in the economy and concerns of high and potentially spreading inflation. Hammack and Logan (both 2026 voters) revealed that they would have voted to keep rates on hold. Meanwhile, Bostic said that ultimately he supported the rate cut. Attention next week turns to the US ADP report (no NFP due to shutdown), and quarterly refunding. There will also likely be plenty of Fed speak with the FOMC explaining their diverging views on interest rates.

SUPPLY

Bills

- US to sell USD 77bln of 26-wk bills and USD 86bln of 13-wk bills on November 3rd; to sell USD 95bln of 6-wk bills on November 4th; all to settle on November 6th

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Dec 17bps (prev. 18bps), January 26bps (prev. 27bps), March 34bps (prev. 35bps).**
- NY Fed RRP op demand at USD 52bln (prev. 19bln) across 25 counterparties (prev. 18)
- NY Fed Repo Op demand at USD 50.35bln across two operations (prev. 6.2bln across two ops. on 30th Oct.)
- EFFR at 3.87% (prev. 4.12%), volumes at USD 104bln (prev. 98bln) on October 30th.
- SOFR at 4.04% (prev. 4.27%), volumes at USD 3.098tln (prev. 3.061tln) on October 30th. Remains above the top-end of the Fed Funds target range on that date.

CRUDE

WTI (Z5) FUTURES SETTLED USD 0.41 HIGHER AT 60.98/BBL; BRENT (Z5) SETTLED USD 0.07 HIGHER AT 65.07/BBL

The crude complex was choppy, but settled green on Friday, which only tells half the story. WTI and Brent saw upside and hit highs of USD 61.38/bbl and USD 65.15/bbl, respectively, in the US morning amid source reports in the Miami Herald that US has decided to attack military sites in Venezuela and that could come at any moment. Overnight, WSJ reported that Trump's administration has identified targets in Venezuela that include military facilities used to smuggle drugs. Later on in the US session, benchmarks pared gains as Trump said there will be no strikes on Venezuela, but suggested he has not yet made up his mind. On the OPEC footing, ahead of the OPEC-8 meeting on Sunday, Reuters sources noted that OPEC+ is likely to agree to a small oil output increase in December of 137k BPD, which is in fitting with sources earlier in the week. Note, another source said a pause could also be possible. Regarding the weekly Baker Hughes rig count, oil rigs were -6 at 414, nat gas +4 at 125, leaving the total -4 at 546.

EQUITIES

CLOSES: SPX +0.27% at 6,841, NDX +0.48% at 25,858, DJI +0.09% at 47,563, RUT +0.49% at 2,478.

SECTORS: Consumer Discretionary +4.08%, Energy +0.64%, Industrials +0.22%, Financials +0.19%, Real Estate +0.05%, Health -0.09%, Communication Services -0.31%, Technology -0.32%, Consumer Staples -0.48%, Utilities -0.77%, Materials -0.86%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.15% at 5,697, Dax 40 +0.06% at 24,139, FTSE 100 +0.04% at 9,760, CAC 40 -0.53% at 8,157, FTSE MIB -0.09% at 43,202, IBEX 35 -0.72% at 16,034, PSI +0.73% at 8,446, SMI -0.10% at 12,301, AEX +0.64% at 982.

STOCK SPECIFICS

- **Amazon (AMZN):** EPS, revenue and AWS beat with the midpoint of next quarter sales view above expected.
- **Apple (AAPL):** EPS, revenue beat, strong next quarter view & said will return to growth in Q1 in China, driven by iPhone sales.
- **NVIDIA (NVDA):** To supply >260k of its latest GPUs to South Korea; hopes to sell Blackwell chip to China, but as it stands, no plans to do so.
- **Western Digital Corporation (WDC):** Top & bottom line surpassed exp.
- **Reddit (RDDT):** Strong quarter metrics & impressive outlook.
- **LyondellBasell Industries (LYB):** Top & bottom line surpassed Wall St. exp.
- **Strategy (MSTR):** EPS & revenue surpassed expectations with better-than-expected FY profit view.
- **Coinbase Global (COIN):** Adj. EBITDA & revenue topped

- **Warner Bros. Discovery (WBD):** NFLX reportedly hires bank to explore bid for Co.
- **Netflix (NFLX):** 10-for-1 stock split.
- **Intel (INTC):** In talks to acquire AI chip start-up SambaNova
- **Exxon Mobil (XOM):** Revenue light.

FX

The USD was broadly firmer against peers as the return of Fed speakers (Schmid, Logan, Hammack) pushed against the perception of another 25bps cut in December. While Schmid, Logan, and Hammack are known hawks amongst the FOMC, the commentary today highlights Chair Powell's view on Wednesday that there is a divergence amongst members on how to act on interest rates from now. Schmid (2025 voter) cited continued momentum in the economy and concerns about high and potentially spreading inflation behind his dissent to hold rates on Wednesday, while Logan (2026 voter) dissented in the same fashion, contending the economic outlook did not call for it. Other updates included Trump thwarting reports that the US has decided to strike military sites in Venezuela that are being used to smuggle drugs. Risk-off trade was briefly seen. DXY now sits around October highs (99.845) into November,

G10 FX ex-JPY vs USD was in the red, led by Scandis, NZD and EUR, while JPY saw relative outperformance in flattish territory. Overnight Tokyo CPI, which came in hotter than expected, provided support for JPY, albeit it was fleeting at the time; CPY 2.8% Y/Y (exp. 2.4%, prev. 2.5%). In Europe, inflation saw a sticky EZ Flash core HICP and an uptick in Services; EUR/USD was unmoved, trading at ~1.1530 into the weekend.

EMFX: The Polish Zloty underperformed CEE peers on Friday after softer-than-expected CPI data boosted calls for the NBP to cut rates once again. Meanwhile, the focus next week will be on the CNB, which is expected to keep rates unchanged. A CSOB analyst writes that CZK's resilience this week in the aftermath of the Fed was mainly due to strong GDP growth, which topped expectations, supporting the prospect of rate stability in the coming months.