

Stocks mixed as big tech keeps NDX bid

- **SNAPSHOT:** Equities mixed, Treasuries flat, Crude flat/up, Dollar up, Gold up
- **REAR VIEW:** ISM Manufacturing misses expectations; S&P Global Mfg PMI revised higher; Fed speak from Daly, Cook, Goolsbee and Miran (more below); Atlanta Fed GDPnow revised higher; OPEC+ hikes as expected, to pause in Q1 26; Softer-than-expected Swiss CPI; China PMI misses; UK & French Mfg PMI beat, EZ & Germany match forecasts; GOOGL announces USD & EUR denominated bond sales, met with strong demand.
- **COMING UP: Events:** RBA Policy Announcement, RBNZ FSR, BoJ Minutes (Sep), French Assembly PLF Vote. **Data:** Canadian Trade, US RCM/TIPP, New Zealand Jobs. **Speakers:** ECB's Lagarde, Nagel and Balz, BoE's Breeden, RBA's Bullock, Fed's Bowman, RBNZ's Orr. **Supply:** UK & Germany. **Earnings:** Phillips, Evonik, Fresenius MC, Ferrari; BP; AMD, Supermicro, Marathon, Pfizer, Uber.
- **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

Stocks ultimately closed mixed, with NDX outperforming while RUT and Dow lagged. Upside in the SPX and NDX was primarily due to the heavy cap tech stocks, with Amazon (AMZN) lifting the indices after it inked a USD 38bln deal with OpenAI to supply NVIDIA (NVDA) chips. However, breadth in the market was weak with only Consumer Discretionary, Tech and Utilities posting gains while the equal-weight S&P 500 (RSP) was sold. Elsewhere, T-notes settled flat in choppy trade, selling off from morning highs on a slew of IG deals, including a chunky USD 17.5bln from Google parent Alphabet. In FX, the Dollar saw marginal gains, but CHF was the clear laggard after soft inflation metrics in Switzerland. Oil prices settled slightly firmer in choppy trade. Oil gapped higher after the OPEC+ agreement on Sunday, which hiked output by 137k BPD as expected in December, but to pause in Q1. Meanwhile, US President Trump threatened strikes in Nigeria due to the killing of Christians in the country. Economic data saw a miss in the ISM Manufacturing PMI report, but the Atlanta Fed GDP upgraded its Q3 growth estimate in wake of the data; set to be updated on Wednesday after the ISM Services PMI report.

US DATA

ISM MANUFACTURING PMI: The October Manufacturing PMI fell to 48.7 from 49.1 in September, despite expectations for an increase to 49.5. The New Orders Index contracted for the second month in October, following one month of growth; the figure of 49.4 rose from the 48.9 recorded in September. The Production Index dropped 2.8 points to 48.2. Backlog of orders rose 1.7 pts to 47.9. Meanwhile, Prices Paid remained in expansionary territory, but the pace of acceleration fell to 58.0 from 61.9, below the 61.5 forecast and low estimate of 60.0. ISM Chair Spence said that the drop in the headline was led by the drop in production and inventories. Regarding the manufacturing side of the economy and GDP, Spence noted that 58% of the sector's GDP contracted in October, down from 67% in September. However, the percentage of GDP in strong contraction is at 41%, up 13% from September. Following the report, the Atlanta Fed GDPNow model was tracking growth in Q3 at an annualised rate of 4.0%, up from the prior 3.9% estimate after today's data.

FED

COOK (voter): The recent cut was appropriate, given job market risks and noted that risks to both sides of the mandate are elevated. She described current policy as modestly restrictive and still positioned to reduce inflation pressures, though inflation remains elevated and subject to upside risks, particularly from tariffs. While the labour market is still solid, she is monitoring for signs of trouble, citing slowing hiring and payroll growth tied to labour supply shifts. She emphasised commitment to the 2% inflation target and said inflation should move there once tariff impacts pass through, though the pass-through is still ongoing. She also warned that AI could have large negative consequences for the labour market. Given the lack of data, she said it is important to be timely and use the most current incoming data for the December rate decision. She also said she is attentive to inflation expectations through the NY Fed and other surveys, and would be ready to act if inflation proves more persistent. However, she is worried about the labour market because of the fact that it can deteriorate very quickly.

MIRAN (voter): The Fed Governor explained his reasoning behind the 50bps dissent at last week's FOMC meeting, where the committee cut by 25bps. Miran's reasoning was more or less the same as his dissent in September. Miran reiterated the view that the Fed is too restrictive, "no need to maintain restrictive policy for extended period." Miran also cited views of a lower neutral rate. When asked why he didn't support a 75bps rate cut, Miran said he's just making the case that he does not think that the economy is dysfunctional right now. Miran argues it's a mistake to make conclusions about policy from financial conditions alone.

GOOLSBEE (2025 voter): He believes the level where rates will ultimately settle is a fair bit below current levels, but emphasised that

rates should come down with inflation, not ahead of it. While still seeing some job market concerns, he has become more worried about inflation than employment risks, particularly in services. Goolsbee also noted that the economy remains strong overall, though in a period of transition, and warned against frontloading rate cuts. Stated that the threshold for cutting is now higher than at the last two meetings, and wants to see clear evidence that inflation is coming down. Goolsbee added that the golden path for the economy is still possible, noting the economy has been pretty strong with weakness in specific sectors. He added that the housing market has been weak for some time.

DALY (2027 voter): The San Francisco Fed President Daly said she supported the October rate cut, acknowledging the labour market that has softened quite a bit, a better-positioned Fed and a more proactive approach towards an expected weakening in the labour market. Ahead, Daly has an open mind on the December meeting, with the need to get inflation down, which is still above target. Daly contends that policy needs to be kept modestly restrictive, and the labour market does not look like it's on a precipice. Daly says they will balance risks, and inflation is still around 3%.

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLED FLAT AT 112-21+

T-notes steepen after slew of corporate issuance, including USD 17.5bln from Alphabet. At settlement, 2-year -0.3bps at 3.603%, 3-year 0.0bps at 3.608%, 5-year 0.0bps at 3.717%, 7-year +0.1bps at 3.899%, 10-year +0.6bps at 4.107%, 20-year +1.6bps at 4.663%, 30-year +2.1bps at 4.690%.

INFLATION BREAKEVENS: 1-year BEI +1.7bps at 2.874%, 3-year BEI +1.0bps at 2.551%, 5-year BEI 0.0bps at 2.348%, 10-year BEI -0.2bps at 2.296%, 30-year BEI -0.8bps at 2.233%.

THE DAY: T-notes were little changed with a slight steepening bias after another slew of corporate issuance hit the long-end. Alphabet (GOOGL) announced a USD 17.5bln bond issuance across the curve, which was met with very strong (c. USD 90bln) demand, another strong uptake following the Meta (META) issuance last week. Meanwhile, on data, the ISM Manufacturing PMI missed expectations while prices paid dropped and employment rose. The drop in prices paid and rise in employment will be welcomed, but prices remain in expansionary territory and employment in contractionary territory, just at slower rates than seen in the September report - eyes look towards the ISM Services PMI on Wednesday to see how the services side of the economy is faring. On Fed speak, Miran explained his dissent to Bloomberg TV, reiterating that he thinks the Fed is too restrictive and the Fed could get to neutral a bit faster. Goolsbee said he believes rates will settle a fair bit below where they are currently. Cook said every meeting is live. While Daly said that the rate cut was appropriate.

FINANCING ESTIMATES: US Treasury expects to borrow USD 569bln in privately-held net marketable debt in the Oct-Dec quarter (prev. expected USD 590bln), assuming an end-Dec cash balance of USD 850bln (prev. 850bln). During the Jan-March quarter, Treasury expects to borrow 578bln, assuming an end-Mar cash balance of USD 850bln.

SUPPLY

Bills

- US sold USD 80bln of 6-month bills at a high rate of 3.700%, B/C 2.92x; sold USD 90bln of 3-month bills at a high rate of 3.815%, B/C 2.62x
- US to sell USD 95bln of 6-wk bills on November 4th; to settle on November 6th

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Dec 16bps (prev. 17bps), January 25bps (prev. 26bps), March 33bps (prev. 34bps).**
- NY Fed RRP op demand at USD 23.8bln (prev. 52bln) across 18 (prev. 25)
- NY Fed Repo Op demand at USD 22bln across two operations today (prev. 50.35bln across two ops. on 31st Oct.)
- EFRF at 3.86% (prev. 3.87%), volumes at USD 107bln (prev. 104bln) on October 30th.
- SOFR at 4.22% (prev. 4.04%), volumes at USD 3.211tn (prev. 3.098tn) on October 31st. Rose further above the top-end of the Fed funds target range, rising 18bps in one day, the largest since the Fed last hiked rates.

CRUDE

WTI (Z5) SETTLED USD 0.07 HIGHER AT USD 61.05/BBL; BRENT (Z5) SETTLED USD 0.12 HIGHER AT USD 64.89/BBL

The crude complex started the week with slight gains in what was a choppy session. At the reopening of trade, benchmarks gapped higher after OPEC+ opted to raise output again by a modest 137k BPD in December before pausing for Q1 2026, while Trump also threatened strikes on Nigeria over the recent killing of Christians in the country. WTI and Brent recoiled off highs and pared gains to hit lows of USD 60.51/bbl and 63.89/bbl, respectively. However, the energy space once again reversed off troughs to hit new intraday peaks. US Deputy Energy Secretary was on the wires, and does not think there will be an oil glut in 2026, and that they need to make sure that energy prices are affordable, but that does not mean cheap. A US official also added that the US SPR has been depleted, and it is their job to try and replenish it. Following the OPEC decision, the Secretary General noted the group has been consistently and regularly returning barrels to the market, and they have the flexibility to alter, pause and reverse past decisions. He added that demand for oil and gas is here to stay, and does not see an oil demand peak any time soon. Reuters sources in wake of the OPEC decision noted that the decision to keep output steady in Q1 came after Russia lobbied for the pause as it would struggle to boost exports due to Western sanctions.

EQUITIES

CLOSES: SPX +0.17% at 6,852, NDX +0.44% at 25,973, DJI -0.48% at 47,337, RUT -0.33% at 2,471

SECTORS: Materials -0.56%, Consumer Staples -0.47%, Financials -0.43%, Industrials -0.42%, Communication Services -0.32%, Energy -0.19%, Real Estate -0.16%, Utilities +0.06%, Health +0.13%, Technology +0.39%, Consumer Discretionary +1.70%.

EUROPEAN CLOSSES: Euro Stoxx 50 +0.30% at 5,679, Dax 40 +0.63% at 24,110, FTSE 100 -0.16% at 9,701, CAC 40 -0.14% at 8,110, FTSE MIB +0.11% at 43,223, IBEX 35 +0.03% at 16,037, PSI +0.23% at 8,446, SMI +0.07% at 12,243, AEX -0.05% at 971.

STOCK SPECIFICS:

- **Amazon (AMZN)** signed a USD 38bln deal with OpenAI to supply NVIDIA (NVDA) chips.
- Microsoft (MSFT) signed a USD 9.7bln deal with **IREN (IREN)** for a cloud services contract in Texas.
- Trump said **NVIDIA's (NVDA)** most advanced Blackwell AI chips will be reserved for US Cos. only.
- **Microsoft (MSFT)** to invest USD 15.2bln in UAE between 23-29 & US allows Co. to ship in NVDA AI chips in UAE for 1st time.
- **MongoDB (MDB):** CEO stepped down, replaced by Cloudflare (NET) exec CCJ Desai; Expects Q3 26 results above guidance.
- Jehoshaphat Research is short **AAON (AAON)**.
- Trump officials reportedly to torpedoed **NVIDIA's (NVDA)** push to export AI chips to China, according to WSJ, citing sources.

EARNINGS:

- **IDEXX Laboratories (IDXX):** EPS & revenue beat with strong guidance
- **Berkshire Hathaway (BRK.B):** Earnings rise & cash levels at record
- **Spirit Aerosystems (SPR):** Deeper loss per shr. than expected & revenue light
- **ON Semiconductor (ON):** EPS, revenue, and next quarter revenue outlook topped.

M&A:

- **Kimberly-Clark (KMB)** to acquire **Kenvue (KVUE)** in a cash and stock deal, creating a USD 32bln Co.
- **New Gold (NGD)** to be acquired by Coeur Mining.
- **Eaton (ETN)** to purchase Boyd Thermal business for USD 9.5bln from Goldman Sachs.
- UK CMA has opted to refer the **Getty Images (GETY)/Shutterstock (SSTK)** merger for a phase 2 investigation.

FX

The Dollar was broadly firmer against peers as last week's themes of a divergent Fed on another cut in December and easing US-China relations loom in the background. Capping USD's intraday upside was the October ISM Manufacturing PMI report, which saw the headline unexpectedly drop to 48.7 from 49.5, weighed by M/M decelerations in Production and New Orders. On trade, reports now suggest China is seeking to buy US wheat for the first time in a year, another sign that relations between the two are improving in agriculture. Elsewhere, Fed speak was the main highlight. Goolsbee (2025 voter) argues the threshold for cutting rates is higher than the last two meeting, but believes the place rates will settle is a fair bit below current levels". Meanwhile, Daly (2027 voter) supported last week's rate cut decision, but is keeping an open mind on decision with inflation still above target and with a labour market that "does not look like it is on a precipice". Cook (voter), similar to Daly and Chair Powell, is against a pre-set path going forward on policy. Goolsbee (2025 voter) expects rates to settle a fair bit lower than where they are now. DXY trades higher for the fourth consecutive day, but fell short of the 100 handle, hitting highs of 99.99

CHF was the G10 laggard after CPI in October came in softer-than-expected at 0.1% (exp. 0.3%, prev. 0.2%). For Q4, the SNB looks for a 0.4% average rate, which comes after the 0.2% Q3 average that matched the SNB's forecast from the September meeting. EUR/CHF and USD/CHF both saw upside on the release, which held through the day. Currently, EUR/CHF and USD/CHF reside at 0.9300 and 0.8080, respectively.

In Europe, Manufacturing PMIs were mixed. France and the UK rose more than expected but remained in contraction. Meanwhile, EZ and Germany were both unchanged, matching forecasts. The PMIs had little bearing on FX movement within the region, as increasing views of a stronger USD remain the dominating topic. EUR, JPY, and GBP finished the day marginally lower.

China proxy, AUD, saw initial weakness on Monday, more of a function of USD strength than the overnight Chinese RatingDog Manufacturing PMI print, which saw a share decline in export orders. AUD/USD hit lows of 0.6518 before rebounding to ~ 0.6540.

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