

**PLTR valuation concerns hit Tech & stocks as BTC tumbles beneath USD 100k**

- **SNAPSHOT:** Equities down, Treasuries up, Crude down, Dollar up, Gold down.
- **REAR VIEW:** Strong PLTR earnings, but valuation concerns arise; UK Chancellor Reeves reiterates commitment to fiscal rules & refuses to rule out tax hikes; RBA holds rates as expected; Apollo withdraws PZZA offer; Japanese Finance Minister jawbones familiar tones.
- **COMING UP: Data:** Chinese RatingDog PMI, German Industrial Orders, EZ, UK & US Final PMI, EZ Producer Prices, US ADP, US ISM Services PMI. **Events:** Riksbank, NBP, BCB Policy Announcements, ECB Wage Tracker, US Supreme Court Tariff hearing begins. **Speakers:** ECB's Nagel, BoE's Breen, BoC's Macklem and Rogers, Riksbank's Jansson. **Supply:** US QRA, Japan, Germany. **Earnings:** BMW, Novo Nordisk, Pandora; AMC, Arm, Snap, McDonald's

**MARKET WRAP**

US indices were lower, with the Nasdaq 100 lagging, and Technology was the clear sectoral laggard, weighed by weakness in Palantir (-8%) post-earnings, which also weighed on other AI plays, such as NVDA (-4%). Back to PLTR, they reported a stellar quarter and raised guidance, but some are concerned by their elevated valuation, whilst also adding to the downbeat picture was Michael Burry's latest 13-F showing him having bought 5mln put options in PLTR, and 1mln puts in NVDA. Given the pullback in PLTR shares after a solid report, other sectors with stretched valuations have also taken a hit, including uranium/nuclear and rare earth stocks. WTI and Brent were weighed on by the broader risk tone, albeit settled way off low, with the Dollar seeing a bid, and DXY crossing 100 for the first time since August. JPY was the G10 gainer on global-risk off trade and verbal FX comments from the Finance Minister, while Antipodeans and Pound were hit on similar sentiments, with the latter after Chancellor Reeves gave a pre-budget speech and left the UK fixated on the fiscal backdrop. Treasuries saw a mild bid ahead of QRA on Wednesday, while Bitcoin fell beneath USD 100k for the first time since June, and spot gold fell back beneath USD 3,950/oz. Overall, newsflow was sparse on Tuesday amid no US data, given the Government shutdown, and no Fed speak as markets await the next catalyst.

**FIXED INCOME****T-NOTE FUTURES (Z5) SETTLED 3+ TICKS HIGHER AT 112-25**

**T-notes see mild FTQ bid as stocks fall.** At settlement, 2-year -2.0bps at 3.580%, 3-year -2.0bps at 3.588%, 5-year -1.6bps at 3.699%, 7-year -2.0bps at 3.879%, 10-year -2.0bps at 4.087%, 20-year -2.0bps at 4.643%, 30-year -2.2bps at 4.669%.

**INFLATION BREAKEVENS:** 1-year BEI +1.1bps at 2.899%, 3-year BEI -0.7bps at 2.543%, 5-year BEI -0.6bps at 2.335%, 10-year BEI -1.0bps at 2.282%, 30-year BEI -0.6bps at 2.219%.

**THE DAY:** Treasuries were firmer across the curve by a similar magnitude, with downside in yields seen overnight as US equities sold off. The risk-off tone appeared to stem from the downside in Palantir (PLTR) despite a solid report, raising questions over other areas in the market that have also performed very well recently. Although equities pared from lows in US trade, T-notes remained firmer, albeit price action was not too exciting. Amid the government shutdown, there was little data to digest, but the ADP report will be released on Wednesday for a look into the health of the US labour market. We will also see the quarterly refunding announcement, with little changes expected. Regarding the government shutdown, Senate Majority Leader Thune said the Senate is "getting close to an offramp" to end the shutdown, with Punchbowl noting the outlines of a potential deal to end the shutdown are starting to take shape, but talks are very fragile and there is still a long way to go. For the 10-year, on a technical standpoint, the yield traded between 4.079-4.109% on Tuesday, either side of the 4.0983% 50dma. Elsewhere, regarding repo rates, SOFR remains above the Fed Funds Target range, but it dropped off from the jump seen on the Friday rate (reported Monday). At the same time, the usage of the standard repo facility has declined from the month-end spike of USD 52bln, to USD 22bln on the first trading day in November, with usage today dropping even further to 4.8bln.

**SUPPLY****Bills**

- US Treasury sold USD 99bln of 6-week bills at a high rate of 3.900%, B/C 2.67x
- US Treasury to sell USD 110bln in 4-week bills and USD 95bln in 8-week bills on November 6th; to sell USD 59bln of 17-week bills on November 5th; all to settle November 12th

**STIRS/OPERATIONS**

- **Market Implied Fed Rate Cut Pricing:** Dec 17bps (prev. 16bps), January 26bps (prev. 25bps), March 35bps (prev. 33bps).
- NY Fed RRP op demand at USD 17.0bln (prev. 23.8bln) across 13 counterparties (prev. 18)
- NY Fed Repo Op demand at USD 4.8bln across two operations today (prev. 22bln across two ops. on November 3rd)
- EFR at 3.87% (prev. 3.86%), volumes at USD 98bln (prev. 107bln) on November 3rd.
- SOFR at 4.13% (prev. 4.22%), volumes at USD 3.237tln (prev. 3.211tln) on November 3rd. Remains above the top-end of the

Fed funds target range, but down from the spike seen previously.

## CRUDE

**WTI (Z5) SETTLED USD 0.49 LOWER AT USD 60.56/BBL; BRENT (Z5) SETTLED USD 0.45 LOWER AT USD 64.44/BBL**

The crude complex saw losses, albeit settled well off earlier troughs as risk-averse sentiment weighed. WTI and Brent saw weakness in the European morning to hit lows of USD 59.94/bbl and 63.44/bbl, respectively, as they were hit amid global risk-off trade, but reversed from lows, albeit on no clear headline driver and light newsflow amid a continued lack of US data due to the government shutdown. During the sell off, Libya's oil minister said there is a target to increase oil output to 2mln BPD (currently c. 1.4mln) in the next five years, and looking at 1.6mln BPD in 2026 and then 1.8mln BPD in 2027. Elsewhere, the Trump admin has developed a range of options for military action in Venezuela, including direct attacks on military units that protect President Maduro and moves to seize control of the country's oil fields, NYT reports, citing US officials; Trump has yet to make a decision. Weekly private inventory data is due after-hours, whereby expectations currently are (bbls): Crude +0.6mln, Distillate -2mln, Gasoline -1.1mln.

Geopolitically, Iraq's SOMO cancelled loadings of 3 November crude oil cargoes from Russia's Lukoil, according to Reuters sources, which follows the US sanctioning Lukoil. Separately, via Sky News Arabia, the Iranian government spokeswoman stated that they will never move towards building a nuclear bomb.

## EQUITIES

**CLOSES:** SPX -1.16% at 6,773, NDX -2.07% at 25,436, DJI -0.53% at 47,086, RUT -1.76% at 2,427.

**SECTORS:** Consumer Staples +0.53%, Financials +0.51%, Health +0.39%, Real Estate +0.28%, Materials -0.45%, Utilities -0.38%, Energy -0.94%, Industrials -1.13%, Communication Services -1.55%, Consumer Discretionary -1.88%, Technology -2.22%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.26% at 5,665, Dax 40 -0.77% at 23,946, FTSE 100 +0.14% at 9,715, CAC 40 -0.52% at 8,068, FTSE MIB +0.09% at 43,262, IBEX 35 +0.00% at 16,036, PSI -0.24% at 8,426, SMI +0.44% at 12,289, AEX -0.18% at 969.

**STOCK SPECIFICS:**

- **Netflix (NFLX)** is negotiating to license video podcasts from **iHeartMedia (IHRT)**.
- **Starbucks (SBUX)** formed USD 4bln China JV.
- **DraftKings (DKNG)** downgraded at BofA.
- **Sarepta Therapeutics (SRPT)** late-stage Duchenne muscular dystrophy trial for casimersen & golodirsen missed its primary goal.
- Apollo has withdrawn its offer to take **Papa John's (PZZA)** private, according to Reuters sources; rethinks Papa John's offer as consumer spending weakens.
- US Transportation Secretary Duffy warns the US DoT may need to close some airspace if the government shutdown continues.
- **Apple (AAPL)** reportedly plans to launch first low-cost Mac laptop in H1 2026 and the new Mac, J700, would cost well under USD 1k, according to Bloomberg; low-cost Mac in early production with overseas supplier.
- **IBM (IBM)** is reportedly to cut thousands of roles in focus on software growth, according to Bloomberg.
- **Metsera (MTSR)** receives amended proposal from **Novo Nordisk (NOVOB DC)**, described as "superior"; values Metsera at up to USD 86.20/shr, a total of approximately USD 10bln. Following this, **Pfizer (PFE)** CEO said their belief in Pfizer/Metsera combination is strong and unwavering.

**EARNINGS:**

- **Palantir (PLTR):** EPS & revenue beat with better than expected guidance but shares weighed on amid valuation concerns. [To see a full Newsquawk analysis, please click here.](#)
- **Spotify (SPOT):** EPS & revenue topped with better-than-expected next quarter MAU outlook.
- **Eastman Chemical (EMN):** Top & bottom-line light
- **Vertex Pharma (VRTX):** Mixed Q3; older cystic fibrosis drug Trikafta drove most of the sales beat, while newer treatment Alyftrek underperformed w/ Casgevy & Journavx also light of expected.
- **Archer-Daniels-Midland (ADM):** Disappointing FY profit guide
- **Zoetis (ZTS):** FY top line guidance underwhelmed.
- **IAC (IAC):** Q3 revenue fell 8% as Google's AI search features diverted traffic from its core ad-supported platforms.
- **Norwegian Cruise Line Holdings (NCLH):** Revenue & next quarter profit light.
- **Uber (UBER):** CFO expects robotaxi will not be profitable for a few years; Q4 adj. EBITDA view was slightly light.

## FX

The **Dollar Index** was firmer once again, surpassing the 100 handle for the first time since August. The reassessment of Fed rate cut expectations remains in the background, while the risk-off tone across US equities likely added a bid. Driving the move lower in equities was concerns surrounding AI valuation, particularly following in the footsteps of PLTR, with the list of possible catalysts that would extend the rally into year-end seemingly narrowing. Newsflow in the US was light, as the shutdown matches the longest on record (35 days), with Fed speak absent, but data is to return on Wednesday. ADP expectations are for a 28k increase in October after a 32k loss in September.

**Antipodes** suffered on Wednesday due to the broad USD strength and broader risk aversion. Overnight, the RBA tilted hawkish as it held rates as expected. AUD initially strengthened on the decision, with the central bank now seeing one cut in 2026 from the two it had forecast in August. Moreover, the RBA sharply raised forecasts for core inflation out to the Q2 26 with June 2026 Trimmed Mean Inflation now seen at 3.2% (prev. saw 2.6%) and June 2026 CPI now seen at 3.7% (prev. saw 3.1%). At the time of writing, AUD/USD trades ~0.6490 from earlier highs of 0.6540, while AUD/NZD sits higher at ~1.1480.

**Sterling** was hit against major peers following Chancellor Reeves' decision to give a pre-budget press conference. What was likely an attempt to appease and calm budget concerns seemingly failed. Reeves refrained from announcing specific measures or confirming if she'd make a U-turn on election promises, i.e. not to increase National Insurance, rates on income tax or VAT. Cable trades near 1.3011 lows (not seen since April). Between now and the November 26th budget, the BoE will take focus next week, where expectations are for unchanged rates

**JPY** was the G10 outperformer, given that the risk-averse mood left the haven more attractive than USD. Moreover, more commentary regarding FX intervention from the Japanese Finance Minister also added support. USD/JPY hit 153.32 lows while the recent softer-than-expected Swiss CPI release limited the bid that the CHF would typically see in the intraday environment.

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