

By Patrick Fearon-Hernandez, CFA, and Thomas Wash

[Posted: November 3, 2025 — 9:30 AM ET] Global equity markets are higher this morning. In Europe, the Euro Stoxx 50 is up 0.7% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 1.0%. Chinese markets were higher, with the Shanghai Composite up 0.6% and the Shenzhen Composite up 0.4%. US equity index futures are signaling a higher open.

With 318 companies having reported so far, S&P 500 earnings for Q3 are running at \$71.30 per share compared to estimates of \$68.15, which is up 8.0% from Q3 2024. Of the companies that have reported thus far, 82.7% have exceeded expectations, while 13.2% have fallen short of expectations.

The Confluence macro team publishes a plethora of research reports and multimedia offerings on a weekly and quarterly basis, all available on our [website](#). We highlight recent publications below with new items of the day in bold. ***Note: Due to the federal government shutdown, we were unable to update the Business Cycle Report this month. The report will return as soon as we are able to once again access government data.***

Bi-Weekly Geopolitical Report	Asset Allocation Bi-Weekly	Asset Allocation Quarterly	Of Note
“China’s Rising Power and the Implications for US Hegemony” (10/27/25) + podcast	“When the Financial System Finds a Cockroach” (11/3/25) + podcast	Q4 2025 Report	Keller Quarterly

Have a question on the economy, markets, geopolitics, or other important topics? You can submit your queries to our new monthly podcast, *Confluence Mailbag*! Submit your question to mailbag@confluenceim.com.

Our *Comment* today opens with news that key oil-producing countries have agreed to stop boosting output as the risk of a global glut becomes more evident. We next review several other international and US developments that could affect the financial markets today, including news that China will again allow the export of some Nexperia computer chips to avoid the risk of major disruptions to world auto production, while President Trump has said that China has promised not to attack Taiwan as long as he’s president.

Global Oil Market: The Organization of the Petroleum Exporting Countries and its Russia-led allies [said they will hike oil production by another 137,000 barrels per day on December 1.](#) However, they said they would then hold output steady to address the risk of an oil glut as global economic activity is set to slow in 2026. The announcement apparently aims mostly to keep oil prices from falling much further. However, we see no indication that the announcement will boost oil output and spur even greater OPEC+ output in the coming months.

China-Netherlands: The Chinese Ministry of Commerce on Saturday [said it may exempt some Nexperia orders from an export ban that it imposed after the Netherlands seized control of the Chinese-owned Dutch chipmaker](#) in October. In particular, global automakers were facing the prospect of having to shut down production due to a lack of Nexperia's legacy semiconductors. China's move to exempt at least some exports is evidently part of the framework of the US-China trade deal announced last week. News of the exemption should help buoy global stock prices today.

United States-China-Taiwan: In an interview over the weekend, President Trump [said General Secretary Xi and other Chinese officials have assured members of the US administration that China will take no action to seize control of Taiwan](#) as long as Trump is president, ostensibly "because they know the consequences." It's not clear if the Chinese have offered a formal commitment regarding Taiwan, but to the extent that they have, it would likely reduce the risk of a disruptive US-China military clash and be supportive of both countries' stock markets.

China: New data shows the third-quarter earnings of China's mainland-listed companies [were up 11.6% from the same period one year earlier, accelerating from annual gains of just 1.2% in the second quarter](#) and 3.2% in the first quarter. The figures suggest the government is having some success with its policies to rein in excess capacity and fierce price competition while also pumping up corporate and consumer stimulus. The recovery in profit growth is probably a key reason why Chinese stocks continue to appreciate strongly.

Japan-South Korea: Underscoring the positive comments from Japan's newly installed Prime Minister Sanae Takaichi after meeting South Korea's leader last week, South Korean President Lee Jae Myung on Saturday [said he also "had a very good feeling \[about Takaichi\]. All my worries vanished."](#) The mutually laudatory remarks from Takaichi and Lee suggest that Japanese-Korean relations remain on track and are unlikely to be disrupted in a way that would weigh on either country's economy or stock market.

United States-Nigeria: President Trump on Saturday [said he has ordered the Pentagon to prepare for a possible US military intervention in Nigeria](#) to protect its Christians from ongoing attacks by the country's Islamist militants.

- US attacks on the militants don't appear to be imminent, but the rhetoric may unsettle many isolationists in the president's political coalition because it would likely remind them of the US's long wars in Iraq and Afghanistan.
- The statement might be especially unsettling after the US's recent participation in Israel's attack on Iranian nuclear sites.

US Dollar: According to the *Financial Times*, officials at the White House, the Treasury Department, and other federal agencies [are looking for ways to encourage more foreign countries to use the dollar as their main currency](#). The effort reportedly aims to push back against China's effort to undermine the dollar and boost usage of the renminbi.

- Nevertheless, we see no evidence that any major economy is considering a shift to using the dollar, so the effort seems unlikely to change the greenback's developing bear market.
- Since foreign stocks typically outperform US stocks when the dollar is weak or depreciating; any continued trend in that direction is likely to be positive for foreign stock returns versus US stock returns.

Czech Republic: After winning the most votes in last month's elections, but not a majority, the ANO party of Eurosceptic billionaire Andrej Babiš [today will sign a coalition deal with two far-right parties, allowing Babiš to become prime minister](#). The inclusion of the far-right parties will likely make the Czech Republic another source of irritation and policy resistance for European Union leaders in Brussels. For example, the country will now be more likely to resist aid to Ukraine, greater EU integration, and rule-of-law mandates from Brussels.

US Economic Releases

Due to the federal government shutdown, no economic reports have been released so far today. The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases						
EST	Indicator			Expected	Prior	Rating
9:45	S&P Global US Manufacturing PMI	m/m	Oct F	52.2	52.2	***
10:00	ISM Manufacturing	m/m	Oct	49.4	49.1	**
10:00	ISM Prices Paid	m/m	Oct	62.5	61.9	**
10:00	ISM New Orders	m/m	Oct		48.9	**
10:00	ISM Employment	m/m	Oct		45.3	*
10:00	Wards Total Vehicle Sales	m/m	Oct	15.5m	16.39m	*
Federal Reserve						
EST	Speaker or Event	District or Position				
12:00	Mary Daly Speaks in Moderated Conversation	President of the Federal Reserve Bank of San Francisco				
14:00	Lisa Cook Speaks on Economy and Monetary Policy	Members of the Board of Governors				

Foreign Economic News

We monitor numerous global economic indicators on a continuous basis. The most significant international news that was released overnight is outlined below. Not all releases are equally significant; thus, we have created a star rating to convey to our readers the importance of the various indicators. The rating column below is a three-star scale of importance, with one star being the least important and three stars being the most important. We note that these ratings do change over time as economic circumstances change. Additionally, for ease of reading, we have also color-coded the market impact section, which indicates the effect on the foreign market. Red indicates a concerning development, yellow indicates an emerging trend that we are following

closely for possible complications, and green indicates neutral conditions. We will add a paragraph below if any development merits further explanation.

Country	Indicator			Current	Prior	Expected	Rating	Market Impact
ASIA-PACIFIC								
Australia	S&P Global Australia Manufacturing PMI	m/m	Oct F	49.7	49.7		*	Equity and bond neutral
	Melbourne Institute Inflation	y/y	Oct	3.1%	3.0%		**	Equity and bond neutral
	ANZ-Indeed Job Advertisements	m/m	Oct	-2.2	-3.5		*	Equity and bond neutral
	Building Approvals	m/m	Sep	12.0%	-3.6%	5.0%	***	Equity bullish, bond bearish
New Zealand	Building Permits	m/m	Sep	7.2%	6.1%		**	Equity and bond neutral
South Korea	S&P Global South Korea PMI	m/m	Oct	49.4	50.7		***	Equity and bond neutral
	Exports	y/y	Oct	3.6%	12.6%	-0.6%	***	Equity and bond neutral
	Trade Balance	m/m	Oct	\$6057m	\$9531m	\$3000m	*	Equity and bond neutral
	Imports	y/y	Oct	-1.5%	8.2%	-0.4%	**	Equity and bond neutral
China	RatingDog China PMI Mfg	m/m	Oct	50.6	51.2	50.7	***	Equity and bond neutral
India	HSBC India PMI Mfg	m/m	Oct F	59.2	58.4		***	Equity and bond neutral
EUROPE								
Eurozone	HCOB Eurozone Manufacturing PMI	m/m	Oct F	50.0	50.0	50.0	***	Equity and bond neutral
Germany	HCOB Germany Manufacturing PMI	m/m	Oct F	49.6	49.6	49.6	***	Equity and bond neutral
France	HCOB France Manufacturing PMI	m/m	Oct F	48.8	48.3	48.3	***	Equity and bond neutral
Italy	HCOB Italy Manufacturing PMI	m/m	Oct	49.9	49.0	49.3	***	Equity bullish, bond bearish
UK	S&P Global UK Manufacturing PMI	m/m	Oct F	49.7	49.6	49.6	***	Equity and bond neutral
Switzerland	CPI	y/y	Oct	0.1%	0.2%	0.3%	***	Equity and bond neutral
	Core CPI	y/y	Oct	0.5%	0.7%	0.7%	**	Equity and bond neutral
	CPI, EU Harmonized	y/y	Oct	0.1%	0.0%		*	Equity and bond neutral
	PMI Manufacturing	m/m	Oct	48.2	46.3	47.6	***	Equity bullish, bond bearish
	PMI Services	m/m	Oct	47.8	51.3		***	Equity and bond neutral
	Domestic Sight Deposits CHF	w/w	31-Oct	446.9b	448.7b		*	Equity and bond neutral
	Total Sight Deposits CHF	w/w	31-Oct	470.5b	471.5b		*	Equity and bond neutral
Russia	S&P Global Russia Manufacturing PMI	m/m	Oct	48.0	48.2		***	Equity and bond neutral
AMERICAS								
Canada	GDP	y/y	Aug	0.7%	0.9%	0.9%	**	Equity and bond neutral
Brazil	S&P Global Brazil Manufacturing PMI	m/m	Oct	48.2	46.5		***	Equity and bond neutral

Financial Markets

The table below highlights some of the indicators that we follow daily. Again, the color coding is similar to the foreign news description above. We will add a paragraph below if a certain move merits further explanation.

Fixed Income	Today	Prior	Change	Trend
3-mo T-bill yield (bps)	373	373	0	Down
U.S. Sibor/OIS spread (bps)	389	389	0	Down
U.S. Libor/OIS spread (bps)	379	379	0	Down
10-yr T-note (%)	4.10	4.08	0.02	Up
Euribor/OIS spread (bps)	204	205	-1	Up
Currencies	Direction			
Dollar	Flat			Up
Euro	Down			Down
Yen	Up			Down
Pound	Flat			Down
Franc	Up			Up

Commodity Markets

The commodity section below shows some of the commodity prices and their change from the prior trading day, with commentary on the cause of the change highlighted in the last column.

	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$64.78	\$64.77	0.02%	
WTI	\$60.98	\$60.98	0.00%	
Natural Gas	\$4.20	\$4.12	1.84%	
Crack Spread	\$25.63	\$25.87	-0.93%	
12-mo strip crack	\$25.75	\$25.84	-0.35%	
Ethanol rack	\$1.92	\$1.93	-0.22%	
Metals				
Gold	\$4,013.34	\$4,002.92	0.26%	
Silver	\$48.81	\$48.69	0.26%	
Copper contract	\$509.75	\$508.90	0.17%	
Grains				
Corn contract	\$432.75	\$431.50	0.29%	
Wheat contract	\$542.00	\$534.00	1.50%	
Soybeans contract	\$1,119.50	\$1,115.25	0.38%	
Shipping				
Baltic Dry Freight	1,966	1,983	-17	

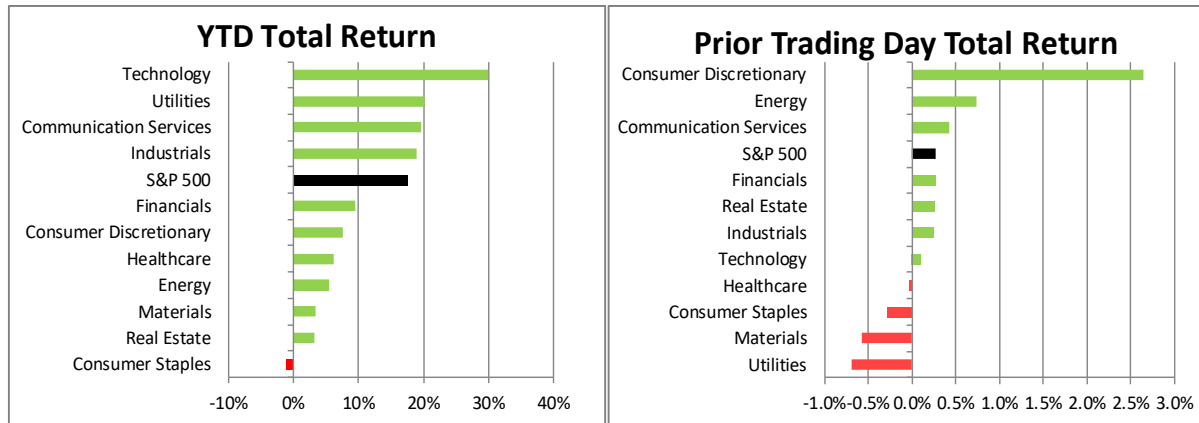
Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures from the West Coast to the Appalachian Mountains, with cooler-than-normal temperatures only in New England. The outlook calls for wetter-than-normal conditions in the Pacific Northwest and Rocky Mountain regions, with dry conditions on the East Coast and in the Southwest.

There is no tropical cyclone activity expected within the next seven days.

Data Section

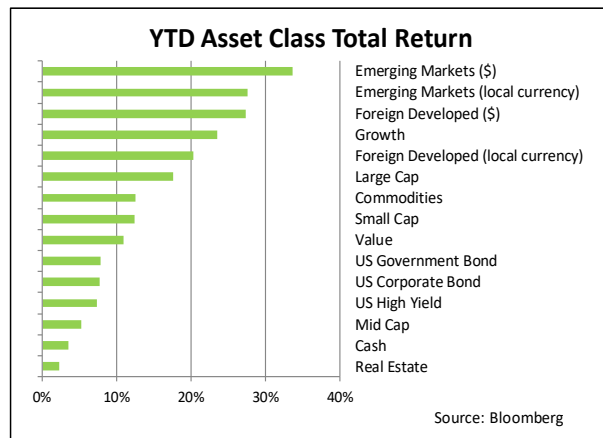
US Equity Markets – (as of 10/31/2025 close)



(Source: Bloomberg)

These S&P 500 and sector return charts are designed to provide the reader with an easy overview of the year-to-date and prior trading day total return. Sectors are ranked by total return; green indicating positive and red indicating negative return, along with the overall S&P 500 in black. These charts represent the new sectors following the 2018 sector reconfiguration.

Asset Class Performance – (as of 10/31/2025 close)

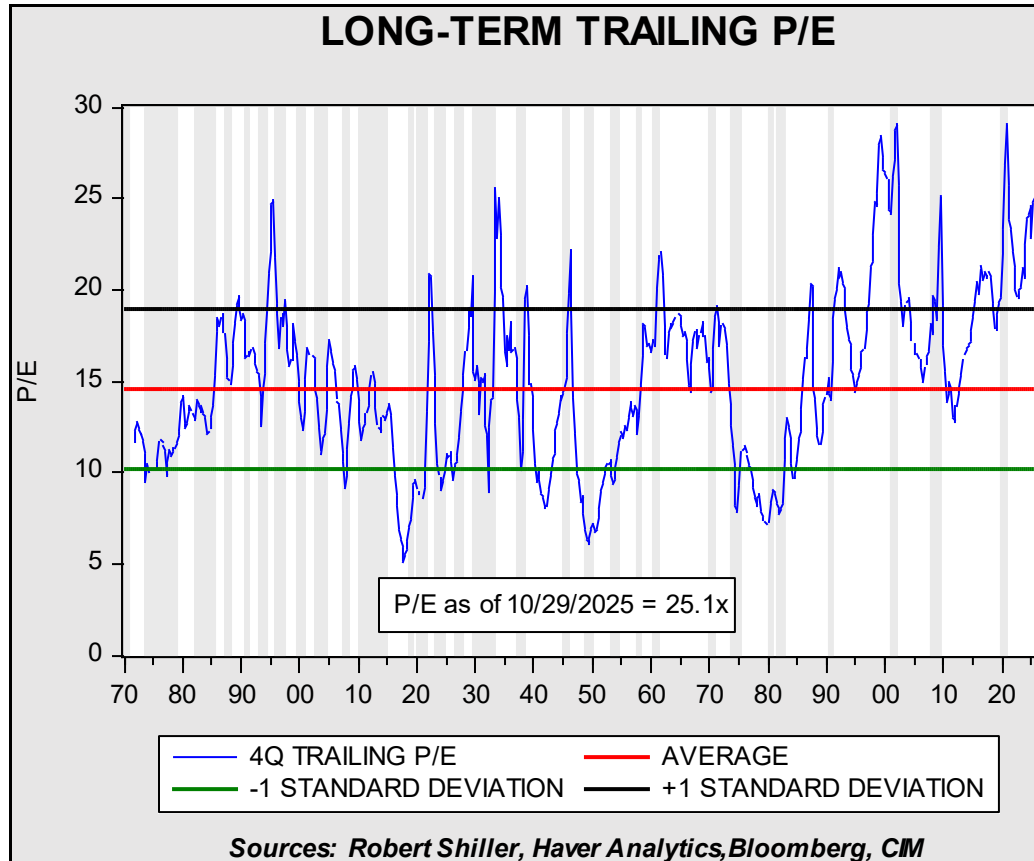


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

Asset classes are defined as follows: Large Cap (S&P 500 Index), Mid Cap (S&P 400 Index), Small Cap (Russell 2000 Index), Foreign Developed (MSCI EAFE (USD and local currency) Index), Real Estate (FTSE NAREIT Index), Emerging Markets (MSCI Emerging Markets (USD and local currency) Index), Cash (iShares Short Treasury Bond ETF), US Corporate Bond (iShares iBoxx \$ Investment Grade Corporate Bond ETF), US Government Bond (iShares 7-10 Year Treasury Bond ETF), US High Yield (iShares iBoxx \$ High Yield Corporate Bond ETF), Commodities (Bloomberg total return Commodity Index), Value (S&P 500 Value), Growth (S&P 500 Growth).

P/E Update

October 30, 2025



Based on our methodology,¹ the current P/E is 25.1x, which is down 0.1 from the previous report. This slight decline was due to the rise in the price index being offset by a bigger increase in earnings.

This report was prepared by Confluence Investment Management LLC and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change. This is not a solicitation or an offer to buy or sell any security.

¹ This chart offers a running snapshot of the S&P 500 P/E in a long-term historical context. We are using a specific measurement process, similar to *Value Line*, which combines earnings estimates and actual data. We use an adjusted operating earnings number going back to 1870 (we adjust as-reported earnings to operating earnings through a regression process until 1988), and actual operating earnings after 1988. For the current quarter, we use the Bloomberg estimates which are updated regularly throughout the quarter; currently, the four-quarter earnings sum includes three actual quarters (Q1, Q2, Q4) and one estimate (Q3). We take the S&P average for the quarter and divide by the rolling four-quarter sum of earnings to calculate the P/E. This methodology isn't perfect (it will tend to inflate the P/E on a trailing basis and deflate it on a forward basis), but it will also smooth the data and avoid P/E volatility caused by unusual market activity (through the average price process). Why this process? Given the constraints of the long-term data series, this is the best way to create a long-term dataset for P/E ratios.