KISHER CAPITAL
INVESTMENT ADVISORY SERVICES

Kisher Capital — Market Update

November 3rd, 2025

-October 2025 Market Snapshot-

Asset	October-25 Return	YTD Return (as of 10/31/25)
S&P 500 (SPY)	2.38%	17.40%
Dow Jones Industrial Average (DIA)	2.61%	13.15%
Nasdaq Composite (QQQ)	4.78%	23.52%
iShares Core U.S. Aggregate Bond (AGG)	0.62%	6.84%

-Three Key Stories-

1: China Trade Deal and Tariffs

After a high-level summit in Busan, South Korea, Beijing agreed to sharply ramp up purchases of U.S. agricultural goods — including a pledge of roughly 12 million metric tons of soybeans this season and a minimum of about 25 million tons annually over the next three years — part of a short-term trade truce intended to relieve pressure on U.S. farmers. State-owned buyers were also reported to have snapped up several U.S. soybean cargoes just ahead of the meeting, signaling an immediate market impact. In return, the United States said it would cut fentanyl-related tariffs from 20% to 10% while Beijing pledged to step up efforts to curb shipments of illicit fentanyl precursors — tying a public-health priority to tariff relief.

The immediate implications are twofold: U.S. soy markets and farm incomes should see near-term relief as export demand rises, and commodity prices already reacted positively. But analysts warn the deal is tactical and limited — it eases specific frictions (soybeans, some tariffs, rare-earth wording) without resolving deeper strategic competition over technology, supply chains and long-term market access, so the arrangement may be fragile and contingent on broader political calculations.

2: Q4-25 Earnings - AI Spending Continues

Alphabet posted a blockbuster quarter, crossing the $100 billion revenue mark and growing 16% year-over-year to about $102.3 billion. Its Google Cloud unit surged ~34% to $15.2 billion, buoyed by enterprise demand for its AI infrastructure and services. At the same time, Alphabet raised its capex for 2025 to $91–$93 billion, up sharply from earlier projections, with most of that earmarked for AI-related investments in data centers, chips and networking. This aggressive spending appears to be matched by strong underlying monetization, which has helped consensus turn cautiously positive on the company's ability to translate capex into results.

Amazon also delivered a solid quarter: Q3 2025 revenue rose ~12% to $180.2 billion, and its cloud arm, Amazon Web Services (AWS), grew ~20% to $33 billion, its fastest pace in the recent past. The company signaled full-year capex of about $125 billion anticipated for 2025, with the ramp largely driven by AI infrastructure build-out and expansion of cloud capacity. In contrast, Meta's Q3 results showed revenue up ~26% to $51.4 billion, but investor reaction was mixed because the company raised its 2025 capex guidance to about $70-72 billion, with expectations of even higher infrastructure spend in 2026. The concern is that Meta's high expenditure is less clearly linked to near-term monetized revenue growth compared with its peers, and so the market is asking more questions about the ROI of the AI capex.

Together, these results underline a clear divergence in how investors are responding to aggressive AI-related capital expenditure across major tech players. While Alphabet Inc. (Google) and Amazon.com, Inc. (via AWS) are being rewarded for coupling large-scale AI infrastructure investment with strong monetization and cash-flow metrics, the much larger spending by Meta Platforms, Inc.—despite solid top-line growth—has raised red flags about the timing and clarity of returns. The crux is: heavy AI capex no longer guarantees investor goodwill; the key now is evidence that the investment is translating into profit, not just promise.

3: No Rate Cut Coming

Federal Reserve Chair Jerome Powell surprised markets on Wednesday (10/29) FOMC press conference by saying not to count on a December Fed interest rate cut. The markets predicted an almost 92% chance of another 0.25% cut in December leading to this meeting. This announcement was followed by a drop in the stock market and a rise in gold, the dollar, and Treasury rates.

Powell's remarks included highlighting the reasons for Fed cutting another 0.25% at this meeting. Powell said the decision to reduce the Fed's benchmark rate was part of a policy to help assist a slowing labor market in the US.

Powell addressed both the government shutdown's impact on data and the lack of consensus currently within the FOMC. The December rate cut decision could be impacted by lack of data causing the FOMC to pause action due to lack of clarity. The divergent opinions of the FOMC members could also lead to pausing in December. The main split is due to the Fed's dual mandate of maximum employment and stable inflation. The newest Fed Governor, Stephen Miran, is calling for deeper cuts in the rate looking to stimulate the economy and help the labor market. Jeffrey Schmid, Kansas City Fed President, wanted no rate cut this meeting due to worries over inflation. Powell's remarks served as a reminder that the path of monetary policy is far from predetermined, given the market's soaring expectations and the Fed's own internal divisions. With employment weakening, inflation still elevated, and data flows disrupted, the December decision now hinges as much on new information as on past assumptions.

-What to Watch-

11/07/2025: Unemployment Rate and Non-Farm Payrolls*

11/13/2025: October 2025 CPI Data Release*

11/19/2025: NVDA Reports Earnings

* US Government shutdown could delay the release of these numbers.

References

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