yieldreport Daily

Your Income Advantage

**17th June 2025**

## *Overview of the US Market*

Major stock indexes slipped and oil prices climbed Tuesday after ongoing attacks between Israel and Iran dimmed hopes for a quick de-escalation in the conflict.

The Dow Jones Industrial Average declined 0.7%, or 299 points, on Tuesday. The S&P 500 fell 0.8% and the Nasdaq Composite lost 0.9%.

The moves accelerated after President Trump warned he is losing patience with Iran, calling for unconditional surrender. Trump administration officials said he is considering options including a potential U.S. strike against Iran. He said earlier he was working on a real end to the conflict, after signing a G-7 statement calling for peace and stability in the Middle East.

Iran has signalled it wishes to de-escalate hostilities with Israel, according to a Wall Street Journal report that boosted stocks Monday. But the two countries continued to trade missile strikes Tuesday. A third U.S. Navy destroyer entered the eastern Mediterranean Sea to help defend Israel, and a second U.S. carrier strike group is heading toward the Arabian Sea.

While 10 of 11 sectors in the S&P 500 retreated, the exception was energy, which was buoyed by higher oil prices.

Energy shares rallied alongside the price of oil, with U.S. crude futures rising 4.3% to $74.84, their highest close since Jan. 22. The S&P 500 energy sector added 1%, making it the lone sector to end Tuesday’s session higher. Shares of Marathon Petroleum, Chevron and Diamondback Energy all rose more than 1.2%. Defence-related stocks were another gainer, with Lockheed Martin winning 2.6 per cent and Northrop Grumman 1.2 per cent

Anxiety about Iran and Israel has emerged as the market’s focal point at a time when investors are also watching the Federal Reserve, which opened a two-day monetary policy meeting.
The Fed is expected to keep interest rates steady as it eschews interest rate cuts for now while monitoring the effects of Mr Trump’s tariffs on inflation.

On June 18, the Fed is also due to release its latest economic projections on growth, unemployment and inflation.

Markets digested weaker than expected US economic data. Overall, US retail sales fell in May by 0.9 per cent from April to US$715.4 billion (S$920 billion), figures that suggested a pullback from April’s surge in buying to beat out tariffs.



 

## Overview of the Australian Market

On Tuesday, 17 June 2025, the Australian share market showed mixed performance, with the S&P/ASX 200 Index closing marginally lower by 7.1 points (-0.08%) at 8541.3 1.

There is a sharp rise in oil prices and news of a $30 billion takeover of Santos Limited (ASX: STO) boosted energy stocks. Energy stocks rose, with Woodside (+3%), Beach Energy (+1.9%), and Karoon (+2.3%) posting solid gains. Uranium stocks surged after Sprott's $US100m uranium buy plan showed quite a rise: Deep Yellow (+21.2%), Paladin (+15.6%), Boss Energy (+17.7%), and Silex (+23.9%).

The technology sector led gains with a 1.2% rise, supporting overall market breadth, as 51% of the top 150 stocks closed higher despite a modest index decline.

Meanwhile, financials and gold miners dragged, with CBA (-0.03%), Evolution Mining (-8%) following a UBS downgrade, and Northern Star (-8.2%) weighing on the index. Among standout movers, ASX Ltd fell 6.7% amid an ASIC probe, Tourism Holdings soared 56% on a $471 million buyout offer, and Bubs Australia gained 6.3% on US regulatory progress.

## Overview of the US Bond Market

U.S. Treasury yields fell Tuesday. The yield on the benchmark 10-year Treasury note declined to 4.39%, down from 4.45% Monday.

The moves on Tuesday pushed yields lower by two to nearly seven basis points across the curve following mixed retail sales data for May and a solid auction of inflation-protected securities. The rally gathered pace later in the session, supported by risk-aversion as US stocks declined amid concerns over escalation of the Middle East conflict.

The two-year rate, most sensitive to Fed policy shifts, fell two basis points to 3.95%, while the 10-year yield dropped six basis points to 4.39%.

A $23 billion reopening of five-year Treasury inflation protected securities was awarded at 1.650%, slightly lower than the indicated level before the 1 p.m. New York time bidding deadline. Demand for the sale was bolstered by a lower breakeven inflation rate and the recent surge in oil prices.

The US Treasury market has risen 2.3% so far this year, according to a Bloomberg gauge. While yields on 10-year notes have whipsawed during this period on President Donald Trump's evolving trade policies, they're now down just 16 basis points so far in 2025.

Signs of economic weakness also weighed on investors Tuesday, after data showed U.S. retail sales declined more than expected last month, shrinking 0.9% from April, or 0.3% if vehicle sales are excluded.

The value of retail purchases, not adjusted for inflation, decreased 0.9%, the most since the start of the year and restrained by autos, Commerce Department data showed Tuesday. That followed a downwardly revised 0.1% drop in April, marking the first back-to-back decline since the end of 2023.



 

In the retail sales report, seven of the 13 categories posted drops, dragged down by building materials, gasoline and motor vehicles — which came after a buying spree in anticipation of tariffs. Spending at restaurants and bars, the only service-sector category in the retail report, fell by the most since early 2023.

Other data out Tuesday pointed to cooler demand across sectors of the economy. Industrial production decreased in May for the second time in three months, reflecting weaker utility output and soft manufacturing. Confidence among homebuilders in June slumped to the lowest since the end of 2022, as would-be buyers stay on the sidelines.

## *Overview of the Australian Bond Market*

On Tuesday, 17 June 2025, the Australian bond market experienced modest gains amid ongoing economic uncertainty and expectations of further monetary easing by the Reserve Bank of Australia (RBA).

Key Highlights are the Bloomberg AusBond Composite 0+ Yr Index rose 0.16%, reflecting a mild rally in bond prices.

The RBA recently cut the cash rate to 3.85%, signaling a more accommodative stance. Markets are pricing in an additional 90 basis points of easing, with expectations that the rate could fall to 2.85% over time. Among Short-Term Yields: 3-month bank bills dropped 15 basis points to 3.73% and 6-month bank bills fell 11 basis points to 3.77%.

For government bond yields: 3-year bonds ended slightly higher at 3.33%, 10-year bonds rose 9 basis points to 4.26% and 30-year bonds surged to 4.96%, the highest in nearly two months.

Volatility remains elevated due to global trade tensions and geopolitical developments. However, stabilizing inflation and improving manufacturing indicators are offering some support to bond markets.

Overall, the bond market is reflecting cautious optimism, with investors balancing expectations of further rate cuts against persistent global uncertainties.

## *Hybrids*

Judo's JDOPA led with the highest running yield of 9.44%, followed by Latitude LFSPA at 9.10%, and Macquarie's MBLPC at 8.50%.

Westpac's WBCPH saw a standout 19.30% trading margin, supported by the day's highest price move of +10.02%.

Judo Capital's JDOPA offered the highest yield at 9.44%, but edged down 0.07%, the only fall in today's list.



 

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