yieldreport Daily

Your Income Advantage

19th June 2025

Overview of the US Market

U.S. index futures fell Thursday, as conflict in the Middle East pushed global oil prices toward their highest settling level since January.

U.S. equity and bond markets were closed for the Juneteenth holiday, but futures continued to trade. Contracts tied to the S&P 500 and Dow Industrials dropped about 0.9%.

Global markets have been rattled in recent days by the conflict between Iran and Israel, which investors fear could spread into a wider conflict and disrupt oil supply. The two sides continued to trade fire Thursday. President Trump told senior aides late Tuesday he approved of attack plans for Iran, but was holding off to see if Tehran would abandon its nuclear program, The Wall Street Journal reported.

The Fed’s decision to hold rates steady – coupled with Powell’s latest warning on tariffs – underscores the delicate balance facing policymakers guiding the economy toward continued expansion. While officials continued to pencil in two rate cuts in 2025, they downgraded their estimates for growth this year while lifting forecasts for unemployment and inflation.

Overview of the Australian Market

The ASX 200 edged down 0.09% to close at 8,523.7, weighed by heavy losses in miners despite a strong showing from the banks. Geopolitical jitters and stagflation concerns kept sentiment subdued.

Financials lifted 0.9%, powered by **rate cut hopes** after May’s jobs data surprised to the downside. **Westpac surged 1.7%**, and **CBA hit an all-time high**, closing at **$182.85** after briefly touching **$183.31 intraday**.

But the shine faded elsewhere—**materials sank 1.8%**, as iron ore tumbled to **US$94.40/tonne**, a nine-month low.

BHP dropped 2.3%, **Rio Tinto fell 2.1%**, and **Fortescue lost 1.7%**, dragging the broader market lower.
Tech stocks reversed Wednesday’s gains—**WiseTech slid 1.9%** after board shake-up news, while **Xero fell 0.9%** and **Technology One lost 1.5%**.

Healthcare dipped 1%, led by **CSL**, which dropped **1.3%** ahead of upcoming U.S. regulatory hearings.

Among consumer names, **KMD Brands** (owner of Kathmandu and Rip Curl) sank **3.9%** after blaming warmer autumn weather for sluggish insulated clothing sales.

On the upside, **Brent crude rose 2% to just under US$76**, helping limit losses in energy, though the sector still slipped **0.6%** overall.

The Australian dollar weakened, buying **64.71 US cents**, down from **65.07** on Wednesday.

Overview of the US Bond Market

U.S. equity and bond markets were closed for the Juneteenth holiday, but futures continued to trade. In futures market, the US treasuries were flat.

The Fed's decision to hold rates steady – coupled with Powell's latest warning on tariffs – underscores the delicate balance facing policymakers guiding the economy toward continued expansion. While officials continued to pencil in two rate cuts in 2025, they downgraded their estimates for growth this year while lifting forecasts for unemployment and inflation.

The concern about resurgent inflation was reflected in policymakers' expectations for the years ahead. Officials now see just one cut each in 2026 and 2027.

The Federal Open Market Committee voted unanimously on Wednesday to hold the benchmark federal funds rate in a range of 4.25%-4.5%, as they have since the beginning of the year. They also released new economic forecasts — their first since President Donald Trump unveiled a sweeping set of tariffs in April — showing they expect weaker growth, higher inflation and higher unemployment this year.

Fed officials and economists broadly expect the administration's expanded use of tariffs to weigh on economic activity and put upward pressure on prices. The rate outlook from officials was in line with investors' expectations for cuts this year prior to the announcement.

The Fed's caution contrasts with central banks in Europe, which have lowered borrowing costs as inflation eases there. Switzerland's central bank cut interest rates to zero Thursday; some investors are betting it will cut rates into negative territory later this year. That would help to counter the risk of deflation brought on in part by the surging Swiss franc, which makes imports cheaper.

Overview of the Australian Bond Market

Australian bond yields drifted lower across the board on Thursday, as investors braced for key economic data and stayed defensive. There's a growing sense that the market is quietly preparing for an RBA pivot.

The **Bloomberg AusBond Composite Index ticked up 0.09%**, extending its steady rally this week. It's a sign of confidence, but not without caution.

The **3-year yield slipped to 3.356%**, while the **10-year dropped 3.3 basis points to 4.221%**. Even the **30-year yield eased**, settling at **4.916%**. The whole curve is softening.

Short-term bill rates stayed flat, with 3-month and 6-month holding at **3.75% and 3.79%**. No rush at the front end, just patience.

Markets still see the **RBA cutting by around 90 basis points**, eyeing a **2.85% cash rate within a year**. But no one's making bold moves yet. They're waiting.

All eyes are now on two things: **the Fed's signals and Australia's labour force report** due Friday. Until then, it's a market in quiet watch mode - **yields easing, nerves steady, and anticipation building**.

Hybrids

Westpac's WBCPH surged with a sharp **10.53% day move**, leading the hybrid space with a **trading margin of 19.81%** and a **running yield of 7.17%**.

Judo Capital's JDOPA was the sole decliner, slipping **0.05%** despite boasting the **highest running yield of 9.43%**.

In the perpetual space, **Nufarm's NFNG** has a standout **9.04% yield**, while **Ramsay's RHCPA** remained steady with a solid **8.36% yield**, trading above par.

About YieldReport - Your Income Advantage

YieldReport is Australia's leading online investor platform on interest rate markets and yield investments. YieldReport provides research, data, advice, news review and insights on what's shaping the yield curve and fixed income markets. It also provides a great source of reference for pricing and performance data on yield focused investment opportunities including cash, term deposits, government and semi-government bonds, managed funds, ETFs, corporate bonds, floating rate notes and hybrids. YieldReport insights and analyses are designed to help anyone capital allocation or investment selection – whether it be their own or whether they sit on a finance committee, board etc. – to make informed decisions about where interest rates are going and to have access to the best rates and latest performance data available on yield-oriented investments.

Explore more via the website - www.yieldreport.com.au. Find daily updates on social media platforms such as LinkedIn and Twitter.
For inquiries, please contact contact@yieldreport.com.au or call 0408 266 713.

YieldReport – Interest Rates &Yield Investment Data & Research
Level 2, Suite 208
33 Lexington Drive
Bella Vista NSW 2153

Disclaimer