

yieldreport Daily

Your Income Advantage

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Overview of the US Market

Stocks climbed after Israel and Iran's cease-fire appeared to be taking hold on Tuesday, with the S&P 500 nearing a record high.

The S&P 500 rose 1.1% and the Nasdaq 100 climbed 1.5%, notching its first record since February. West Texas Intermediate crude plunged nearly 15% over two sessions to settle around \$64 a barrel.

In late hours, FedEx Corp. forecast a worse-than-expected profit. Money markets fully priced in two Fed cuts by the end of 2025, with a first move in September far more likely than next month — though bets on a July reduction edged up from last week.

Investors had been looking warily at the possibility of a widening conflict in the Middle East after the U.S. struck Iranian nuclear sites over the weekend. But Iran's mild response to the U.S. attack and its truce with Israel, however fragile, tempered those concerns.

U.S. consumer confidence was unexpectedly weak in June. The Conference Board index fell to 93 from 98.4 in May, reflecting consumers' concerns about tariffs. A Labor-market indicator included in the survey also suggested Americans see jobs as more difficult to get.

Meanwhile, Federal Reserve Chair Jerome Powell reaffirmed the Fed's wait-and-see stance on rate cuts in testimony on Capitol Hill. Rifts have opened among the central bank's officials, with two policymakers, both Trump appointees, signalling in recent days they would consider cutting rates in July.

Powell's remarks before the House Financial Services Committee came on the heels of the Fed's decision last week to stay on hold. He reiterated his view that policymakers need not rush to adjust policy, a counter to recent statements from Fed Governors Christopher Waller and Michelle Bowman that signalled the two would be open to lowering rates as soon as July.

U.S. oil prices dropped 6%, extending Monday's slide, and are now below where they stood when fighting kicked off earlier this month.

Overview of the Australian Market

On June 24, 2025, the Australian share market posted a strong rebound, following positive momentum from Wall Street.

The S&P/ASX 200 Index rose by 0.7%, or 62 points, to close at approximately 8,537 points. This gain came after a modest decline the previous day, when the index fell 0.35% to 8,474.9 points. The rally was supported by a broad lift in sentiment, particularly after U.S. markets closed higher (Dow +0.9%, S&P 500 +0.95%, Nasdaq +0.95%).

However, energy stocks faced pressure due to a sharp drop in oil prices (WTI down 8.3%, Brent down 8.2%), affecting companies like Santos (STO) and Karoon Energy (KAR).



Qantas (QAN) was in focus as Virgin Australia returned to the ASX via IPO at \$2.90 per share, raising \$685 million. Collins Foods (CKF) also drew attention with its earnings report, showing a 2% revenue rise but a 26.1% drop in net profit.

Overview of the US Bond Market

A shaky cease-fire between Israel and Iran sent a burst of optimism through markets. Investors had been looking warily at the possibility of a widening conflict in the Middle East after the U.S. struck Iranian nuclear sites over the weekend. But Iran's mild response to the U.S. attack and its truce with Israel, however fragile, tempered those concerns.

Oil futures slipped on Tuesday, extending Monday's decline, as fears abated that Iran might shut down shipping through the critical Strait of Hormuz. Brent crude futures fell 6.1% to \$67.14.

On June 24, 2025, U.S. Treasury bond yields declined across most maturities, reflecting increased demand for government debt.

3-Month T-Bill: Yield fell to 4.158%, down 3.7 basis points (-0.88%). 2-Year Note: Yield slightly increased to 3.891%, up 0.3 basis points (+0.08%). 5-Year Note: Yield dropped to 3.884%, down 7.7 basis points (-1.94%). 10-Year Note: Yield declined to 4.320%, down 5.5 basis points (-1.26%). 30-Year Bond: Yield eased to 4.857%, down 3.2 basis points (-0.65%).

This movement suggests a modest flight to safety, possibly due to economic uncertainty or expectations of future rate cuts by the Federal Reserve.

The bond market is bracing for up to \$1 trillion of additional U.S. Treasuries supply in the second half of the year once lawmakers address the looming debt ceiling problem, possibly permanently, top rates strategists said on Tuesday.

President Donald Trump's sweeping tax-cut and spending bill would lead to a larger-than-expected \$2.8 trillion increase in the federal deficit over the decade, despite a boost to U.S. economic output, the nonpartisan Congressional Budget Office projected.

A surge in Treasury supply could increase repurchase, or repo rates, which refer to the cost of borrowing short-term cash using Treasuries or other debt securities as collateral. Higher Treasury supply typically saturates the market with additional collateral, which can initially lower repo rates due to excess supply. However, if supply exceeds demand substantially, it may lead to higher repo rates as lenders demand more compensation for holding larger volumes of securities.

Fed Chair Jerome Powell reaffirmed his wait-and-see approach to interest-rate cuts. Solid economic indicators have allowed more time to learn more about the trajectory of the economy before deciding on rates, he told lawmakers. That contrasts with views from two Fed officials who in recent days suggested they could be open to lowering rates as soon as the next policy meeting at the end of July.



Powell described the overall economy and Labor market as solid. He said inflation had eased significantly from highs reached in mid-2022 but was somewhat elevated above the Fed's 2% objective. He added that beyond the next year or so, most measures of longer-term expectations remain consistent with the Fed's inflation goal.

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Overview of the Australian Bond Market

On June 24, 2025, Australian government bond yields declined across most maturities, indicating increased demand for safe-haven assets or expectations of easing monetary policy. The summary of key movements included:

2-Year Bond: Yield fell to 3.24%, down 1.8 basis points

3-Year Bond: Yield dropped to 3.28%, down 2.3 basis points 5-Year Bond: Yield declined to 3.47%, down 3.2 basis points 7-Year Bond: Yield eased to 3.81%, down 2.3 basis points

10-Year Bond: Yield fell to 4.17%, down 1.7 basis points

20-Year Bond: Yield decreased to 4.75%, down 6.5 basis points 30-Year Bond: Yield slipped to 4.85%, down 7.4 basis points

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