



Your Income Advantage

11th July 2025

Overview of the US Market

Cautious sentiment pulled stocks lower as financials and health care weakened, despite the "One Big Beautiful Bill" (OBBBA) support, with the tariff deadline extension to August 1 still in focus. Treasury yields rose slightly, and the dollar held steady. Oil prices nudged higher amid stable conditions.

The S&P 500 fell 0.33% to 6,259.75, and the Nasdaq Composite dropped 0.22% to 20,585.53, retreating from recent highs. West Texas Intermediate crude edged to \$68.00 a barrel, supported by energy sector gains. In after-hours trading, NIO Inc. surged, reflecting speculative interest.

Energy stocks rose 0.48%, buoyed by oil price stability, while consumer discretionary gained 0.33%. Financials dropped 1.00%, and health care fell 0.88%, hit by profit-taking. The OBBBA's \$3.3 trillion stimulus, with tax cut extensions, provided a backdrop, but the August 1 tariff deadline kept markets wary.

Middle East tensions remain muted, with the Israel-Iran ceasefire holding, stabilising oil markets. Market expectations price two rate cuts by year-end, with September favoured, as fiscal stimulus and trade uncertainties linger. The start of the trading week on Monday could set the tone based on weekend developments.

Overview of the Australian Market

The ASX 200 closed 0.11% lower at 8,580.1, ending a 13-week winning streak with its third weekly loss, despite a strong materials sector. The session saw mixed performance, with materials leading gains while tech and property lagged.

Materials surged 1.82%, driven by BHP (+2.8%), Rio Tinto (+2.3%), and Fortescue (+2.9%) as iron ore hit a two-month high. Rare earths miners Lynas (+16.7%) and Iluka (+22.9%) soared on a \$400 million Pentagon investment in MP Materials. Property fell 1.51%, with Goodman Group down 1.8%, and tech dropped 1.06%, led by Xero (-1.5%). The OBBBA's global impact offered some support.

The RBA's hold at 3.85% continues to pressure rate-sensitive sectors, with investors eyeing future cuts. The ASX 200's weekly loss suggests caution, with the next trading session on Monday in focus.

Overview of the US Bond Market

The yield on the benchmark 10-year Treasury note settled at 4.41%, up 1 basis point daily. The 30-year yield rose to 4.95%, up 1 basis point, as markets adjusted to fiscal and trade dynamics.

The 2-year yield increased to 3.88%, up 1 basis point, while the 5-year yield rose to 3.97%, unchanged daily. The yield curve steepened slightly, reflecting cautious sentiment amid the OBBBA's stimulus. Market expectations price two Fed cuts by year-end, favouring September, with the August 1 tariff deadline in view.

Overview of the Australian Bond Market

Australian government bond yields rose, with the 10-year yield up 4 basis points to 4.32%, and the 15-year up 4 basis points to 4.66%, following the RBA's steady 3.85% rate.

The 2-year yield increased 2 basis points to 3.40%, reflecting short-term adjustments. The RBA's hold, defying earlier cut expectations, drove the yield uptick. Markets price four cuts (100 basis points) by mid-2026, with the timeline under review.

Global yields were stable, with a focus on the OBBBA's fiscal impact and the August 1 tariff deadline. The AUD/USD fell 0.12% to 0.6581, pressured by commodity volatility.

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