



Your Income Advantage

14th July 2025



Overview of the US Market

US stocks edged higher on Monday, July 14, 2025, as investors shrugged off President Donald Trump's weekend announcement of 30% tariffs on goods from the European Union and Mexico, set to take effect August 1, amid anticipation of Tuesday's June CPI data and the start of Q2 earnings season. Treasury yields ticked up slightly, while the dollar gained ground. Oil prices held steady, reflecting a cautious market stance.

The S&P 500 rose 0.14% to 6,268.56, and the Nasdaq Composite climbed 0.27% to 20,640.33, both showing resilience despite tariff concerns. Tech stocks faced pressure, with the Information Technology sector slipping 0.25%, while Financials (+0.67%) and Communication Services (+0.73%) led gains. Nvidia (NVDA) saw high volume at 136.8 million shares but dipped 0.52% to \$164.07, losing ground amid tariff-related uncertainty. Meanwhile, NIO Inc. (NIO) surged 6.92% to \$4.17, and BigBear.ai (BBAI) jumped 7.45% to \$6.92, reflecting strong interest in select growth stocks.

Traders are closely watching Tuesday's US CPI release, expected to show a year-over-year rate of 2.7%, up from May's 2.4%, which could influence Federal Reserve rate cut expectations. The tariff threat looms large, with markets betting on potential negotiations before the August 1 deadline. Bank earnings from JPMorgan, Wells Fargo, and Citigroup, also due Tuesday, will provide further insight into economic health and tariff impacts on corporate profits.

Overview of the Australian Market

The ASX 200 closed modestly lower on Monday, July 14, 2025, down 0.11% to 8,570.4, tracking a weaker lead from US futures and digesting Trump's latest tariff announcement. The Australian dollar weakened 0.23% to 0.6562 against the USD, reflecting tariff-related jitters. Despite the dip, the market showed resilience, with small-cap stocks gaining 0.50% and emerging companies up 1.23%.

The Materials (+0.53%) and the Energy (+0.54%) sectors outperformed, buoyed by strong mining stocks. BHP rose 0.9%, and Rio Tinto gained 0.6%, supported by iron ore prices nearing \$100/tonne. Uranium miners like Deep Yellow (+4%) and Paladin (+2.9%) led Energy gains, while gold miners Northern Star (+1.7%) and Evolution (+1.9%) benefited from bullion near \$3,373/ounce. Silver stocks soared, with Unico Silver (+27%) and Silver Mines (+20%) riding a 14-year high above \$38/ounce. Conversely, Industrials (-0.57%) and Consumer Discretionary (-0.48%) lagged, and tech stocks slipped, with Zip (-2.8%) and Appen (-3.2%) retreating amid risk-off sentiment.

Markets are bracing for Tuesday's US CPI data and bank earnings, which could sway global sentiment. Locally, the RBA's next move remains in focus, with recent CPI trends suggesting potential rate cut discussions, though tariff impacts could complicate the outlook.

Overview of the US Bond Market

US Treasury yields edged higher on Monday, July 14, 2025, with the 10-year note rising 3 basis points to 4.43%, reflecting cautious optimism ahead of Tuesday's CPI data. The 2-year yield dipped 5 basis points to 3.90%, while the 30-year yield climbed 8 basis points to 4.98%, signalling mixed expectations for future rate adjustments. The yield curve steepened slightly, with short-term rates softening amid tariff uncertainty.

The focus remains on Tuesday's CPI release, which could shift Fed rate cut probabilities. Current market pricing leans toward two cuts by year-end, with September favoured over July, though a higher-than-expected CPI could delay easing. Trump's tariff threats continue to stir debate, with potential inflationary pressures keeping Fed Chair Jerome Powell's recent cautious stance in the spotlight.

Overview of the Australian Bond Market

Australian government bond yields rose modestly on Monday, July 14, 2025, with the 10-year yield up 3 basis points to 4.35% and the 15-year yield increasing 4 basis points to 4.70%. The 2-year yield ticked up 1 basis point to 3.41%, reflecting a stable yet cautious market following the RBA's decision to hold the cash rate at 3.85% on July 8-9, 2025. The tariff threat from Trump's 30% tariff announcement on EU and Mexico goods, effective August 1, has introduced uncertainty, potentially influencing inflation forecasts.

Markets have adjusted expectations post-decision, now pricing in around 75-100 basis points of cuts over the next 12 months, targeting a cash rate near 2.85%-3.10% by mid-2026, though today's US CPI data—due at 10:30 PM AEST and expected to show a 2.7% year-over-year rate—could prompt further recalibration. The AUD's 0.23% decline to 0.6562 add pressure, with traders now focused on the CPI outcome and its global trade implications.

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