



Your Income Advantage

15th July 2025

Overview of the US Market

US stocks showed mixed performance on Tuesday, July 15, 2025, as investors digested President Donald Trump's renewed 30% tariff threats on goods from the European Union and Mexico, set to take effect August 1, alongside the latest US CPI data released yesterday. Treasury yields rose, while the dollar held steady.

The S&P 500 slipped 0.40% to 6,243.76, while the Nasdaq Composite edged up 0.18% to 20,677.80, reflecting divergent sector moves amid tariff uncertainty. Information Technology surged 1.27%, buoyed by Nvidia's 4.04% gain to \$170.70 on massive 230.4 million share volume, driven by resumed AI chip sales to China. However, other sectors struggled, with Materials down 2.11% and Health Care off 1.88%. Longevity Health Holdings (XAGE) soared 115.50% to \$5.70 on 104.2 million shares, likely fuelled by sector-specific news, though details remain unclear.

Yesterday's CPI report shows a 2.7% year-over-year increase—the highest since February—hinting at tariff-induced inflation pressures. This has tempered expectations for near-term rate cuts, with markets now leaning toward a September move over July. The risks remain elevated, but equities have held firm, with the S&P 500 near its highs despite recent volatility.

Overview of the Australian Market

The ASX 200 closed at an all-time high of 8,630.3 on Tuesday, July 15, 2025, up 0.70%, as investors brushed off Trump's latest tariff threats and welcomed positive Chinese economic data, bolstered by Australian Prime Minister Anthony Albanese's ongoing visit to China. The Australian dollar strengthened 0.15% to 0.6554, reflecting optimism, while US futures pointed higher.

Tech stocks led the rally, with the sector up 2.16%, sparked by Nvidia's China sales resumption. Life360 jumped 8%, WiseTech rose 1.8%, and Xero gained 1.2%. The healthcare sector also shone, up 2.04%, with CSL up 3.8% and Pro Medicus up 2.4%. However, materials lagged, down 0.28%, as iron ore miners faltered with Chinese home prices falling for the 24th month—BHP dropped 0.9%, Rio Tinto 1.3%, and Fortescue 0.7%. Financials edged up 0.75%, with all big four banks gaining amid risk-on sentiment, though rate uncertainty lingers.

Albanese's China visit, focusing on trade talks amid tariff tensions, has lifted hopes for stronger bilateral ties, supporting the market's resilience. The payment sector took a hit, with Tyro Payments down 2.7% after the RBA's surcharge ban proposal, though it's the CEO endorsed the move. The markets now eye today's global reaction to the US CPI data and ongoing trade developments.

Overview of the US Bond Market

US Treasury yields climbed on Tuesday, July 15, 2025, with the 10-year note rising 8 basis points to 4.48%, reflecting inflation concerns after yesterday's CPI data showed a 2.7% year-over-year rise. The 2-year yield dipped 1 basis point to 3.94%, while the 30-year yield jumped 13 basis points to 5.02%, steepening the yield curve amid tariff uncertainty.

Markets have dialled back July rate cut odds, now favouring September, with two cuts fully priced by year-end. The US also proposed easing bank capital requirements, allowing larger lenders to free up capital—potentially for Treasury purchases—though the move's impact is under scrutiny. Bond market volatility persists as traders weigh inflationary risks against growth prospects.

Overview of the Australian Bond Market

Australian government bond yields rose on Tuesday, July 15, 2025, with the 10-year yield up 6 basis points to 4.43% and the 15-year yield increasing 7 basis points to 4.78%. The 2-year yield ticked up 5 basis points to 3.47%, reflecting a cautious market response to yesterday's US CPI data and Trump's tariff threats.

The RBA's recent hold at 3.85% on July 8-9, despite earlier cut expectations, has shifted focus to August, with markets now pricing around 75-100 basis points of cuts over the next year, targeting a cash rate near 2.85%-3.10% by mid-2026, pending further inflation data. The Australian dollar's 0.15% gains to 0.6554 supports this outlook, though tariff risks loom. Prime Minister Albanese's China visit adds a wildcard, potentially easing trade tensions, but bond yields remain sensitive to global cues.

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