



Your Income Advantage

16th July 2025

## Overview of the US Market

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US stocks rose modestly on Wednesday, July 16, 2025, as investors digested yesterday's softer-than-expected US CPI data and looked ahead to today's economic releases, including industrial production and Philly Fed Business Index. Treasury yields edged up slightly, while the dollar remained stable amid ongoing concerns over Trump's 30% tariff threats on EU and Mexico goods, effective August 1.

The S&P 500 gained 0.32% to 6,263.70, and the Nasdaq Composite rose 0.25% to 20,730.49, supported by a rebound in tech and healthcare sectors. Information Technology climbed 0.27%, with Nvidia up 0.39% to \$171.37 on 158.7 million shares, while Health Care surged 1.22%, driven by positive sector sentiment. Rigetti Computing (RGTI) soared 30.19% to \$16.56 on 193.5 million shares, likely boosted by quantum computing news. However, Energy fell 0.84%, and Materials dipped 0.30%.

Yesterday's CPI data showed a year-over-year rate of 2.7% (in line with expectations) but a core month-over-month increase of 0.2% versus a forecast 0.3%, easing inflation fears. Markets now lean toward a September rate cut, with two cuts priced by year-end. Today's data, including industrial production and the Philly Fed Index, will further shape expectations, while Trump's tariff rhetoric keeps traders on edge.

## Overview of the Australian Market

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The ASX 200 tumbled 0.79% to 8,561.8 on Wednesday, July 16, 2025, retreating from its recent high as financials and materials weighed, despite positive sentiment from Australian Prime Minister Anthony Albanese's ongoing visit to China. The Australian dollar strengthened 0.21% to 0.6527, buoyed by hopes of trade talks, while US futures pointed slightly lower.

Financials (-1.36%) led the decline, with banks under pressure—NAB dropped 3.4% despite board support for CEO Andrew Irvine, Westpac fell 1.5%, CBA 1.2%, and ANZ 0.6%. Materials (-1.16%) also struggled, with BHP down 0.7% and Newmont plunging 5.7% after its CFO's resignation and stake sales, though Rio Tinto gained 0.2% on strong production. Tech rose 0.85%, with rare earth miners Iluka (+4.3%) and Lynas gaining from a \$765.4 million US-Apple deal.

Albanese's China visit, focusing on trade amid tariff tensions, has sparked optimism, potentially offsetting some global headwinds. However, the market awaits today's local employment data, which could influence RBA rate cut expectations. The session's weakness reflects profit-taking and tariff concerns, with focus shifting to US data later today.

## Overview of the US Bond Market

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US Treasury yields ticked higher on Wednesday, July 16, 2025, with the 10-year note up 1 basis point to 4.46%, reflecting a muted reaction to yesterday's CPI data. The 2-year yield fell 7 basis points to 3.89%, while the 30-year yield raised 6 basis points to 5.01%, steepening the yield curve as markets adjust to inflation trends.

Yesterday's CPI, with a core MM rise of 0.2% against 0.3% expected, and has reinforced a cautious Fed stance, with September rate cut odds rising. Today's industrial production and Philly Fed Index will provide further clues. Trump's tariff threats continue to fuel inflation concerns, while the proposed bank capital relief could support bond demand, keeping yields in focus amid mixed economic signals.

## Overview of the Australian Bond Market

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Australian government bond yields edged up on Wednesday, July 16, 2025, with the 10-year yield rising 1 basis point to 4.38% and the 15-year yield steady at 4.72%. The 2-year yield dipped 1 basis point to 3.42%, reflecting a cautious market ahead of today's employment data.

The RBA's recent hold at 3.85% on July 8-9 has shifted rate cut expectations to August, with markets pricing 75-100 basis points of cuts over the next year, targeting 2.85%-3.10% by mid-2026, influenced by yesterday's US CPI and local economic signals. Albanese's China visit offers trade hope, but tariff risks persist. Today's employment figures—expected at 20,000 jobs added versus -2,500 prior—could sway sentiment, with the AUD's 0.21% gain to 0.6527 reflecting cautious optimism.

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