yieldreport Daily

Your Income Advantage

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Overview of the US Market

US stocks advanced on Thursday, July 17, 2025, as investors welcomed a strong Philly Fed Business Index and robust retail sales data, overshadowing Trump's persistent 30% tariff threats on EU and Mexico goods due August 1. Treasury yields rose slightly, and the dollar held firm, with markets eyeing tomorrow's housing starts data.

The S&P 500 climbed 0.54% to 6,297.36, and the Nasdaq Composite gained 0.75% to 20,885.65, driven by broad sector strength. Financials surged 0.92%, with Information Technology up 0.89%, led by Nvidia's 0.95% rise to $173.00 on 160.7 million shares. Lucid Group (LCID) soared 36.24% to $3.12 on 940.0 million shares, likely boosted by EV sector news. Health Care lagged, down 1.18%, amid tariff concerns on pharmaceuticals.

Yesterday's data showed retail sales up 0.6% month-over-month against a 0.1% forecast, and the Philly Fed Index jumped to 15.9 from -4, signalling industrial recovery. Initial jobless claims fell to 221,000 from 227,000, easing labour market fears. With import prices dropping 0.2% year-over-year, inflation pressures eased, reinforcing expectations for a September rate cut, with two cuts priced by year-end.

Overview of the Australian Market

The ASX 200 hit its 10th record high of 2025, rallying 0.90% to 8,639.0 on Thursday, July 17, 2025, as weak employment data spurred rate cut hopes, despite a 0.64% drop in the Australian dollar to 0.6487. The market's resilience shone through, supported by Prime Minister Anthony Albanese's China visit, which bolstered trade optimism amid global tariff tensions.

Industrials (+1.43%) and Financials (+1.33%) led gains, with the Big Four banks rebounding—CBA up 1.8% to $180.80, Westpac 1.2%, and ANZ and NAB both 1.1%. Real Estate rose 1.31%, with Mirvac jumping 3.2% to $2.24 on rate-sensitive optimism. Materials edged up 0.18%, though Newmont fell 5.7% post-CFO resignation. Tech gained 1.02%, reflecting broad strength.

Today's employment data, showing only 2,000 jobs added versus 20,000 expected and unemployment rising to 4.3% from 4.1%, triggered a 0.2% late rally and lifted August rate cut odds to 94%. Albanese's China talks offer trade stability, but the AUD's decline reflects tariff and data concerns.

Overview of the US Bond Market

US Treasury yields edged higher on Thursday, July 17, 2025, with the 10-year note up 6 basis points to 4.45%, reflecting optimism from today's strong retail sales and Philly Fed data, though tempered by tariff risks. The 2-year yield dipped 5 basis points to 3.90%, while the 30-year yield raised 12 basis points to 5.01%, steepening the curve.

Yesterday's import price decline to -0.2% year-over-year and today's retail sales surge to 0.6% suggest easing inflation, supporting a September rate cut outlook, with two cuts expected by year-end. However, Trump's tariffs could reverse this, keeping yields elevated. Tomorrow's housing starts data will test this balance, alongside ongoing bank capital relief proposals boosting bond demand.

Overview of the Australian Bond Market

Australian government bond yields fell on Thursday, July 17, 2025, with the 10-year yield dropping 7 basis points to 4.32%, and the 2-year yield declining 12 basis points to 3.32%, driven by soft employment data signalling potential RBA easing. The 15-year yield eased 5 basis points to 4.67%.

Today's labour market report, with unemployment at 4.3% and only 2,000 jobs added, has pushed August rate cut probability to 94%, with 75-100 basis points of cuts priced over the next year, targeting 2.85%-3.10% by mid-2026. Albanese's China visit supports trade hopes, but the AUD's 0.64% drop reflects tariff and data pressures. US retail strength and tomorrow's housing starts could influence global yields, impacting local bonds.

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