yieldreport Daily

Your Income Advantage

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Overview of the US Market

US stocks ended nearly flat on Friday, July 18, 2025, as investors took profits after a strong week, with focus shifting to Trump's 30% tariff threats on EU and Mexico goods set for August 1 and next week's key data releases. Treasury yields dipped slightly, and the dollar softened, with markets reflecting caution ahead of the weekend.

The S&P 500 slipped 0.01% to 6,296.79, while the Nasdaq Composite edged up 0.05% to 20,895.66, showing mixed sector performance. Consumer Discretionary rose 0.98%, led by QuantumScape's 7.65% gain to $14.64, while Utilities climbed 1.71%. Information Technology dipped 0.10%, with Nvidia down 0.34% to $172.41 on 146.5 million shares. Lucid Group (LCID) fell 2.56% to $3.04 after its recent surge.

The week's positive data, including Thursday's retail sales up 0.6% and Philly Fed Index at 15.9, bolstered sentiment, though import prices dropping 0.2% year-over-year eased inflation concerns. Markets still price two rate cuts by year-end, with September favoured, but Trump's tariffs loom large. Next week's housing starts on Monday at 10:30 PM AEST will be critical, alongside ongoing trade negotiations.

Overview of the Australian Market

The ASX 200 achieved its third record close this week, surging 1.37% to 8,757.2 on Friday, July 18, 2025, driven by broad gains and optimism from Prime Minister Anthony Albanese's China visit, despite a 0.21% rise in the Australian dollar to 0.6502. The index hit an intraday high of 8,776.40, with weekly gains of 2.1%, the strongest since May.

All 11 sectors rose, led by Health Care (+2.47%)—CSL up 3.6% to $257.38 and Mesoblast soaring 34.7% to $2.41—and Materials (+2.06%), with BHP rallying 3.0% to $40.29 on record production. Financials gained 1.17%, with banks up 1-2%, though CBA lagged at 0.9%. Tech rose 1.50%, reflecting robust breadth, with 84% of ASX 200 stocks flat or higher.

Albanese's China talks boosted trade hopes, countering tariff fears, while the market's resilience signals confidence amid global uncertainties. The All Ordinaries hit 9,006.8, a historic milestone, with year-to-date gains at 6.5%.

Overview of the US Bond Market

US Treasury yields edged lower on Friday, July 18, 2025, with the 10-year note down 2 basis points to 4.42%, reflecting a cautious close after a data-rich week, though tempered by tariff risks. The 2-year yield fell 7 basis points to 3.87%, while the 30-year yield dropped 10 basis points to 4.99%, flattening the curve slightly.

This week's softer core CPI (0.2% month-over-month vs. 0.3% expected) and import price decline to -0.2% year-over-year suggest easing inflation, supporting a September rate cut outlook with two cuts priced by year-end. However, Trump's tariffs could reignite pressures.

Overview of the Australian Bond Market

Australian government bond yields dipped on Friday, July 18, 2025, with the 10-year yield falling 1 basis point to 4.33%, and the 2-year yield dropping 2 basis points to 3.33%, influenced by the week's soft US data and local market strength. The 15-year yield eased 1 basis point to 4.68%.

The RBA's hold at 3.85% on July 8-9, paired with yesterday's weak employment data (unemployment at 4.3%), keeps August rate cut odds at 94%, with 75-100 basis points of cuts over the next year targeting 2.85%-3.10% by mid-2026. Albanese's China visit supports trade stability, but the AUD's rise to 0.6502 reflects mixed sentiment.

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