



Your Income Advantage

22nd July 2025



## Overview of the US Market

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The S&P 500 finished flat despite gains by more than 400 of its members, as a gauge of the “Magnificent Seven” giants halted a nine-day advance.

The broad index advanced 0.1% to 6309.62. The Dow Jones Industrial Average rose 179 points, or 0.4%, to 44502.44. The technology-heavy Nasdaq Composite Index fell 0.4% to 20892.68, retreating from the record it reached on Monday, weighed down by a decline in tech stocks such as Nvidia

Investors also digested a slew of fresh earnings reports on Tuesday, some of which suggested that Trump’s tariffs are beginning to bite into corporate profits.

General Motors tumbled 8.1% after the automaker reported that new tariffs on imported cars and auto parts took a \$1.1 billion bite out of its bottom line.

RTX fell 1.6% after the aerospace and Defence Company lowered its earnings forecast, citing tariffs.

Another big name in aerospace, Lockheed Martin, slid 11% after its second-quarter profit was hit by more than \$1.7 billion in special charges, making it the worst-performing stock in the S&P 500 on Tuesday.

Home builders were among the index’s best performers. D.R. Horton and PulteGroup jumped 17% and 12%, respectively, after both companies beat analysts’ forecasts for quarterly earnings amid a difficult environment for the housing markets, which has slowed due to high mortgage rates.

The Magnificent Seven companies are expected to post a combined 14% rise in second-quarter profits, while earnings for the rest of the US equity benchmark are predicted to be relatively flat, according to Bloomberg Intelligence data.

Investors hope the trade pacts with the Philippines and Indonesia, which Trump announced in Truth Social posts on Tuesday afternoon, will be followed by further deals. Trump said U.S. exports to the Philippines would face “ZERO Tariffs,” while Indonesia would eliminate most of its tariffs on U.S. goods. In both cases, Trump said the U.S. would charge 19% rates on imports from the two countries.

Canada’s Prime Minister Mark Carney sought to cool expectations about reaching a deal in the next 10 days, but said he’s looking to stabilize the relationship with the US.

Meanwhile, US Treasury Secretary Scott Bessent said he will meet his Chinese counterparts for trade talks in Stockholm next week, and will “be working out what is likely an extension” to the current Aug. 12 deadline for negotiations. He also said that the negotiations with China can now take on a broader array of topics, potentially including Beijing’s continued purchases of “sanctioned” oil from Russia and Iran.

## Overview of the Australian Market

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The S&P/ASX 200 finished up 9.0 points despite losses by more than half its members, as a surge in materials stocks offset persistent weakness in financials.

The broad index advanced 0.10% to 8,677.2. The All Ordinaries rose 15.7 points, or 0.17%, to 8,941.5. The technology-heavy All Tech Index gained 0.23% to 4,208.8, supported by a rebound in small-cap stocks.

Investors also digested corporate updates on Tuesday, with some suggesting resilience amid tariff pressures from Trump's 30% threats on EU and Mexico goods due August 1.

Insignia Financial soared 12.2% after CC Capital agreed to acquire the wealth manager for \$3.3 billion at \$4.80 per share, marking a positive shift in takeover activity.

Materials stocks were among the index's best performers. Rio Tinto jumped 3.4%, Fortescue added 3.3%, and BHP gained 2.6%, after iron ore prices hit five-month highs of \$US104.10 on China's Tibet dam project. Health care also shone, with CSL rising 3.4% to its highest since March, despite US tariff risks on pharmaceuticals.

Financials lagged, with Commonwealth Bank tumbling 3.1%—its biggest drop since April—bringing its decline from a recent peak to 9.9%, just shy of a technical correction. Westpac, ANZ, and National Australia Bank also weakened, dragging the sector down 1.66%.

Gold miners rallied, with Ramelius Resources surging 8.1% as gold prices reached five-week highs amid rising risk aversion ahead of tariff deadlines. On the downside, Strike Energy fell 15.63% due to a placement announcement.

Investors hope for trade pacts following Trump's recent deals with the Philippines and Indonesia. Australia's Prime Minister Anthony Albanese continues trade talks in China, aiming to stabilize regional ties. Focus shifts to today's Australian PMI flash data.

## Overview of the US Bond Market

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US 10-year Treasuries rose for a fifth day as Treasury Secretary Scott Bessent offered support for Federal Reserve Chair Jerome Powell, reassuring investors.

Powell's future has become a key issue for bond investors as the Fed chief has come under fire from President Donald Trump for holding interest rates steady while waiting to see if trade tariffs impact inflation. Bessent, speaking Tuesday on Fox Business, said if Powell wants, he should stay in the post until his term ends in May.

Yields settled three to four basis points lower across maturities, with the 10-year's falling to 4.34%, the lowest level since early July.

Yields have come down significantly over the past week. The 10-year's has moved below its 200 day average and rates on shorter-dated notes — which are more sensitive to changes in monetary policy — have fallen more than 10 basis points.

Interest-rate swaps show a 57% chance the Fed will cut rates at its meeting in September with traders leaning toward two, 25-basis-point reductions by the end of the year.

On the trade front, President Donald Trump unveiled an agreement with the Philippines setting a 19% tariff on the country's exports. Canada's Prime Minister Mark Carney sought to cool expectations about reaching a deal in the next 10 days, but said he's looking to stabilize the relationship with the US.

Meanwhile, US Treasury Secretary Scott Bessent said he will meet his Chinese counterparts for trade talks in Stockholm next week, and will “be working out what is likely an extension” to the current Aug. 12 deadline for negotiations. He also said that the negotiations with China can now take on a broader array of topics, potentially including Beijing's continued purchases of “sanctioned” oil from Russia and Iran.

The dollar weakened against its Group of 10 peers with focus on the tenure of Federal Reserve Chair Jerome Powell, while 10-year Treasuries and gold rose as a deadline on US tariffs added to demand for haven assets.

## ***Overview of the Australian Bond Market***

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Australian 10-year Treasuries rose for a second day as markets digested yesterday's modest ASX rebound and awaited key data. The 10-year yield fell 4 basis points to 4.28%, the lowest in a week, while the 2-year yield ticked up 1 basis point to 3.33%, reflecting mixed sentiment.

Yields have stabilized recently; with the 10-year holding above its 200-day average amid soft employment data (unemployment at 4.3%) supporting an 85-basis point rate cut expectation over the next year, targeting 3.02% by mid-2026. The August cut to 3.68% remains priced at 94%. The 15-year yield eased 2 basis points to 4.65%, influenced by global caution ahead of US tariff deadlines.

Interest-rate swaps show a steady outlook, with the 5-year rate down 1 basis point to 3.67%, blending domestic easing expectations with global trade uncertainties. Today's composite leading index and PMI flash data will be pivotal, alongside tonight's US existing home sales at midnight AEST, which could sway global yields. The AUD weakened 0.18% to 0.6513, reflecting tariff concerns.

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