



Your Income Advantage

28th July 2025



## Overview of the US Market

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Investors left stocks at all-time highs while the dollar climbed the most since May, with a tariff deal between President Donald Trump and the European Union bolstering hopes for an extension of a China trade truce. Treasuries edged lower.

The start of a week that will set the tone for the rest of the year in markets saw a dollar gauge up nearly 1%. The euro slid the most in over two months. The S&P 500 briefly topped 6,400 to close little changed. Treasuries barely budged amid mixed results from US debt sales. Oil rose as Trump said he'd shorten his timeline for Russia to reach a truce with Ukraine.

In the run-up to the Aug. 1 US tariff deadline, investors are focused on a raft of key data from jobs to inflation and economic activity. The big news comes Wednesday, when the Federal Reserve is expected to keep rates unchanged. Then there's a string of big-tech earnings, with four megacaps worth a combined \$11.3 trillion reporting results.

US and Chinese officials finished the first of two days of talks aimed at extending their tariff truce beyond a mid-August deadline and hashing out ways to maintain trade ties while safeguarding economic security. Canada Prime Minister Mark Carney said his government is still deep in trade talks with the Trump administration.

This earnings season is off to a solid start, but now all eyes are on quarterly results from Microsoft Corp. and Meta Platforms Inc. on Wednesday, and Apple Inc. and Amazon.com Inc. on Thursday. The announcements will give investors a key glimpse into the health of businesses ranging from electronic devices and software to cloud-computing and e-commerce.

So far, Corporate America appears to be taking tariffs in stride. With about a third of S&P 500 firms having reported, roughly 82% have beaten profit forecasts, on track for the best quarter in about four years, data compiled by Bloomberg Intelligence show.

A strong showing is critical to sustaining the S&P 500's rally. The four firms — members of the Magnificent Seven — account for a fifth of the market-capitalization-weighted benchmark. What's more, Meta and Microsoft are among the top three point gainers in the S&P this year, after Nvidia Corp. With valuations climbing, the focus will be not only on whether they beat estimates, but also on their outlook for the coming quarters.

## Overview of the Australian Market

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The S&P/ASX 200 finished higher despite losses in materials and energy, as strength in technology and financials lifted sentiment.

The broad index rose 0.36% to 8,697.7, recovering some ground after last week's dip. The All Ordinaries gained 29.2 points, or 0.33%, to 8,963.5, while the All Tech Index surged 1.00% to 4,232.5, buoyed by tech resilience. The Australian dollar weakened 0.25% to 0.655, reflecting softer commodity prices, though US futures climbed, with the Nasdaq up 0.62% to 23,566.75.

Investors processed corporate updates on Monday, with some signaling tariff concerns ahead of the August 1 deadline. Materials fell 1.03%, with Fortescue down 3.4%, BHP 1.9%, and Rio Tinto 0.8% as Singapore iron ore futures slipped, easing month-to-date gains to 8.0%. Energy dropped 1.42%, despite Woodside Energy's recent strength. Financials rose 0.89%, with banks recovering slightly, while health care gained 0.83%, led by CSL and Cochlear.

Communication services topped gains at 1.06%, and gold miners faced pressure, with Pantoro down 5.1% and Bellevue Gold 4.4% as gold prices dipped to \$US3,356 an ounce. Defence stocks like Droneshield fell 10%, while lithium names held steady despite a 37% monthly surge in Chinese futures. Focus shifts to tomorrow's Australian CPI data at 11:30 AM AEST and US consumer confidence.

## **Overview of the US Bond Market**

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The Treasury jacked up its estimate for federal borrowing for the current quarter to \$1 trillion, mainly due to distortions from the debt limit. On Wednesday, the department will announce its plans for note and bond sales over coming months — which dealers widely sees as staying unchanged.

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

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Australian 10-year Treasuries dipped slightly as markets awaited key inflation data, with the yield falling 1 basis point to 4.34%. The 2-year yield eased 2 basis points to 3.40%, while the 5-year yield dropped 2 basis points to 3.72%. The 15-year yield held steady at 4.70%, reflecting a flat yield curve amid cautious sentiment.

Yields have risen over the past month, with the 10-year up 21 basis points, supported by solid PMI data (composite 53.6) but tempered by a -0.03% leading index. The RBA's gradual rate-cut path, targeting 3.00% by mid-2026 with an 85-basis point reduction, remains in focus. The AUD's 0.25% drop to 0.655 signals commodity weakness and tariff uncertainty.

Interest-rate swaps show a slight flattening, with yields reacting to global trade tensions, including Trump's 15-20% tariff threats. Tomorrow's CPI and US consumer confidence will be critical, alongside the August 1 deadline. The market balances domestic resilience with global risks, with focus on RBA's trimmed mean CPI (expected 0.7% quarterly, 2.7% yearly).

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