



Your Income Advantage

29th July 2025



Overview of the US Market

Wall Street closed lower on July 29, 2025, as mixed corporate earnings and economic data weighed on investor sentiment. The S&P 500 ended its six-day record streak, slipping 0.3%, while the Nasdaq and Dow fell 0.4% and 200 points respectively. Boeing beat earnings expectations, but Spotify, Merck, and UnitedHealth disappointed. UPS dropped over 9% after withholding guidance, and Royal Caribbean fell 8% despite raising its annual outlook.

Consumer confidence rose slightly, but job market concerns persisted. Investors are watching the Federal Reserve's policy meeting and upcoming Big Tech earnings, with hopes for a rebound later in the year.

Treasury Secretary Scott Bessent said that the US and China will continue talks over maintaining a tariff truce before it expires in two weeks and that Trump will make the final call on any extension. Adding an extra 90 days is one option, Bessent said.

Just as it happened after the US tariff deal with the European Union, the underwhelming market reaction to signs of progress in China talks illustrates the steady decline in the ability of those initiatives to spur big moves on Wall Street.

With the Fed's benchmark rate holding at a target range of 4.25% to 4.5% since December, the business world is looking for any clue that officials are moving toward a rate reduction in the fall. Fed Chair Jerome Powell could face dissent from one or more colleagues arguing it's time for the central bank to provide more support to a slowing labour market.

Strategists from HSBC Holdings Plc, Morgan Stanley and UBS Group AG are maintaining their long-term bullish views even as concerns build that valuations have become stretched at the moment. They see strong corporate earnings and economic data, growing clarity around tariffs and the tailwind of artificial intelligence propelling stocks higher into next year.

The chief global equity strategist at Goldman Sachs Group Inc. says it's possible that tariffs bite hard enough to hurt equity prices even as Washington agrees on deals with key trading partners. And while the US might dodge a recession, valuations are high enough that it's prudent to keep diversifying into other markets.

Overview of the Australian Market

The S&P/ASX 200 finished slightly higher despite mixed sector performance, as gains in energy and health care offset weakness in real estate and materials.

The broad index rose 0.08% to 8,704.6, recovering modestly from recent volatility. The All Ordinaries edged up 0.04% to 8,966.7, while the All Tech Index gained 0.20% to 4,241.1, showing tech resilience. The Australian dollar weakened 0.21% to 0.6507, reflecting softer commodity sentiment, though US futures rose, with the Nasdaq up 0.25% to 23,550.0.

Investors processed market moves on Tuesday, with energy leading gains as Santos rose 2.1% and Woodside 1.6% after solid quarterly reports. Health care added 0.33%, with Pro Medicus up 0.9%, Cochlear 0.8%, and CSL 0.5%, continuing a strong four-week trend. Materials dipped 0.05%, with South32 down 0.99% and BHP steady, while uranium stocks like Boss Energy fell 5.51% amid waning sector confidence.

Lithium stocks stabilized, with Pilbara Minerals down 1.47% but off its low, amid volatile Chinese futures. Focus shifts to Today's Australian CPI data and US Q2 GDP advance.

Overview of the US Bond Market

Bond traders cut bets on Treasuries over the past week, as markets brace for a Federal Reserve meeting that is expected to shed light on how aggressively the central bank will lower interest rates in coming months.

A rally in Treasuries gained steam after a solid \$44 billion sale. Longer-dated bonds led gains, with 30-year yields down 10 basis points ahead of the US announcement on the size of future debt auctions. Oil jumped as President Donald Trump reiterated the US may impose additional levies on Russia unless it reached a truce with Ukraine.

Treasury Secretary Scott Bessent said that the US and China will continue talks over maintaining a tariff truce before it expires in two weeks and that Trump will make the final call on any extension. Adding an extra 90 days is one option, Bessent said.

On the economic front, US consumer confidence increased as concerns eased about the outlook for the broader economy and the labour market. While job openings fell, they hovered at a level that indicates generally stable demand for workers.

JPMorgan Chase & Co.'s weekly Treasury client survey showed net long positions shrank to the smallest in two months ahead of Wednesday's meeting. That suggests investors are less bullish overall, though market-implied expectations for Fed policy have remained steady, with swap contracts pricing in just less than half a percentage point of easing by year-end beginning as early as September.

The shift comes as countervailing factors cloud the outlook for Fed policy over the medium-term. Fed Chair Jerome Powell is under pressure from President Donald Trump to lower borrowing costs and may face dissent this week from other central bank officials. Bond yields have edged lower over the past week, while futures tied to the Fed policy rate show traders pricing in a roughly 60% chance of a 25 basis-point cut in September.

At the same time, the resilience of the US economy in the face of Trump's trade war has bolstered the bearish view, which sees Treasury prices under pressure as interest rates remain higher for longer. Deals signed in recent days with the European Union and Japan has also dissipated uncertainty, strengthening the case for the Fed to keep borrowing costs elevated.

In the cash market, JPMorgan's client survey in the week to July 28 found fewer longs and the most shorts since June 2; neutrals were unchanged. The net long position was the smallest since May.

Asset managers cut positions across Treasury futures for a second straight week, according to the latest CFTC data for the reporting period ended July 22. Meanwhile, leveraged funds and speculators pared their net short positions in the classic Bond contract. Asset managers pared their net long positions across Treasury tenors by a combined \$23.5 million per basis point, concentrated in the 5-year and classic Bond contracts. Leveraged funds and the overlapping non-commercial category reduced their short positions in the bond contract by \$5 million and \$6.5 million, respectively.

US government bond dealers uniformly expect the Treasury Department to keep coupon auction sizes unchanged during the August-to-October period, in keeping with the department's guidance in April.

The 10- and 5-year are expected to be larger by \$1 billion relative to the most recent new issue or reopening, which would result in the following schedule, in billions of dollars.

Overview of the Australian Bond Market

Australian 10-year Treasuries dipped as markets braced for key inflation data, with the yield falling 5 basis points to 4.29%. The 2-year yield eased 5 basis points to 3.36%, while the 5-year yield dropped 6 basis points to 3.68%. The 15-year yield fell 5 basis points to 4.65%, reflecting a broader yield curve softening amid global caution.

Yields have risen over the past month, with the 10-year up 16 basis points, supported by 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, though today's CPI (expected 0.8% quarterly, 2.2% yearly) and trimmed mean (0.7% quarterly, 2.7% yearly) could shift expectations. The AUD's 0.21% drop to 0.6507 signals tariff and commodity pressures.

Interest-rate swaps show a slight flattening, with yields reacting to US consumer confidence beating estimates at 97.2 and global trade tensions, reassured by the announcement of US-China tariff pause deadline extension in Stockholm this morning. Today's Australian CPI data and US Q2 GDP advance will be critical.

About YieldReport - Your Income Advantage

YieldReport is Australia's leading online investor platform on interest rate markets and yield investments. YieldReport provides research, data, advice, news review and insights on what's shaping the yield curve and fixed income markets. It also provides a great source of reference for pricing and performance data on yield focused investment opportunities including cash, term deposits, and government and semi-government bonds, managed funds, ETFs, corporate bonds, floating rate notes and hybrids. YieldReport insights and analyses are designed to help anyone capital allocation or investment selection – whether it be their own or whether they sit on a finance committee, board etc. – to make informed decisions about where interest rates are going and to have access to the best rates and latest performance data available on yield-oriented investments.

Explore more via the website - www.yieldreport.com.au. Find daily updates on social media platforms such as [LinkedIn](#) and [Twitter](#).

For inquiries, please contact contact@yieldreport.com.au or call 0408 266 713.

YieldReport – Interest Rates & Yield Investment Data & Research
Level 2, Suite 208
33 Lexington Drive
Bella Vista NSW 2153

Disclaimer

The material contained in this document is for general information purposes only. It is not intended as an offer or a solicitation for the purchase and/or sale of any security, derivative, index, or financial instrument, nor is it an advice or a recommendation to enter any transaction. No allowance has been made for transaction costs or management fees, which would reduce investment performance. Actual results may differ from reported performance. Past performance is no guarantee for future performance.

This material is based on information that is reliable, but Foresight Analytics makes this information available on an “as is” basis without a duty to update, make warranties, express or implied, regarding the accuracy of the information contained herein. The information contained in this material should not be acted upon without obtaining advice from a licensed investment professional. Errors may exist in data acquired from third party vendors, & in coding related to statistical analyses.

Foresight Analytics disclaims any & all expresses or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. This communication reflects our quantitative insights as of the date of this communication & will not necessarily be updated as views or information change. All opinions expressed herein are subject to change without notice.