



Your Income Advantage

11th August 2025



## Overview of the US Market

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U.S. markets were modestly lower on Monday. President Trump extended a deadline for higher tariffs on China, while gold prices were still down following his declaration that there would be no tariff on gold bars.

Wall Street refrained from making big bets ahead of key inflation report, with a rally in stocks stalling near record highs.

Markets barely budged on a news report that Donald Trump is extending a tariff truce with China.

Investors are turning to economic data for clues on whether the Federal Reserve will be able cut rates in September. Meantime, Trump signed an order extending the truce with the Asian nation for 90 days, CNBC reported.

The S&P 500 remained below 6,400. Megacaps were mixed, with Tesla Inc. up and Apple Inc. down. The US president signalled he'd be open to allowing Nvidia Corp. to sell a scaled-back version of its most advanced AI chip to China.

## Overview of the Australian Market

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Australia's share market climbed to a new intraday high on August 11, 2025, propelled by a surge in materials amid lithium euphoria, as the S&P/ASX 200 rose 0.43%, or 37.7 points, to 8,844.8. The broader All Ordinaries advanced 0.45% to 9,117.6, with advancers outnumbering decliners 149 to 128 on the S&P/ASX 300, marking a solid start to a pivotal week.

Eight of 11 sectors gained, led by materials (+1.58%) on reports of CATL suspending production at its Jianxiawo lithium mine, sparking a rally in battery metals. Consumer staples (+0.95%), health care (+0.55%), and financials (+0.43%) provided balance, while consumer discretionary slumped 1.63% and information technology fell 0.73%. Resources notched a sixth straight gain, up 1.4%, with iron ore at US\$102.60 boosting BHP (+1.5%-3%), Fortescue, and Rio Tinto.

Lithium standouts dominated: Energy Transition Minerals (+67.3%), Pilbara Minerals (+19.7% to assumed price), Lontown Resources (+18.3%), Core Lithium (+15%), and IGO (+8.6%). Rare earths like Victory Metals (+12.8%) and American Rare Earths (+8.1%) extended runs. Decliners included Block (-9%) on soft results, JB Hi-Fi (-8.4%) post-earnings and CEO exit, Iress (-7.2%), and AMP (-7.2%) on pullback.

Big four banks supported financials, with ANZ, CBA, and Westpac up over 1%. Health care rebounded 0.6%, led by CSL (+1.1% to \$263.82) despite US tariff jitters. The Aussie dollar rose 0.06% to 65.26 US cents.

Investors eye August 12's RBA decision, anticipated to be cut to 3.60%. AMP's Diana Mousina flags August-September correction risks from valuations, US tariffs, debt, and growth slowdowns, though commodity strength sustains miners' rotation from banks.

## Overview of the US Bond Market

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The yield on 10-year Treasuries was little changed at 4.28%. A dollar gauge rose 0.2%. Bitcoin briefly topped \$122,000. Gold futures pared losses as Trump said gold imports will not face US tariffs.

The Fed's two vice chairs, Michelle Bowman and Philip Jefferson, and Dallas Fed President Lorie Logan are under consideration to serve as chair of the central bank when the position opens next year, according to two administration officials. Treasury Secretary Scott Bessent will interview additional candidates in the coming weeks, said the officials.

Money markets show traders have priced in more than two rate reductions by December, with an about 80% probability of a quarter-point Fed cut as early as next month.

Meantime, interest-rate strategists at BofA lowered Treasury yield forecasts in anticipation that recent economic data will drive a shift in the Fed's assessment of risks.

Strategists led by Mark Cabana cut their year-end forecast for two-year yields to 3.5%, from 3.75% previously. They see 10-year yields at 4.25% by the end of December compared with the previous estimate of 4.5%.

On the geopolitical front, President Trump downplayed expectations for his upcoming meeting with Russian leader Vladimir Putin as he seeks to end the war in Ukraine, casting it as a "feel-out meeting" and saying he would confer with Ukrainian and European leaders after the sit-down.

President Donald Trump is extending a tariff truce with China for another 90 days, stabilizing trade ties between the world's two largest economies.

## Overview of the Australian Bond Market

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Australian government bond yields rose on August 11, 2025, as robust commodity rallies and pre-RBA caution dominated, with the 10-year yield up 2 basis points to 4.26%, 2-year at 3.36% (+2 bp), 5-year at 3.66% (+1 bp), and 15-year at 4.61% (+1 bp). Monthly, yields dipped (10-year -7 bp), signalling easing inflation bets despite recent CPI stability.

June's export surge (+6%) and import drop (-3.1%) bolstered trade data, heightening RBA cut speculation for Tuesday, pressuring bank margins but lifting resources. Global cues, including US-China truce extension talks and Fed's 4.25%-4.5% hold, weigh in, with US 10-year at 4.27%. Australia's July Services PMI at 54.1 and Composite at 53.8 affirm resilience, fostering balanced bond outlook.

The Traders track US August 12 CPI (core 0.3% monthly expected) for Fed September cut clues (~60% for 25 bp). Locally, muted SPDR Australian Bond Fund moves indicate steady fixed-rate demand. With equity highs vulnerable to tariffs and growth dips, bonds serve as diversifiers, yet trade pacts and economic vigour may sustain elevated yields.

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