



Your Income Advantage

26th August 2025



Overview of the US Market

Wall Street closed higher on August 26, 2025, buoyed by gains in **Financials** and **Industrials** despite lingering Fed independence concerns. The **Dow Jones Industrial Average** rose 0.30% to 45,418.07, the **S&P 500** added 0.41% to 6,465.94, and the **Nasdaq Composite** climbed 0.44% to 21,544.27. Seven of eleven **S&P 500** sectors advanced, led by **Industrials** (+1.03%), **Financials** (+0.76%), and **Information Technology** (+0.53%), while **Communication Services** (-0.27%) and **Consumer Staples** (-0.46%) lagged.

Actives highlighted **Opendoor Technologies** (+3.52%) with massive volume, **NVIDIA** (+1.09%), **NIO** (+10.02%), **SoFi Technologies** (-2.03%), and **Richtech Robotics** (+32.35%). The uptick followed mixed economic data: Consumer confidence improved to 97.4 in August, surpassing the 96.2 poll, signalling easing labour market worries, but durable goods orders dropped 2.8% in July, better than the expected 4% decline. New home sales for July hit 0.652 million units, topping forecasts of 0.63 million.

Markets remain on edge over President Trump's move to fire Fed Governor Lisa Cook, viewed as an escalation in his push for lower rates, potentially destabilizing global assets. Investors await Thursday's PCE inflation data, with core PCE MM expected at 0.3% for July, and GDP second estimate on Wednesday at 3.1% for Q2, which could sway Fed dissenters amid calls for September easing.

Overview of the Australian Market

Australia's share market dipped on August 26, 2025, easing from records as consumer and real estate weakness offset energy gains, though the pullback remained orderly amid US consumer confidence rise to 97.4 (above poll 96.2) and Fed Chair Powell's Jackson Hole speech signalling September cuts despite tariffs as one-time shifts—89% odds, per economists like Goldman Sachs' Hatzius noting labour risks. The **S&P/ASX 200** fell 0.41%, or 36.8 points, to 8,935.6, while the broader **All Ordinaries** declined 0.41% to 9,207.3. Decliners outpaced advancers 129 to 114 on the **S&P/ASX 300**, with breadth weak.

Three sectors rose, led by **Consumer Staples** (+3.20%) on **Coles** (+8.6%) earnings beat (FY25 NPAT ahead, FY26 sales +4.9%), **Energy** (+1.12%). **Materials** -1.20%: **Fortescue** -3.9% on profit drop/dividend cut (US\$3.37B, 41% decline). **Health Care** -0.82%, **Real Estate** -1.02%.

Standouts: **Kelsian Group** (+18.11%) FY25 beat, **NUIX** (+16.99%) rebound, **Nanosonics** (+15.09%) FY25 beat. Decliners: **IMDEX** (-13.99%) earnings miss, **Ive Group** (-9.77%) miss, **Reece** (-7.40%) continued selloff (soft FY26).

The July durable goods -2.8% (better than poll -4), confidence 97.4 (above 96.2). Aussie dollar -0.05% to 64.79 US cents. **IG's** Tony Sycamore notes political interference risks from Trump's Fed governor oust attempt, potentially pressuring US assets.

AMP's Oliver easing positive sans recession, volatility from valuations/Trump wars. FCC's TV cap abolition push debated as congressional domain. Journal study: P/E 75% returns-driven, urging discount focus amid highs.

Overview of the US Bond Market

U.S. Treasuries edged lower on August 26, 2025, pushing yields higher as traders pared bets on aggressive Fed cuts amid White House attacks on central bank independence. The 10-year yield rose 13 basis points month-to-date to 4.26%, the 2-year dipped month-to-date by 25 bps to 3.68%, the 5-year fell 21 bps to 3.74%, and the 30-year eased 1 bp to 4.92%. Shorter maturities like the 3-month bill yield dropped 17 bps month-to-dates to 4.17%, reflecting mixed positioning ahead of the Fed's September meeting.

Bond investors reduced net long positions to two-month lows, per JPMorgan surveys, as countervailing forces—resilient economic data versus political risks—cloud the outlook. Consumer confidence beat expectations at 97.4, and durable goods fell less than feared, bolstering views that the Fed may hold rates steady longer, but Trump's bid to oust Governor Cook over unverified claims amplifies inflationary fears from a compromised central bank.

Analysts warn that a politicized Fed could erode U.S. asset credibility, demanding higher risk premiums and weighing on global flows, including to allies like Australia. With the tariff truce expiring soon, Secretary Bessent noted extension talks, potentially averting near-term growth hits. Markets price in a 60% chance of a 25 bps September cut, but upcoming PCE data (core YY at 2.9%) and jobless claims (230k expected) could shift dissent within the FOMC. Leveraged funds trimmed shorts in longer tenors, per CFTC data, while asset managers pared longs, signalling caution amid high valuations and tariff uncertainties.

Overview of the Australian Bond Market

Australian yields rose on August 26, 2025, as market dip and Powell's speech—baseline for cuts despite tariff bumps, per BMO's Gregory noting flexible inflation targeting—ramped global easing bets, blending with Ukraine talks' promise easing risks. The 10-year yield climbed 4 basis points to 4.31%, 2-year +2 to 3.34%, 5-year +2 to 3.66%, 15-year +4 to 4.70%. Monthly down (10-year -3 bp), dovish despite data.

August PMIs (Composite 54.9) support gradual cuts post-3.60%, Bullock data-tied amid trade surplus. US durable goods better (-2.8% vs. poll -4), confidence beat (97.4 vs. 96.2), China extension influence.

Traders pared longs on energy gains, Fed swaps ~89% September 25 bp from 4.25%-4.5%, pacts/summit progress sustaining higher-rates but PMIs affirm soft landing, bonds hedging volatility if Ukraine delays or Trump's Fed interference escalates. Locally, yields firmed on rotations, shorter focus. Tomorrow's Leading Index, CPI (poll 2.3% yearly) could sway if hot, capping bonds, though vigour limits. Dealers stable auctions August-October per guidance, talks aiding diversification.

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