



Your Income Advantage

27th August 2025



## Overview of the US Market

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Wall Street extended gains on August 27, 2025, hitting fresh all-time highs in anticipation of Nvidia's post-close earnings, with energy and tech leading amid tariff developments and nuclear energy buzz. The **Dow Jones Industrial Average** rose 0.32% to 45,565.23, the **S&P 500** added 0.24% to 6,481.40, and the **Nasdaq Composite** climbed 0.21% to 21,590.14. Seven of eleven **S&P 500** sectors advanced, topped by **Energy** (+1.15%) on falling oil inventories, **Information Technology** (+0.48%) ahead of AI giant results, and **Real Estate** (+0.43%), while **Communication Services** (-0.09%) and **Health Care** (-0.03%) edged lower.

Actives included **Walgreens Boots Alliance** (+0.50%) on heavy volume, **Opendoor Technologies** (-14.47%), **NVIDIA** (-0.09%) in pre-earnings positioning, **Richtech Robotics** (+5.08%), and **Interactive Brokers** (-2.39%).

Sector scorecard insights highlight **Technology**'s dominance since 2015, now over one-third of the market via AI trends, with **Communication Services** and **Consumer Discretionary** intertwined via Magnificent Seven stocks like Meta, Alphabet, Amazon, and Tesla. **Energy**'s volatility shone through recoveries, while **Utilities** surprises with renewable and AI demand growth; **Health Care** lags despite demographics.

Investors' Nvidia bets lifted indices, but Trump's Fed challenge—firing Lisa Cook—poses legal tests to presidential power, potentially undermining U.S. credibility. Europe eyes removing duties for lower car tariffs, U.S. nuclear push spurs uranium, and India braces for tariff pain. Markets await today's Q2 GDP second estimate (3.1% expected) and jobless claims (230k), plus tomorrow's PCE inflation (core YY 2.9%).

## Overview of the Australian Market

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The Australian share market moderated gains on August 27, 2025, buoyed by strong resources and mining stocks amid a surge in gold and lithium, offsetting sharp losses in consumer and tech sectors from earnings misses. The **S&P/ASX 200** rose 0.28% to 8,960.5, recovering from an intraday dip triggered by hotter-than-expected inflation data, while the broader **All Ordinaries** added 0.26% to 9,231.1. Small-caps outperformed with the **Small Ords** up 0.99%, reflecting broader resource strength despite weak breadth—advancers outnumbered decliners 173 to 107 in the **ASX 300**.

**Materials** led sectors with a 1.42% gain, driven by the **Gold** subindex (+5.7%) and lithium plays on reports of unwinding short positions; **BHP** (+1.3%), **Rio Tinto** (+1.1%), **Liontown Resources** (+9.5%), **Pilbara Minerals** (+8.8%), **Mineral Resources** (+6.8%), and **IGO** (+3.9%) powered the rally. **Health Care** rose 0.81%, but **Consumer Staples** plunged 4.99% as **Woolworths** cratered 14.7% on a 17% profit drop and dividend slash, though rival **Coles** climbed 3.9% extending Tuesday's gains. **Information Technology** fell 2.67% with **Wisetech Global** down 11.9% on mixed FY25 results—profit beat but revenue miss—and **Consumer Discretionary** edged up 0.55% despite **Domino's Pizza** tumbling 22% to a decade low amid discounting pressures eroding margins.

Top movers included **Invictus Energy** (+145.3%) on a strategic investor alliance, **Tabcorp** (+23.9%) after FY results, **Lumos Diagnostics** (+23.8%), **Aurelia Metals** (+22.2%) amid resource strength, **Siteminder** (+21.1%), **Wagners Holding** (+17.2%), **Rpmglobal** (+17.2%), **Ausgold** (+16.7%), **Vection Technologies** (+15.6%), **Kaili Resources** (+14.8%), and **Mithril Resources** (+14.7%). Laggards featured **Domino's Pizza** (-22.0%), **Ebos Group** (-14.7%), **Woolworths** (-14.7%), **Wisetech Global** (-11.9%), **Amplia Therapeutics** (-10.5%), and **Droneshield** (-10.4%).

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The AUD/USD dipped 0.07% to 0.6490 as July's weighted CPI YY jumped to 2.8%—above the 2.3% Reuters poll—affirming RBA caution on rate cuts and briefly pressuring the market. Investors eye tomorrow's Q2 capital expenditure data (expected +0.7%) for further RBA clues, amid global tariff talks and U.S. Fed independence risks.

## Overview of the US Bond Market

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U.S. Treasuries softened on August 27, 2025, with yields ticking higher as tariff progress and resilient data countered Fed independence fears, though positioning remains cautious ahead of key releases. The 10-year yield fell 15 basis points month-to-date to 4.23%, the 2-year dropped 31 bps to 3.61%, the 5-year eased 26 bps to 3.70%, and the 30-year held flat at 4.92%. Shorter bills like the 3-month declined 17 bps to 4.17%, signalling some easing bets persist.

Traders trimmed aggressive cut wagers amid U.S. economy's tariff resilience—deals with Europe and Japan dissipate uncertainty—bolstering views for higher-for-longer rates. Yet, Trump's aggression on the Fed, challenging Governor Cook's removal post-Supreme Court signals on independence, clouds the medium-term outlook, risking higher inflation and eroding Treasury appeal versus gold. Swap contracts price a 60% chance of a 25 bps September cut, but today's GDP (3.1% poll) and jobless claims, plus tomorrow's PCE (core MM 0.3%), could amplify FOMC dissent if soft. U.S. crude drawdowns (2.4M barrels >1.9M expected) and nuclear energy expansion for AI demand add inflationary pressures, while German gloom and Bank of Canada's 2% target reaffirmation highlight global divergence. Sovereign wealth fund performance studies note U.S. potential despite mediocrity elsewhere, but tariff extensions (U.S.-China talks for 90 days) may stabilize flows.

## Overview of the Australian Bond Market

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Australian government bonds were mixed on August 27, 2025, with yields little changed as hotter domestic inflation tempered rate cut bets, while global concerns over U.S. political pressure on the Fed added caution. The 10-year yield eased 1 basis point to 4.30%, the 2-year held at 3.34%, the 5-year was flat at 3.65%, and the 15-year unchanged at 4.68%. Month-to-date, shorter tenors dipped 8-9 bps, reflecting some easing expectations, but the curve's steepness highlights persistent inflation risks.

The ABS's July CPI surge to 2.8% YY—up from 1.9% prior and beating forecasts—backs the RBA's patient stance, reducing odds of near-term cuts and pressuring yields higher intraday before stabilization. Globally, the President Trump's push to fire Fed Governor Lisa Cook tests central bank independence, potentially eroding U.S. dollar confidence and boosting safe-haven gold, which could spill over to Australian assets given commodity ties. Analysts note this may make gold a "safe haven of choice," indirectly supporting resource-linked bonds. Meanwhile, U.S.-Europe tariff reductions on industrial goods and ongoing U.S.-China truce talks (possible 90-day extension) ease some trade uncertainties, but India's bracing for Trump duties adds volatility. U.S. crude stockpiles fell 2.4 million barrels—more than expected—lifting energy sentiment, while German consumer gloom and Bank of Canada's reaffirmed 2% inflation target underscore global caution.

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