



Your Income Advantage

29th August 2025



## Overview of the US Market

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Wall Street closed lower on August 29, 2025, amid tech-led declines following mixed earnings and in-line inflation data, capping a volatile end to the month. The **S&P 500** slipped 0.64% to 6,460.26, ending a choppy session that saw it retreat from recent highs, while the **Nasdaq Composite** fell 1.15% to 21,455.55 and the **Dow Jones Industrial Average** dipped 0.20% to 45,544.88. Seven of eleven **S&P 500** sectors advanced, led by **Health Care** (+0.73%), **Consumer Staples** (+0.64%), and **Real Estate** (+0.55%), while **Information Technology** plunged 1.63% and **Consumer Discretionary** dropped 1.14%.

Actives highlighted **Opendoor Technologies** (+4.22%) on heavy volume, **NVIDIA** (-3.32%), **Lucid Group** (-4.35%), **Marvell Technology** (-18.60%) after earnings miss, and **Nukkleus** (+31.98%). Weekly, the Morningstar US Market Index fell 0.03%, with **Energy** up 2.41% and **Financial Services** gaining 0.67%, while **Utilities** slid 1.95% and **Consumer Defensives** dropped 1.73%. Top weekly gainers included **EchoStar** (+108.55%), **MongoDB** (+44.07%), **Snowflake** (+21.26%), **Tilray Brands** (+20.00%), and **Fortrea Holdings** (+18.18%). Losers featured **Keurig Dr Pepper** (-17.21%), **Etsy** (-15.40%), **Malibu Boats** (-15.28%), **Marvell Technology** (-13.88%), and **Hormel Foods** (-13.03%).

For August, the **S&P 500** gained 1.9%—its best monthly performance since May—amid resilient corporate results and easing Fed concerns, though tariff uncertainties and political pressures tempered gains. The **Dow** climbed 3.2%, reflecting broader cyclical strength, while the **Nasdaq's** tech-heavy tilt saw more muted advances amid AI volatility.

Personal consumption expenditures data met expectations, with core PCE MM at 0.3% and YY at 2.9% for July, reinforcing soft-landing hopes but highlighting persistent inflation. Investors are monitoring President Trump's ongoing Fed pressure, including the attempt to fire Governor Lisa Cook over unproven claims, adding to worries about central bank independence amid tariff wars and a swelling budget deficit from recent tax cuts.

Trump's efforts to influence the Fed, including public criticisms of Chair Jerome Powell for not slashing rates faster, raise alarms about higher long-term inflation and eroded investor trust in US assets, as noted by global managers. This politicization, coupled with the BLS head's firing, risks undermining data credibility and market stability.

In earnings, **Marvell Technology** tumbled despite meeting guidance, with revenue up 58% to \$2.01 billion; we view the dip as a buying opportunity, maintaining a \$90 fair value amid strong AI prospects in custom accelerators and optics, though lumpy orders cloud short-term visibility.

Strategists from HSBC, Morgan Stanley, and UBS maintain bullish long-term outlooks, citing robust earnings, tariff clarity, and AI tailwinds to drive stocks higher into 2026, despite stretched valuations.

Goldman Sachs' chief global equity strategist warns tariffs could still bite equities even with trade deals, advising diversification as the US dodges recession but faces high valuations.

## Overview of the Australian Market

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The Australian share market edged modestly lower on August 29, 2025, concluding a volatile earnings season with gains in tech and resources offsetting broader weakness, as investors digested mixed corporate results and awaited global catalysts. The **S&P/ASX 200** slipped 0.08% to 8,973.1, mid-range after a 0.28% dip from its low and 0.20% from the high, while the broader **All Ordinaries** inched up 0.02% to 9,243.0. Small-caps outperformed with the **Small Ords** rising 0.84%, and breadth favoured advancers 157 to 119 in the **ASX 300**. For the week, the index eked out a 0.06% gain, but August marked a robust 2.6% monthly advance—its strongest since May's 3.8% surge—driven by resilient earnings amid global tariff uncertainties and U.S. policy risks, though stretched valuations and September seasonality pose correction threats.

**Information Technology** led sectors with a 3.07% surge, buoyed by **NextDC** rocketing 17.4% to \$16.50 after FY25 revenue beat guidance at \$350.2 million, highlighting AI and cloud demand scaling. **Energy** rose 0.99% and **Materials** added 0.24%, fueled by battery metals resurgence—lithium stocks like **Pilbara Minerals** (+6.5%), **Liontown Resources** (+6.2%), **Mineral Resources** (+1.4%), and uranium plays including **Boss Energy** (+7.7%) on FY25 results, **Paladin Energy** (+7.8%), **Deep Yellow** (+6.1%), and **NexGen Energy** (+5.2%) amid supply constraints. **Consumer Staples** gained 0.42% with **Woolworths** up 1.6%, but **Financials** fell 0.57% as big banks weakened—**CBA** -1.8%, **Westpac** -1.0%, **NAB** -0.4%, **ANZ** -0.1%—despite Morgan Stanley ranking **NAB** top amid lending rebound. **Real Estate** lagged at -0.87%.

Notable movers included **4DMedical** (+18.8%) on FY25 results, **Invictus Energy** (+17.2%), **St George Mining** (+15.4%), **Austral** (+15.1%) after revenue jumped 24.1% and profit sixfold, **Viridis Mining and Minerals** (+13.5%), **Smartgroup Corporation** (+12.0%), **Meteoric Resources** (+12.0%), **Duratec** (+11.8%), **Harvey Norman** (+11.5%) soaring to all-time high on 47% profit rise to \$518 million, **Falcon Metals** (+11.2%), **Energy Transition Minerals** (+10.5%), **Lindian Resources** (+10.0%), **Eagers Automotive** (+9.5%), **McMillan Shakespeare** (+9.3%), **Artrya** (+9.2%), **Bubs Australia** (+9.1%), **Caprice Resources** (+9.1%), **Peak Minerals** (+8.8%), **American Rare Earths** (+8.6%), **Arafura Rare Earths** (+8.3%), **Lotus Resources** (+8.1%), **Vecton Technologies** (+8.0%), **Bisalloy Steel Group** (+7.7%), **Qoria** (+7.2%), **Metals X** (+6.7%), **Barton Gold** (+6.5%), **Australian Finance Group** (+6.5%), **Brazilian Rare Earths** (+6.4%), **Galan Lithium** (+6.3%), **Electro Optic Systems** (+5.6%), **BetaShares Global Uranium ETF** (+5.5%). Laggards featured **Clinuvel Pharmaceuticals** (-15.0%) on investor presentation, **Bioxyne** (-13.8%), **Mesoblast** (-9.9%), **Pexa Group** (-9.3%), **Broken Hill Mines** (-7.8%), **Kaiser Reef** (-7.3%), **Kaili Resources** (-7.0%), **Clarity Pharmaceuticals** (-6.3%), **Lynas Rare Earths** (-5.8%) after \$750 million placement.

The AUD/USD dipped 0.03% to 0.6531. U.S. PCE data met expectations—core MM +0.3%, YY +2.9%; headline MM +0.2%, YY +2.6%—reinforcing soft landing bets but sparking a Wall Street tech rout, with Nasdaq down 1.2%, S&P 500 -0.6%, Dow -0.2%. Investors eye potential September volatility from U.S. tariffs, debt risks, and Fed policy amid Trump's central bank pressures.

## Overview of the US Bond Market

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Bond traders pared aggressive easing bets on August 29, 2025, as in-line PCE data affirmed Fed caution, with yields dipping modestly amid end-of-month positioning and global policy jitters. The 10-year yield fell 14 basis points month-to-date to 4.23%, the 2-year dropped 32 bps to 3.62%, the 5-year eased 27 bps to 3.70%, and the 30-year rose 3 bps to 4.93%. Shorter maturities like the 3-month bill yield declined 20 bps to 4.14%, reflecting resilient growth signals.

A Treasuries rally moderated after solid auctions, with longer-dated bonds trimming gains as President Trump's Fed interference—attempting to oust Governor Lisa Cook—fuels fears of politicized policy, potentially spiking inflation and borrowing costs globally. Treasury Secretary Scott Bessent noted ongoing U.S.-China tariff truce talks, with a 90-day extension option, amid European duty cuts, easing some trade war pressures but highlighting "significant political risk" in US assets per international managers.

On the economic front, PCE inflation matched forecasts—core YY at 2.9%—bolstering higher-for-longer views, while Q2 GDP at 3.3% and jobless claims at 229k underscore resilience against Trump's agenda, including BLS overhaul risking data trust. The JPMorgan's client survey is likely shows shrinking net longs ahead of September's meeting, with swaps pricing a 60% chance of a 25 bps cut.

This shift reflects countervailing forces: Fed independence threats from Trump may invite dissent, edging yields lower short-term, but fiscal profligacy—worsened by tax cuts and deficits—threatens sustained pressure as deals with EU and Japan dissipate uncertainty. Asset managers trimmed longs across tenors per CFTC data, while leveraged funds pared shorts in longer bonds.

US government bond dealers expect steady coupon auction sizes for August-October, per April guidance, with 10- and 5-year issues up \$1 billion.

## Overview of the Australian Bond Market

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Australian government bonds were mixed on August 29, 2025, with yields edging slightly higher at the short end amid U.S. inflation alignment and global equity jitters, as earnings season wrapped and monthly gains solidified. The 10-year yield dipped 1 basis point to 4.27%, the 2-year raised 1 bp to 3.33%, the 5-year held at 3.64%, and the 15-year eased 2 bps to 4.64%. Month-to-date, yields declined 5-7 bps, reflecting dovish sentiment post-softer Q2 capex (0.2% vs. 0.7% expected) and July CPI surprise, though August's equity rally tempers aggressive RBA cut bets.

U.S. PCE meeting forecasts—core YY at 2.9%, supporting Fed's easing path—bolstered resilience views but fuelled a tech-led selloff, amplifying tariff truce talks (U.S.-China extension eyed) and European duty reductions, potentially stabilizing flows yet heightening September correction risks from valuations and U.S. debt. Trump's Fed independence challenge risks higher global borrowing costs, indirectly pressuring Aussie yields via commodity ties, as lithium and uranium surges highlight supply constraints. Bond traders eye next week's jobless claims (230k expected) and Australia's leading index for further RBA clues, with swaps implying ~60% September Fed cut chance influencing cross-currency dynamics.

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