



Your Income Advantage

7th August 2025



Overview of the US Market

Just after midnight, sweeping U.S. tariffs took effect across dozens of countries, intensifying President Trump's trade war. Negotiators from affected nations, including Switzerland, are scrambling to secure exemptions and reduce tariff rates. Swiss President Karin Keller-Sutter left Washington without a deal, facing a steep 39% tariff. India's Prime Minister Narendra Modi responded defiantly to Trump's decision to double tariffs on Indian goods to 50%, vowing to protect domestic farmers amid criticism over India's Russian oil purchases.

Markets reacted unevenly. The Nasdaq notched its 17th record high of 2025, while the Dow and S&P 500 slipped slightly. Apple shares surged after announcing a \$100 billion investment in U.S. manufacturing, earning it a potential tariff waiver. Meanwhile, Intel stock fell after Trump called for its CEO's resignation. The European Union secured a 15% tariff ceiling on semiconductor exports as part of a broader trade agreement.

Toyota warned tariffs could cost it \$9.5 billion this year. Treasury yields rose following a weak 30-year bond auction. In Europe, the Stoxx 600 climbed, but the U.K.'s FTSE 100 dropped after the Bank of England cut interest rates, strengthening the pound. Trump also nominated Stephen Miran to the Federal Reserve board on a short-term basis.

U.S. tariffs and corporate earnings drove sharp moves across sectors:

Gainers

- Apple (AAPL): Rose 3.2% after pledging an additional \$100B to U.S. manufacturing, qualifying for potential tariff exemptions.
- TSMC (TSM), Broadcom (AVGO): Semiconductor stocks climbed on hopes of tariff waivers.
- Corning (GLW), MP Materials (MP): Gained after Apple announced partnerships tied to its domestic production push.
- DoorDash (DASH): Jumped 5% after swinging to profit and beating revenue expectations.
- Firefly Aerospace (FLY): Soared 34% on its Nasdaq debut.
- Duolingo (DUOL): Surged 14% on strong user growth and bookings.
- Rogers (ROG): Rose 2.4% after activist investor Starboard Value disclosed a 9% stake.

Decliners

- Eli Lilly (LLY): Dropped 14% after its weight-loss pill underwhelmed; rival Novo Nordisk (NVO) rose 6.7%.
- Crocs (CROX): Plunged 29% after warning of declining sales and a \$90M annual tariff hit.
- Ralph Lauren (RL): Fell 6.5% despite raising guidance, citing inflation concerns from levies.
- Bumble (BMBL): Slid 16% on weaker quarterly sales and declining paid user numbers.

The tariff landscape continues to reshape investor sentiment and corporate strategy.

Overview of the Australian Market

The Australian share market dipped slightly on August 7, 2025, as the S&P/ASX 200 index closed 12.3 points lower, or 0.14%, at 8,831.4, retreating from its record high the previous day. The broader All Ordinaries index also edged down, losing 9.1 points, or 0.10%, to 9,102.0. Despite the pullback, the market recorded its second-highest close in history, with advancers outpacing decliners 186 to 92 on the S&P/ASX 300, signalling a relatively mild correction.

Six of the 11 major ASX sectors ended in positive territory, with Consumer Discretionary leading the pack, up 0.89%, driven by strong performances from Wesfarmers (+0.7% to \$89.52) and Aristocrat Leisure (+1.5% to \$71.38). Information Technology followed with a 0.40% gain, buoyed by a robust US tech sector lead overnight. Real Estate (+0.37%) and Energy (+0.19%) also supported the market, with the latter tracking a modest uptick in oil prices after positive US demand data and potential Ukraine peace talks. The Gold Sub-Index (+1.2%) shone brightly, lifted by rising gold prices, with Westgold Resources rallying 5.1% to lead the top-200 performers.

Health Care was the weakest sector, down 1.16%, dragged lower by heavyweights Resmed (-2.1%) and CSL (-1.5%). Financials also struggled, falling 0.29%, primarily due to an 8.6% plunge in ASX Limited (\$6.06) after an earnings miss and ongoing governance scrutiny. Commonwealth Bank (-0.5%) and NAB (-0.5%) contributed to the sector's decline, though ANZ and Westpac posted modest gains.

Standout performers included defence stocks like Electro Optic Systems (+11%) and Elsieht (+10%), alongside a lithium stock revival led by Pilbara Minerals (+3.8%), spurred by a surge in GFEX lithium carbonate futures. AMP also rebounded 4.8% after an optimistic outlook from UBS. Conversely, TPG Telecom's shares remained subdued, recovering only 0.8% to \$5.26 after a selloff triggered by a takeover announcement mix-up.

Investors are cautious ahead of the Reserve Bank of Australia's (RBA) upcoming monetary policy decision, with bond traders pricing in a potential rate cut following a higher-than-expected trade surplus of AUD 5,365 million in June, well above the Reuters poll estimate of AUD 3,400 million. This bolstered the Australian dollar, which climbed 0.36% to 65.26 US cents.

Overview of the US Bond Market

Demand in the 30-year auction declined a bit, fuelling concerns sparked by yesterday's lukewarm reception for 10-year notes. The bid-to-cover ratio of 2.27 was below the 2.38 six-month average, a narrower gap than seen in yesterday's sale. Participation from indirect bidders, a group that includes foreign buyers, was little changed from July. High yield was 4.813%. The 30-year treasury yield rose to 4.8% from 4.79% right before the auction. Other maturities followed a similar pattern.

Markets fear investors may be growing reluctant to finance the U.S. budget. Meanwhile, jobless claims increase, supporting suspicions that the labour market could be cooling fast. Increased productivity in the 2Q is seen as a deflationary factor, supporting odds of an interest rate cut in September. Wall Street is already focusing on July CPI, due Tuesday. Signs of tariff-driven price increases are expected.

The 10 US Treasury Bond yield rose 0.011 percentage points to 4.243% and the two year bonds added 0.032 p.p. to 3.732%.

Elsewhere, increases in U.K. government bond yields have largely been influenced by global developments, rather than domestic factors, the Bank of England says. Gilt yields have risen considerably from the levels in 2021, mainly due to subsequent interest-rate increases by the BOE but also due to concerns about the longer-term economic and fiscal outlooks. This trend has been evident globally as well as in the U.K., the BOE says. Higher gilt yields “partly reflects the impact of international developments, which can have a large influence on U.K. government bond yields,” it says. Thirty-year gilt yields hit their highest since the late 1990s in April after U.S. President Trump announced sweeping trade tariffs.

Overview of the Australian Bond Market

Australian government bond yields held steady on August 7, 2025, reflecting cautious market sentiment as investors awaited the RBA’s next moves. The 2-year yield remained at 3.34%, the 5-year at 3.64%, the 10-year at 4.25%, and the 15-year at 4.61%, with no daily changes recorded. Over the past month, yields have edged up, with the 10-year yield rising 7 basis points and the 15-year up 10 basis points, signalling persistent inflation concerns despite recent data showing Australia’s CPI stabilizing.

The robust trade surplus data released on August 7, showing exports up 6% and imports down 3.1% for June, has fueled speculation of an RBA rate cut as early as next week, though high bank valuations and margin pressures temper optimism for financial stocks. Meanwhile, global macro factors, including US-China tariff truce talks and a steady US Federal Reserve policy rate (4.25%–4.5%), continue to influence sentiment. The resilience of Australia’s economy, underscored by strong services (S&P Global Services PMI at 54.1) and composite PMI (53.8) readings for July, supports a cautiously optimistic outlook for bonds.

Bond traders are closely monitoring US developments, where Treasury yields dipped as markets priced in a 60% chance of a 25 basis-point Fed rate cut in September. Locally, the SPDR S&P/ASX Australian Bond Fund (BOND) showed muted performance, with no significant price movements reported, reflecting stable demand for fixed-rate bonds. With Australia’s economic indicators pointing to strength and global trade uncertainties easing, bond investors are maintaining balanced positions, though stretched equity valuations and potential tariff disruptions remain risks to watch.

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.