yieldreport Daily

Your Income Advantage

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Overview of the US Market

Wall Street ended lower on Thursday, September 25, 2025, as valuation concerns outweighed signs of economic strength. The S&P 500 fell 0.5%, logging its third consecutive decline and marking the longest losing streak in a month. The Nasdaq Composite dropped 0.5% and the Dow Jones Industrial Average shed 174 points.

Traders looked past upbeat GDP revisions and a further drop in weekly jobless claims, focusing instead on elevated price-to-earnings multiples and looming inflation data. The S&P 500's forward P/E reached 22.9, a level last seen during the dot-com era and the pandemic stimulus boom. Short-dated Treasury yields pushed higher as rate cut expectations moderated slightly ahead of Friday's PCE release.

Technology remained a stabilizer, with Intel surging almost 9% after an analyst upgrade, while Tesla and Freeport-McMoRan were among the other notable movers. The most actively traded names also included Opendoor Technologies (+10.5%) and Lithium Americas (+22.6%), though speculative momentum faded in Transocean, which tumbled more than 13%. Sector performance was broadly negative, with health care (-1.7%) and consumer discretionary (-1.5%) leading declines, while energy stocks (+0.9%) bucked the trend on stronger crude.

Sentiment was also pressured by renewed volatility in cryptocurrencies, with Bitcoin sinking 3.7% to $109,392 and Ether down over 6%. Market strategists cautioned that October has historically been one of the most volatile months for equities, heightening risks as earnings season approaches.

Overview of the Australian Market

Australian shares closed marginally higher after a choppy session, with the S&P/ASX 200 adding 8.5 points to finish at 8,773. Gains in heavyweight miners offset weakness across much of the broader market. Market breadth remained weak, with decliners outpacing advancers, highlighting underlying fragility despite the index-level rise.

Mining stocks carried the day after copper surged more than 3% in US trade and extended gains in Asia. Rio Tinto and BHP jumped over 3.5% each, while energy majors Woodside and Santos rose more than 2% on stronger crude prices. Banks were mixed, with Westpac up nearly 1% while CBA slipped 0.5%. Gold miners retreated as the metal consolidated near record highs, dragging Northern Star and smaller producers lower.

At the small-cap end, speculative momentum was evident in copper and biotech names, with Sandfire (+7.6%), Capstone (+10.8%), and 4DMedical (+14%) among notable gainers. Meanwhile, Invictus Energy slumped 27% in a trading halt and several junior gold explorers suffered double-digit losses as hot money rotated out of the sector.

Overview of the US Bond Market

Treasury yields edged higher as investors digested strong growth data and labor market resilience. The two-year yield rose 6bps to 3.66%, while the 10-year climbed to 4.17%. The 30-year was steady at 4.75%. The move reflected a modest paring back of rate-cut bets, though money markets still price in roughly 40bps of easing by year-end following last week's initial quarter-point cut.

GDP growth was revised upward to 3.8% annualized in Q2, the fastest pace in nearly two years, supported by household spending. Meanwhile, initial jobless claims fell to the lowest level since July, underscoring that while hiring has slowed, layoffs remain limited. Fed officials struck a mixed tone: Governor Miran reiterated the case for faster rate cuts to pre-empt downside risks, while regional presidents cautioned against over-delivering. Markets now await the August core PCE inflation print, expected to show a 0.2% monthly gain and 2.9% annual pace. A higher reading could dampen easing expectations and pressure Treasuries further.

Overview of the Australian Bond Market

Australian government bond yields were little changed on September 25, 2025, stabilizing after CPI-driven surge as markets digest reduced RBA cut odds amid commodity strength. The 2-year yield flat at 3.49%, the 5-year unchanged at 3.77%, the 10-year steady at 4.34%, and the 15-year down 1 basis point to 4.68%. August CPI rose 3.0% year-on-year, slightly above forecasts, with services remaining sticky despite easing pressures in goods. As a result, swaps now price less than a 50% probability of a cut at the November meeting, down from nearly 70% at the start of the week.

Flash PMI readings also indicated slowing momentum. September's composite PMI eased to 52.1 from 55.5 in August, with both manufacturing (51.6) and services (52.0) showing cooling expansion. The data suggested growth is moderating while inflation remains above target, leaving policymakers cautious.
The Australian dollar traded at 0.6596 against the US dollar, up slightly on the day but off recent 11-month highs as US yields firmed and global risk appetite softened.

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