yieldreport Daily

Your Income Advantage

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Overview of the US Market

Wall Street closed mixed on September 3, 2025, with tech and communication stocks leading gains amid reinforced Fed cut bets from weak job data, offsetting energy weakness in a volatile session. The **Nasdaq Composite** surged 1.02% to 21,497.73, the **S&P 500** rose 0.51% to 6,448.26, while the **Dow Jones Industrial Average** dipped 0.05% to 45,271.23. Eight of eleven **S&P 500** sectors advanced, topped by **Communication Services** (+3.76%) and **Information Technology** (+0.82%), with **Consumer Discretionary** up 0.43%, but **Energy** plunged 2.30% and **Materials** fell 0.53%.

Actives included **Opendoor Technologies** (+0.79%) on massive volume, **Senmiao Technology** (+61.25%), **NVIDIA** (-0.09%), **Alphabet** (+9.14%) hitting a record amid AI search tool plans for Siri, and **Snap** (-1.09%). Tech rallied as **Apple** climbed to a six-month high on AI developments.

Job openings hit a 10-month low, solidifying September Fed cut pricing at nearly 100% and two in 2025, lifting equities and snapping a two-day S&P skid ahead of Friday's payrolls (75k expected, unemployment 4.3%).

For August, the **S&P 500** gained 2.1%—its best month since May—fuelled by AI optimism and earnings resilience, though long-bond yield spikes and tariff fears capped broader advances; **Nasdaq** rose 1.8%, **Dow** up 2.4%.

Investors' eye escalating US policy risks: Trump's Fed pressure (Cook ouster legal battles), tariff legality doubts, and National Guard deployments eroding trust, spurring gold to new highs amid Ukraine tensions. Fed Governor Waller signalled September cuts, debating pace, as eToro's Kenwell notes labour weakness tips the scale but warns against cheering slowdowns.

Asian futures rose on Fed bets, with Japan and Australia up 0.4%.

Strategists from HSBC, Morgan Stanley, and UBS sustain long-term optimism, citing earnings, tariff clarity, and AI to propel 2026 highs despite valuations.

Goldman Sachs cautions tariffs could dent equities despite deals, urging diversification as growth ebbs without collapse.

Overview of the Australian Market

The Australian share market tumbled on September 3, 2025, amid a global risk-off wave triggered by US policy uncertainties, rising long-term bond yields, and escalating geopolitical tensions, exacerbating a dismal start to historically weak September. The **S&P/ASX 200** plunged 1.82% to 8,738.8, 1.85% from its high and 0.09% from the low, while the broader **All Ordinaries** fell 1.72% to 9,010.1. Small-caps fared better with the **Small Ords** down 1.15%, but breadth was abysmal as advancers lagged decliners 40 to 236 in the **ASX 300**.

All sectors declined, with **Consumer Discretionary** the least bad at -0.37%, **Health Care** -0.95%, **Industrials** -1.05%, **Materials** -1.11%, **Energy** -1.18%, **Consumer Staples** -1.24%, **Communication Services** -1.47%, **Utilities** -2.30%, **Real Estate** -2.41%, **Financials** -2.76%, and **Information Technology** hardest hit at -3.85% as rising US yields hammered long-duration tech—**Xero** (-6.2%), **Wisetech Global** (-4.6%). Bond proxies suffered amid yield spikes: **CBA** (-3.5%) in **Financials**. **Materials** saw miners like **Fortescue** (-4.0%), **BHP** (-1.1%), **Rio Tinto** (-1.3%) drag, but gold's rally to $US3,578 all-time high cushioned the **Gold** subsector (-0.2%), with **Perseus Mining** (+2.2%), **Resolute Mining** (+3.6%), **Ramelius Resources** (+2.7%).

Standout movers included **4DMedical** (+50.0%) on CMS reimbursement, **Brazilian Rare Earths** (+16.3%) after permit, **29Metals** (+16.2%), **Gateway Mining** (+14.3%), **Meeka Metals** (+11.8%), **Asara Resources** (+11.3%), **Electro Optic Systems** (+9.2%), **Artrya** (+7.2%), **Aeris Resources** (+6.0%), **Broken Hill Mines** (+5.9%), **Lion Rock Minerals** (+5.4%), **Tasmea** (+5.1%), **Energy One** (+5.0%), **Antipa Minerals** (+4.7%). Laggards featured **Falcon Metals** (-10.3%), **Dateline Resources** (-9.6%), **Nanoveu** (-9.1%), **Invictus Energy** (-9.1%), **LTR Pharma** (-8.5%).

The AUD/USD dipped 0.11% to 0.6513. Q2 GDP grew 0.6% QQ (above 0.5% poll), 1.8% YY (above 1.6%), signalling resilience but raising RBA cut doubts. US ISM at 48.7 (below 49) fuelled Fed easing bets.

For August, the **ASX 200** advanced 2.6%—its strongest month since May—bolstered by earnings beats and sector rebounds despite volatility, though September's seasonal weakness and US risks loom.

Investors grapple with Trump's Fed meddling—legal battles over Cook's firing—and tariff legality doubts, plus National Guard deployments eroding trust, spurring safe-haven gold amid Ukraine escalation.

Strategists from HSBC, Morgan Stanley, and UBS uphold bullish stances, eyeing earnings, tariff resolutions, and AI to drive 2026 gains despite valuations.

Goldman Sachs cautions tariffs could erode equities despite deals, recommending diversification as recession odds wane but systemic risks mount.

Overview of the US Bond Market

Bond traders boosted easing wagers on September 3, 2025, as soft job data reinforced Fed cut odds, easing earlier selloff pressures amid global fiscal and political strains. The 10-year yield fell 1 basis point month-to-date to 4.21%, the 2-year dropped 7 bps to 3.61%, the 5-year eased 7 bps to 3.69%, and the 30-year rose 7 bps to 4.89%. Shorter ends like the 3-month declined 16 bps to 4.11%, signalling growth concerns.

Treasuries rallied after a $128 billion corporate debt rush siphoned demand, but long-end fragility persists as deficits and sticky inflation demand higher premia—US 30-year near 5%, Japan 20-year at 1999 highs, UK 30-year at 1998 levels—blending with Trump's Fed meddling (independence legal fights) risking policy instability and inflation surges, eroding global trust amid tariff doubts and domestic unrest (Guard deployments). Beijing's US fiber levies add trade frictions, though EU deals and extensions (90-day possible) mitigate, while Ukraine escalation boosts havens like gold.

Economic front: Job openings' 10-month low tips Fed to 25 bps September cut per Boockvar, with payrolls eyed; factory orders -1.3% (better than -1.4%). TD's Munoz/Goldberg bias long on dips if labour surprises weak.

This shift counters resilience against tariffs but amplifies bearish views on higher-for-longer amid QE unwind and budget binges—One Big Beautiful Bill adding $3.4T deficit. JPMorgan survey likely shows high shorts, CFTC data asset managers trimming longs, leveraged paring shorts in longs.

Dealers expect steady August-October auctions per April, 10-/5-year +$1B.

Overview of the Australian Bond Market

Australian government bonds weakened further on September 3, 2025, with yields rising amid stronger-than-expected GDP data and global selloff pressures from US policy turmoil, extending August's uptick. The 10-year yield climbed 1 basis point to 4.37%, the 2-year added 4 bps to 3.42%, the 5-year gained 3 bps to 3.74%, and the 15-year held flat at 4.74%. In August, yields rose—10-year up ~11 bps—reflecting fiscal worries and RBA hold post-CPI surprise, though global easing capped gains.

Q2 GDP at 0.6% QQ (surpassing 0.5% forecast), 1.8% YY bolsters higher-for-longer views, blending with bond pressure as Trump's Fed interference—court fights over independence—and tariff legality rulings risk inflation spikes, eroding US credibility and spilling to Aussie yields via risk-off flows as gold surges to $US3,578. Tariff truce extensions and EU deals mitigate trade wars, but domestic unrest (National Guard threats) and Ukraine tensions amplify haven demand, while weak US ISM (48.7 vs 49) reinforces Fed cuts, potentially easing cross-border pressures.

Upcoming goods balance (5000M expected) and services PMI (55.8 poll) may guide RBA, with swaps at ~60% Fed September cut amid resilience. Positioning bearish per CFTC, favouring havens as US deficits and meddling converge.

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