



7 August 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

President Trump announced an additional 25% tariff on Indian goods imported to the US, to be levied on top of the base 25% tariff previously announced and any future industry-specific tariffs. The additional tariff is in response to India's substantial purchases of Russian energy.

The S&P 500 gained 0.7%, as reports suggested that Apple is preparing to announce a \$100bn investment in domestic manufacturing in the US to avoid tariffs. Trump suggested he is going to impose a 100% tariff on chip imports.

Dovish comments from Fed officials sent the short end of the US Treasury yield curve somewhat lower. Markets are now pricing in close to two and a half 25bp rate cuts in the US this year. The DXY index lost 0.6%.

## Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	60.3	0.5%	30 day BBSY	3.69	-0.03
AUD/USD	0.6504	0.5%	90 day BBSY	3.72	0.00
AUD/JPY	95.83	0.3%	180 day BBSY	3.83	0.03
AUD/GBP	0.4870	0.0%	1 year swap	3.34	0.03
AUD/NZD	1.0967	0.0%	2 year swap	3.27	0.03
AUD/EUR	0.5577	-0.3%	3 year swap	3.32	0.04
AUD/CNH	4.6727	0.4%	4 year swap	3.40	0.04
AUD/SGD	0.8362	0.3%	5 year swap	3.50	0.04
AUD/HKD	5.1048	0.5%	6 year swap	3.61	0.04
AUD/CAD	0.8934	0.2%	7 year swap	3.72	0.04
EUR/USD	1.1659	0.7%	8 year swap	3.82	0.04
USD/JPY	147.36	-0.2%	9 year swap	3.92	0.04
USD Index	98.23	-0.6%	10 year swap	4.15	0.03
Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,844	0.8%	<b>Australia</b>		
S&P 500	6,345	0.7%	3 year bond	3.40	0.03
Japan Nikkei	40,795	0.6%	10 year bond	4.25	0.03
Hang Seng	24,911	0.0%	<b>United States</b>		
Euro Stoxx 50	5,263	0.3%	3-month T Bill	4.13	-0.01
UK FTSE100	9,164	0.2%	2 year bond	3.71	-0.01
VIX Index	16.77	-6.1%	10 year bond	4.23	0.02
Commodities	Current	Change	<b>Other (10 year yields)</b>		
CRB Index	293.13	-0.1%	Germany	2.65	0.03
Gold	3369.33	-0.3%	Japan	1.50	0.02
Copper	9676	0.4%	UK	4.53	0.01
Oil (WTI futures)	64.21	-1.5%	<b>Sydney Futures Exchange</b>	<b>Current</b>	<b>Change</b>
Coal (coking)	191.50	1.1%	10 yr bond	4.28	0.00
Coal (thermal)	117.10	-0.8%	3 yr bond	3.40	0.00
Iron Ore	101.85	-0.7%	3 mth bill rate	3.50	-0.20
ACCU	34.13	-4.1%	SPI 200	8,782	-0.3%

Data as at 7:00am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

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## Financial Markets:

Markets maintained a generally positive tone, despite the unfavourable political backdrop. President Trump announced an additional 25% tariff on Indian goods imported to the US, to be levied on top of the base 25% tariff previously announced and any future industry-specific tariffs. The additional tariff is in response to India's substantial purchases of Russian energy. President Trump has also previously threatened to impose a similar tariff on China but has yet to do so. The announcement came shortly after Trump's special envoy, Witkoff, met Putin in Moscow ahead of tomorrow's deadline set by the US President for Russia to reach a truce with Ukraine before sanctions are imposed. Dovish comments from Fed officials drove short-term US rates lower and supported equity valuations.

- US equities traded in the green, with the S&P 500 gaining 0.7%. Tech stocks provided meaningful support, as reports suggested that Apple is preparing to announce a \$100bn investment in domestic manufacturing in the US to avoid tariffs. Trump suggested he is going to impose a 100% tariff on chip imports. European equities underperformed, with the Euro Stoxx 50 posting a more modest 0.3% gain, as a rally in insurance, energy, and financials was offset by a drop in the health care sector, and the FTSE 100 in the UK rising 0.2%. Asian stocks also followed an upward trajectory, while the domestic ASX 200 jumped 0.8%.
- Dovish comments from Fed officials sent the short end of the US Treasury yield curve somewhat lower. Markets are now pricing in close to two and a half 25bp rate cuts in the US this year. Meanwhile, the 10Y US yield rose 2bp, spurred by a soft result from the 10Y bond auction. Long-term government bond yields were generally higher in other countries too, with 10Y Bunds and Gilts rising 3bp and 1bp respectively, while the equivalent JGB yield was up 2bp.
- Shifting expectations for the US monetary policy saw the DXY index lose 0.6%. EUR gained 0.7% reaching the highest level since the start of last week as euro area retail sales figures suggested decent momentum in consumer spending. AUD was also notably stronger jumping 0.5% to 0.65.
- Additional tariffs on India to penalise Russia's energy exports sent crude prices lower. The September WTI contract lost 1.5%, hitting \$64.2. Risk-on sentiment in the markets pushed gold prices 0.3% lower, marking the first daily loss in a week. Iron ore also declined after strong gains in the last few days.

## International Data:

More Fed officials shared their views about last week's disappointing US labour market reports. Overnight Fed Governor Cook referred to it as "concerning", with the significant downward revisions "somewhat typical of turning points". Minneapolis Fed President Kashkari earlier suggested

## Today's key data and events

For	Data/Event	Exp	Prev
-	CN Trade Balance Jul	US\$104.7b	US\$114.8b
1:00pm	NZ RBNZ Inflation Expectations Q3	-	2.3%
6:00pm	CN Foreign Reserves Jul	\$3281	\$3317
9:00pm	GB BoE Policy Decision	4%	4.25%
10:30pm	US Productivity Q2 Prel.	2.0%	-1.5%
10:30pm	US Initial Jobless Claims	222k	218k
-	CN Current Account Balance Q2 Prel.	- US\$165.4b	
12:00am	US Wholesale Inventories Jun Final	0.2%	0.2%
1:00am	US US NY Fed 1-Yr Expectations Jul	-	3.0%
5:00am	US Consumer Credit Jun	US\$7.4b	US\$5.1b

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

that the jobs report and other data indicate a "near term" rate cut may be appropriate – Kashkari's expectation is reportedly for two cuts by year end.

Euro area retail sales rose in line with expectations in June, by 0.3%*mth*. Together with the upward revision to the May outcome, which was raised from -0.7%*mth* to -0.3%*mth*, it left the three-month average growth rate in Q2 at 0.7%, up from 0.3% in Q1, suggesting that euro area consumer spending accelerated last quarter.

## Local Data:

New Zealand's labour market remained soft in the June quarter. The unemployment rate rose slightly from 5.1% to 5.2%, and the number of people employed fell by 0.1% ([see here](#)).



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