



## August Monthly Economic Market Wrap

*Troy Theobald*

*Founding Partner*

### **General advice warning:**

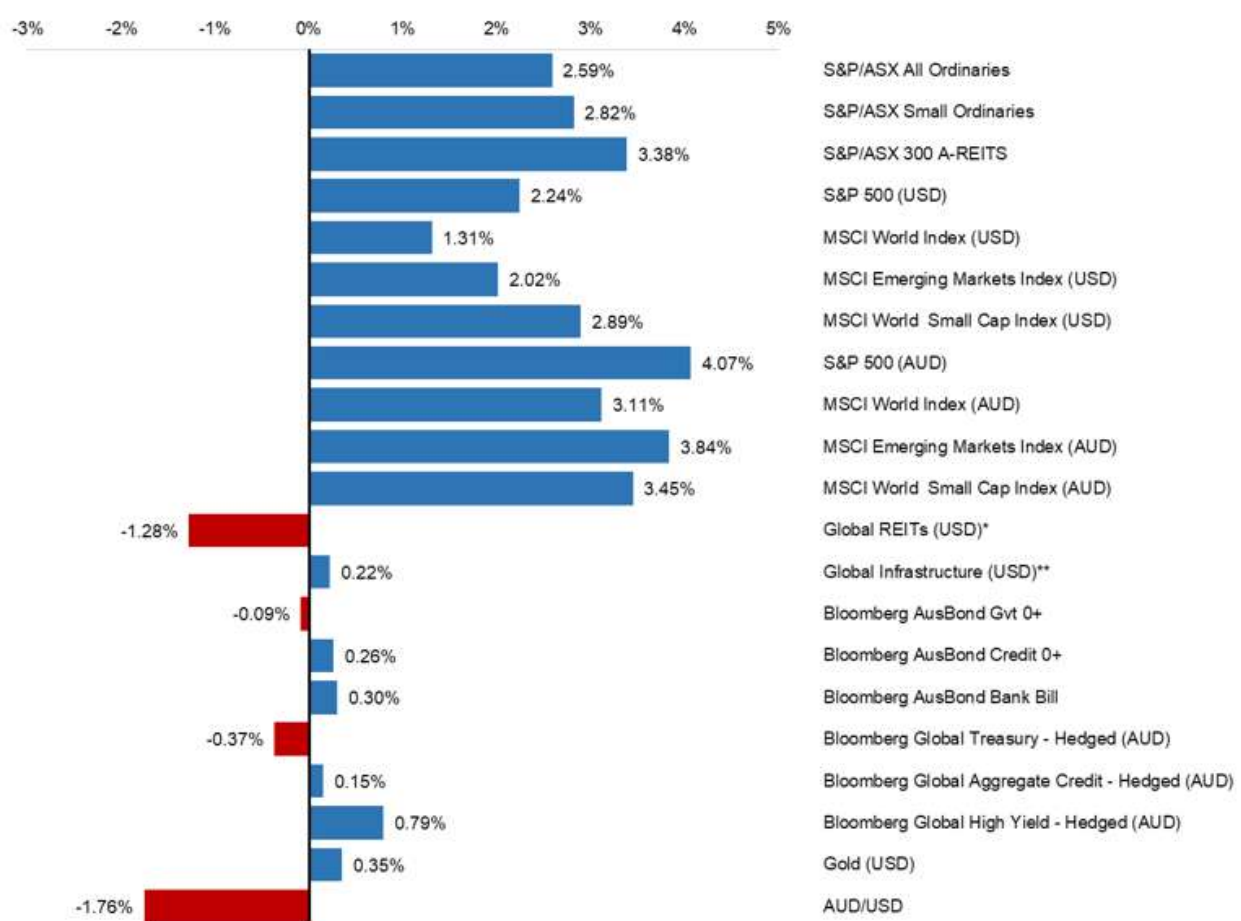
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## Summary

Global and domestic equity markets delivered strong performance in July, supported by resilient company fundamentals and improved investor sentiment amid greater clarity on US trade tariffs. Commodity prices rallied in response to newly announced tariff measures, while bond markets remained stable as central banks adopted a more cautious stance, awaiting clearer evidence on how tariffs may influence inflation before adjusting policy.

## Market returns July 2025



Sources: \*FTSE EPRA/NAREIT DEVELOPED, \*\*FTSE Global Core Infrastructure 50/50 Index

## Global equities

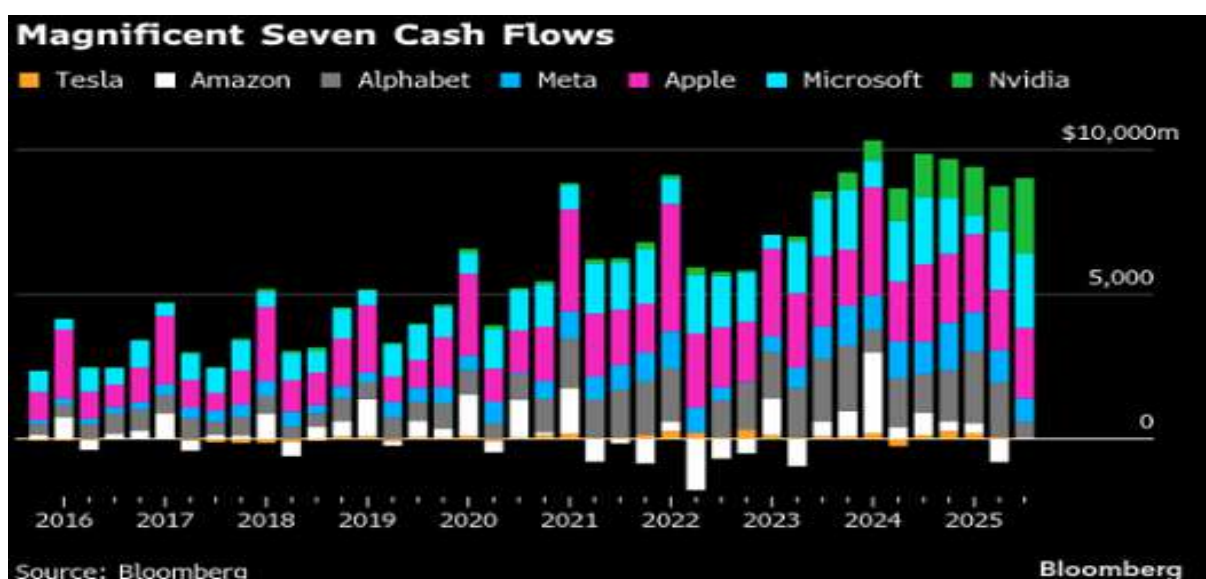
Broad strength was seen across global equity markets, driven by robust corporate earnings and improved investor sentiment. In the US, the S&P 500 Index (USD), Nasdaq Composite (USD), and Russell 2000 Index (USD) rose 2.2%, 3.7% and 1.7% respectively in July, indicating a broad rally that benefitted larger and smaller companies. On a sector basis, the Technology sector led the rally, driven by a resurgence in the Artificial Intelligence (AI) trade, followed by Industrials, where defence stocks were boosted from higher federal defence spending.



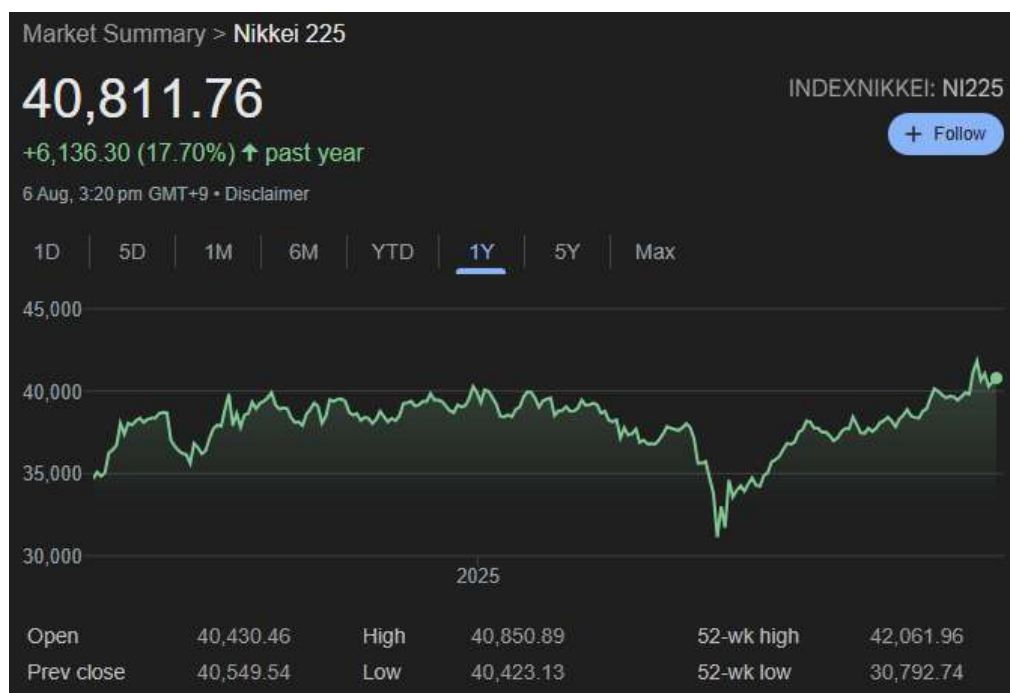
The tech heavy Nasdaq rose 2.2% for the month and has performed at 27.8% for the last 12 months.



This has largely been driven by the magnificent seven, and as we can see, their collective cashflow is in the billions of dollars each quarter.



European equity markets were a laggard, with the Euro 100 (EUR) rising 1.0% due to uncertainty around the outcome of tariff negotiations between the US and Europe. Conversely, the Nikkei (JPY) increased by 1.4% driven by the US and Japan reaching a trade deal and thus reducing uncertainty for investors. The Chinese market continued its rally, with the Hang Seng Index (HKD) returning 3.1%, driven by positive progress in trade talks between the US and China, as well as stimulative policies from the Chinese government.





## US continues to finalise trade deals

The US announced several important trade deals with various countries during the month. These included a 20% tariff on Vietnamese exports, a 15% tariff on Japanese, South Korean and European exports and a 25% tariff on Indian. The Trump administration continues to engage in trade talks with other major trade partners, including China and India. The effects of Trump's tariff policies on the US economy are starting to be observed, such as the US goods trade deficit reducing 10% month-on-month to \$86 billion in June, as well as core inflation rising from 2.8% in May to 2.9% in June.

# China Fills U.S. Exports Gap with ASEAN, EU & Africa

Chinese exports to the following countries/groups of nations in H1 2025 (in billion U.S. dollars)



Source: General Administration of Customs of the People's Republic of China

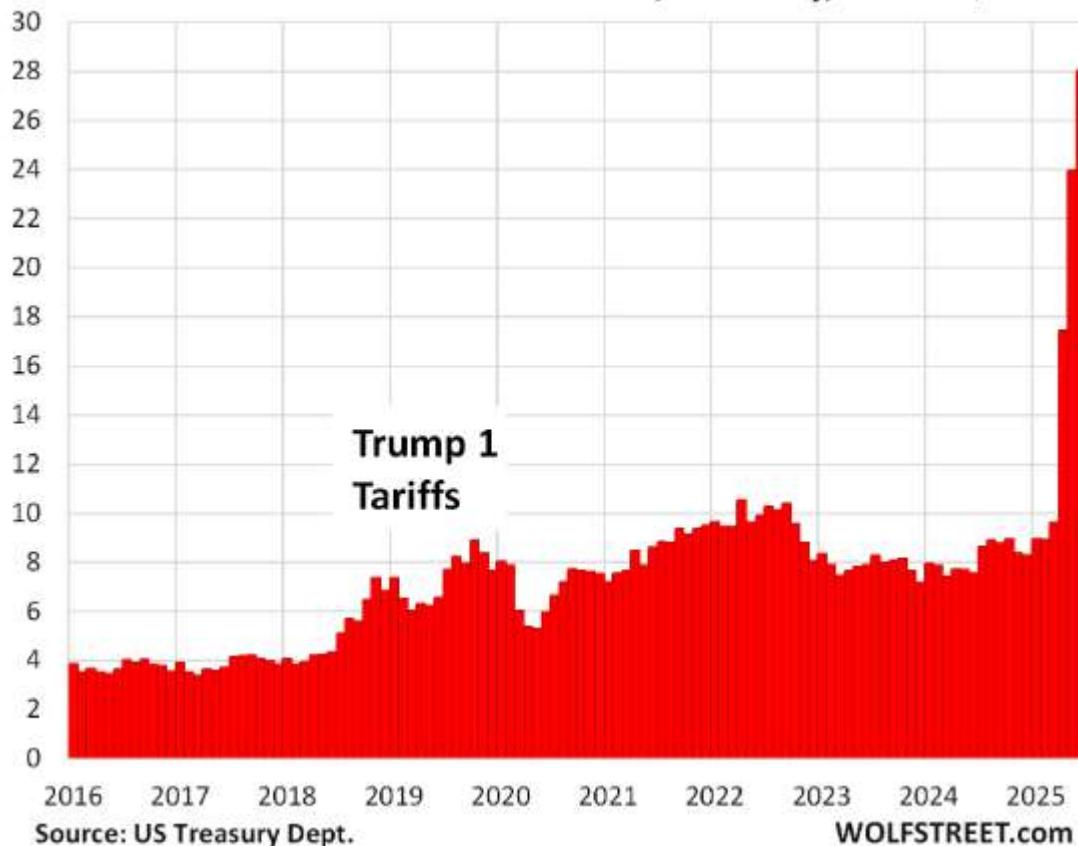


statista

Collections from “customs and certain excise taxes” spiked to \$28.0 billion in June, after hitting \$24.0 billion in May, and \$17.4 billion in April, according the Treasury Department’s Daily Treasury Statement on the 1<sup>st</sup> of July. The June total was up by 214% from February, before the new tariffs were implemented, and by 270% or by \$20.5 billion year-over-year.

This \$20.5 billion is *additional* revenues, compared to a year ago. If tariffs bring in an *additional* \$20.5 billion a month going forward, it would amount to about \$250 billion a year in *additional* revenues.

DHS Customs & Certain Excise Taxes, Monthly, Billion \$



On July 30<sup>th</sup>, the Fed held rates steady at 4.25-4.50%, citing a strong labour market and inflation concerns remaining elevated. The Fed also reiterated its goal of returning inflation to its 2% objective. However, weak job numbers released on August 1<sup>st</sup> caused market expectations to reset following the Fed's rate decision, and the probability for three rate cuts by December 2025 increased. Trump continues to apply pressure on the Fed to cut rates, and it is notable that two members of the Federal Open Market Committee (FOMC) voted in favour of cutting rates.

### U.S. Headline CPI (YoY % Change)

Data via YCharts (June 2022 - June 2025)



### Global Food Prices Are Creeping Up Again

FAO global food price index\*



\* 100 = average price level during the base period 2014-2016  
Source: Food and Agriculture Organization of the United Nations



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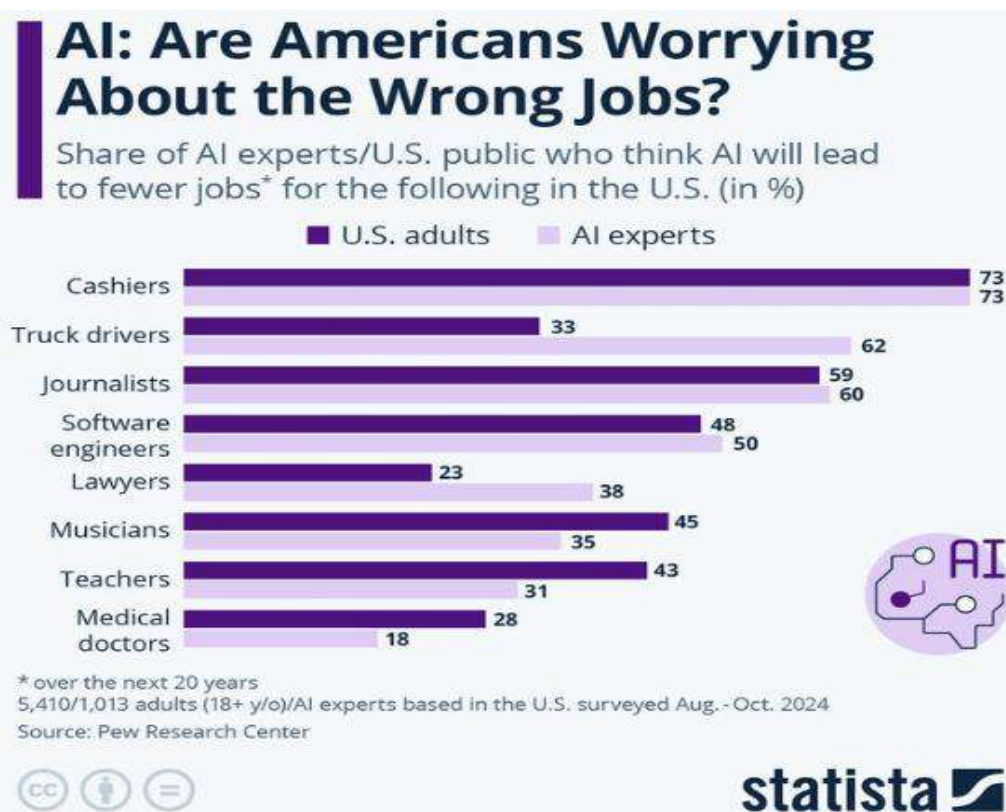
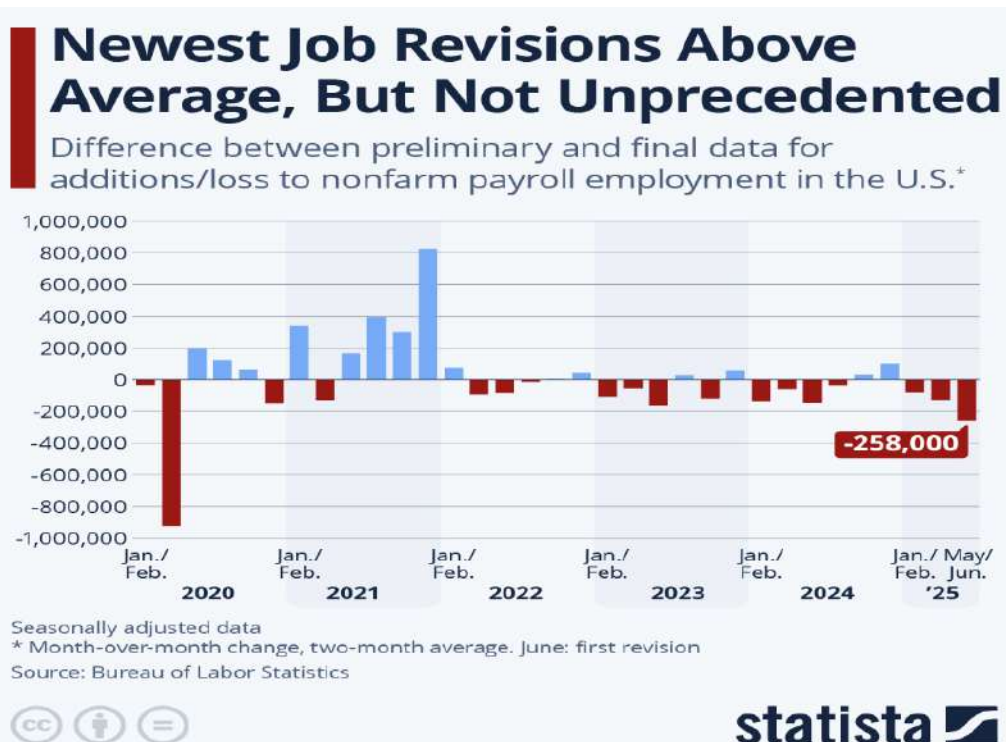


## Commodities

Gold saw muted performance in July, returning 0.4% due to markets being in a risk-on environment. Industrial metals such as steel and copper saw much stronger price action, with the former rising 6.5% driven by the US announcing 25 to 50% tariffs on steel imports. The latter saw an intra-month high of 14.7% before retreating to being down -12.9% for the month, as an initially touted 50% copper tariff was scaled back to just apply to copper pipes and wiring. West Texas Intermediate (WTI) Crude rose by 6.1% after Trump threatened to impose sanctions on Russian oil if Russia did not agree to a ceasefire with Ukraine by August 30<sup>th</sup>.

		Asset Class Total Returns Since 2011 (Data via YCharts as of 7/22/25)																
ETF	Asset Class	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2011-25 Cumulative	2011-25 Annualized
GLD	Gold	9.6%	6.6%	-28.3%	-2.2%	-10.7%	8.0%	12.8%	-1.9%	17.9%	24.8%	-4.2%	-0.8%	12.7%	26.7%	30.5%	128%	5.8%
N/A	Bitcoin (SBTC)	1473%	186%	5507%	-68%	35%	126%	1331%	-73%	95%	301%	66%	-65%	156%	121%	28.5%	40008778%	142.8%
EFA	EAFE Stocks	-12.2%	18.8%	21.4%	-6.2%	-1.0%	1.4%	25.1%	-13.6%	22.0%	7.6%	11.5%	-14.4%	18.4%	3.5%	20.2%	137%	5.1%
VWO	Emerging Market Stocks	-18.7%	19.2%	-4.9%	0.0%	-15.8%	12.2%	31.5%	-14.8%	20.8%	15.2%	1.3%	-18.0%	9.3%	10.6%	15.7%	57%	3.2%
CWB	Convertible Bonds	-7.7%	15.9%	20.5%	7.7%	-0.8%	10.6%	15.7%	-2.0%	22.4%	53.4%	2.2%	-20.8%	14.5%	10.1%	10.5%	265%	9.3%
QQQ	US Nasdaq 100	3.4%	18.1%	36.6%	19.2%	9.5%	7.1%	32.7%	-0.1%	39.0%	48.6%	27.4%	-32.6%	54.9%	25.6%	10.1%	1073%	18.5%
IWF	US Growth	2.3%	15.2%	33.1%	12.8%	5.5%	7.0%	30.0%	-1.7%	35.9%	38.3%	27.4%	-29.3%	42.6%	33.1%	8.0%	785%	16.2%
SPY	US Large Caps	1.9%	16.0%	32.2%	13.5%	1.2%	12.0%	21.7%	-4.5%	31.2%	18.4%	28.7%	-18.2%	26.2%	24.9%	7.9%	550%	13.7%
IWD	US Value	0.1%	17.5%	32.1%	13.2%	-4.0%	17.3%	13.5%	-8.5%	26.1%	2.7%	25.0%	-7.7%	11.4%	14.2%	7.6%	320%	10.4%
EMB	EM Bonds (USD)	7.7%	16.9%	-7.8%	6.1%	1.0%	9.3%	10.3%	-5.5%	15.5%	5.4%	-2.2%	-18.6%	10.6%	5.5%	6.6%	71%	3.7%
HYG	High Yield Bonds	6.8%	11.7%	5.8%	1.9%	-5.0%	13.4%	6.1%	-2.0%	14.1%	4.5%	3.8%	-11.0%	11.5%	8.0%	5.3%	101%	4.9%
VNQ	US REITs	8.6%	17.6%	2.3%	30.4%	2.4%	6.6%	4.9%	-6.0%	28.9%	-4.7%	40.5%	-26.2%	11.8%	4.8%	5.2%	193%	7.7%
TIP	TIPS	13.3%	6.4%	-8.5%	3.6%	-1.8%	4.7%	2.9%	-1.4%	8.3%	10.8%	5.7%	-12.2%	3.8%	1.7%	5.1%	47%	2.7%
DBC	Commodities	-2.6%	3.5%	-7.6%	-28.1%	-27.6%	18.6%	4.9%	-11.6%	11.8%	-7.8%	41.4%	19.3%	-6.2%	2.2%	5.0%	-7%	-0.5%
LQD	Investment Grade Bonds	9.7%	10.6%	-2.0%	8.2%	-1.3%	6.2%	7.1%	-3.8%	17.4%	11.0%	-1.8%	-17.9%	9.4%	0.9%	4.3%	68%	3.6%
BND	US Total Bond Market	7.7%	3.9%	-2.1%	5.8%	0.6%	2.5%	3.6%	-0.1%	8.8%	7.7%	-1.9%	-13.1%	5.7%	1.4%	3.7%	37%	2.2%
MDY	US Mid Caps	-2.1%	17.8%	33.1%	9.4%	-2.5%	20.5%	15.9%	-11.3%	25.8%	13.5%	24.5%	-13.3%	16.1%	13.6%	3.0%	325%	10.5%
PFF	Preferred Stocks	-2.0%	17.8%	-1.0%	14.1%	4.3%	1.3%	8.1%	-4.7%	15.9%	7.9%	7.2%	-18.2%	9.2%	7.2%	2.5%	87%	4.4%
BIL	US Cash	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.1%	0.7%	1.7%	2.2%	0.4%	-0.1%	1.4%	4.9%	5.2%	2.3%	20%	1.3%
IWM	US Small Caps	-4.4%	16.7%	38.7%	5.0%	-4.5%	21.6%	14.6%	-11.1%	25.4%	20.0%	14.5%	-20.5%	16.8%	11.4%	1.6%	248%	9.0%
TLT	Long Duration Treasuries	34.0%	2.6%	-13.4%	27.3%	-1.8%	1.2%	9.2%	-1.6%	14.1%	18.2%	-4.6%	-31.2%	2.8%	-8.1%	1.2%	37%	2.2%
Highest Return		BTC	BTC	BTC	VNQ	BTC	BTC	BTC	BIL	BTC	BTC	BTC	DBC	BTC	BTC	BTC	BTC	BTC
Lowest Return		EEM	BIL	GLD	BTC	DBC	BIL	BIL	BTC	BIL	DBC	TLT	BTC	DBC	TLT	TLT	DBC	DBC
% of Asset Classes Positive		62%	95%	52%	71%	38%	100%	100%	5%	100%	90%	71%	10%	95%	95%	100%	95%	95%

Recent US job numbers have shown an increase in unemployment to 4.2%, up from 4.1% at the end of June and we also saw a revision in jobs numbers in the US for May and June. It was a revision down of 125,000 for May and 133,000 for June, in total 258,000 fewer jobs added.



## Major market indicators

	31-Jul-25	30-Jun-25	31-May-25	Qtr change	1 year change
<b>Interest Rates (at close of period)</b>					
Aus 90 day Bank Bills	3.68%	3.69%	3.78%	-34.0	-78.0
Aus 10yr Bond	4.32%	4.21%	4.35%	+5.1	-0.8
US 90 day T Bill	4.24%	4.24%	4.25%	+4.0	-91.0
US 10 yr Bond	4.36%	4.23%	4.39%	+20.4	+30.5
<b>Currency (against the AUD)</b>					
US Dollar	0.644	0.655	0.644	0.63%	-1.40%
British Pound	0.488	0.477	0.478	1.86%	-3.48%
Euro	0.566	0.559	0.567	0.34%	-5.67%
Japanese Yen	96.85	94.73	92.70	5.69%	-1.44%
Trade-Weighted Index	60.30	60.10	59.60	0.67%	-1.79%
<b>Equity Markets</b>					
Australian All Ordinaries	2.6%	1.4%	4.2%	8.4%	11.9%
MSCI Australia Value (AUD)	2.9%	1.5%	3.0%	7.5%	10.8%
MSCI Australia Growth (AUD)	1.0%	1.6%	4.9%	7.5%	13.1%
S&P 500 (USD)	2.2%	5.1%	6.3%	14.2%	16.3%
MSCI US Value (USD)	0.5%	4.5%	2.7%	7.8%	8.6%
MSCI US Growth (USD)	3.9%	5.8%	10.0%	20.9%	25.1%
MSCI World (USD)	1.3%	4.3%	6.0%	12.0%	16.2%
Nikkei (YEN)	1.4%	6.8%	5.3%	14.1%	7.1%
CSI 300 (CNY)	4.3%	3.3%	2.0%	9.9%	21.7%
FTSE 100 (GBP)	4.3%	0.0%	3.8%	8.4%	13.2%
DAX (EUR)	0.7%	-0.4%	6.7%	7.0%	30.0%
Euro 100 (EUR)	1.0%	-0.5%	5.8%	6.3%	9.9%
MSCI Emerging Markets (USD)	2.0%	6.1%	4.3%	12.9%	17.9%
<b>Commodities</b>					
Iron Ore (USD)	6.5%	-2.1%	-1.6%	4.3%	-3.4%
Crude Oil WTI U\$/BBL	6.1%	7.9%	3.2%	14.5%	-11.3%
Gold Bullion \$/t oz	0.4%	0.0%	-0.7%	0.3%	36.1%

Sources: Quilla, Refinitiv Datastream



## Welcome to the Australian Bureau of Statistics

Population  
**27,400,013**  
31 December 2024

Consumer price index  
**2.1%**  
Annual change June 2025  
quarter

Gross domestic product  
**0.2%**  
Quarterly change Mar 2025

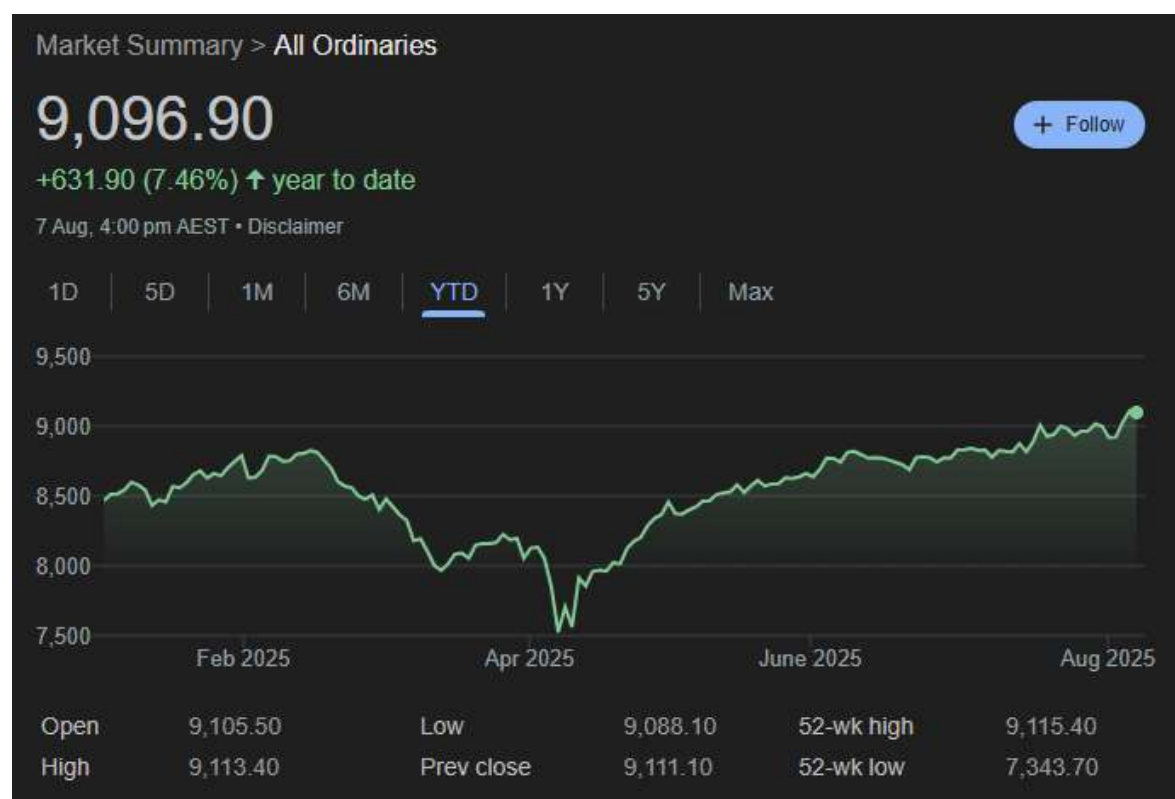
Average weekly earnings  
**\$1,975.80**  
November 2024

Unemployment rate  
**4.3%**  
June 2025

### Australian equities

The ASX 200 rose 2.9% in July, bringing the calendar year-to-date (YTD) return to 6.6%. Most sectors saw positive gains in July, led by Health Care at 6.9% with strong returns from the likes of CSL and Pro Medicus. The Energy, Utilities and Materials sectors were also strong contributors, delivering returns of 4.4%, 5.7%, and 9.2% respectively.

Consumer Staples and Financials underperformed, returning -1.9% and -3.4% respectively. Financials were weak following the Reserve Bank of Australia's surprise decision to hold rates steady rather than cut as widely expected.



Market Summary > All Ordinaries

9,094.30

+ Follow

+1,181.20 (14.93%) ↑ past year

7 Aug, 3:58 pm AEST • Disclaimer

1D 5D 1M 6M YTD 1Y 5Y Max



Open	9,105.50	Low	9,088.10	52-wk high	9,115.40
High	9,113.40	Prev close	9,111.10	52-wk low	7,343.70

Market Summary > S&P/ASX 200

8,824.70

+ Follow

+1,124.90 (14.61%) ↑ past year

7 Aug, 3:57 pm AEST • Disclaimer

1D 5D 1M 6M YTD 1Y 5Y Max



Open	8,840.90	Low	8,818.70	52-wk high	8,848.80
High	8,844.90	Prev close	8,843.70	52-wk low	7,169.20



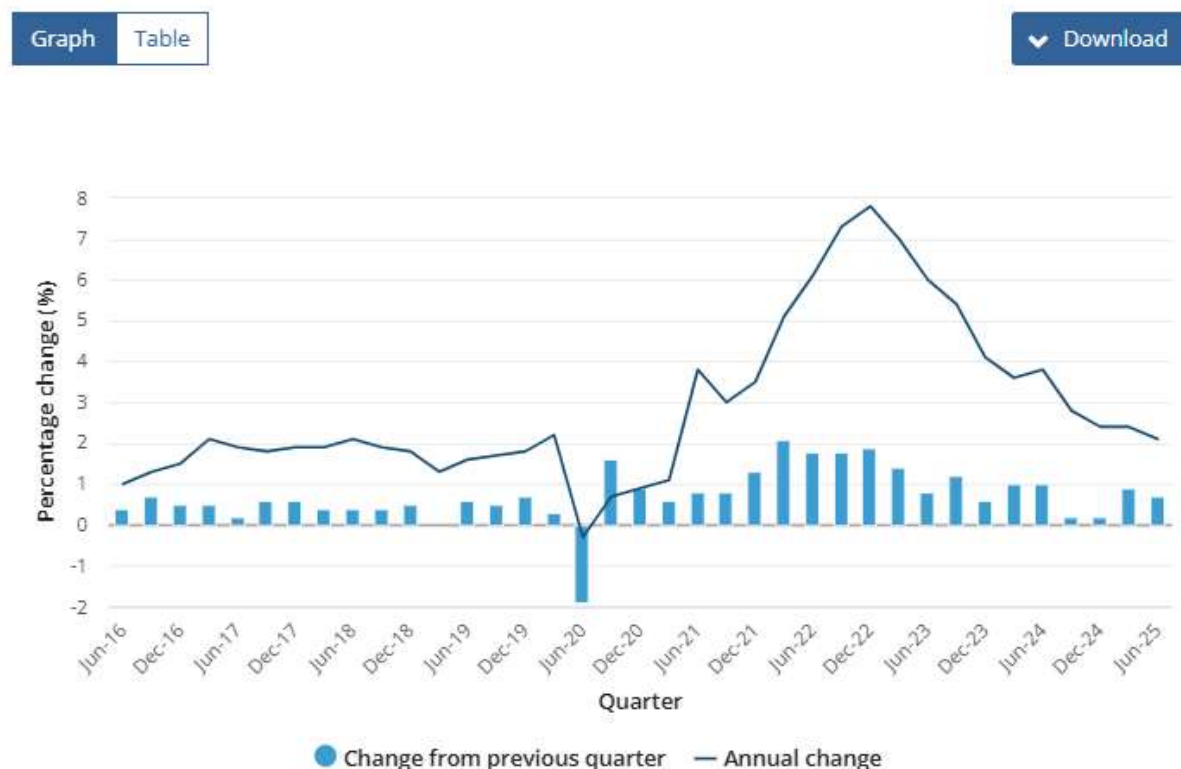
## RBA paused in July, but an easing bias remains intact

The RBA left the cash rate unchanged at 3.85%, citing continued moderation of inflation as a positive. This was countered by heightened uncertainty driven by US tariffs and tight Australian labour market conditions, which culminated in a decision to leave rates unchanged.

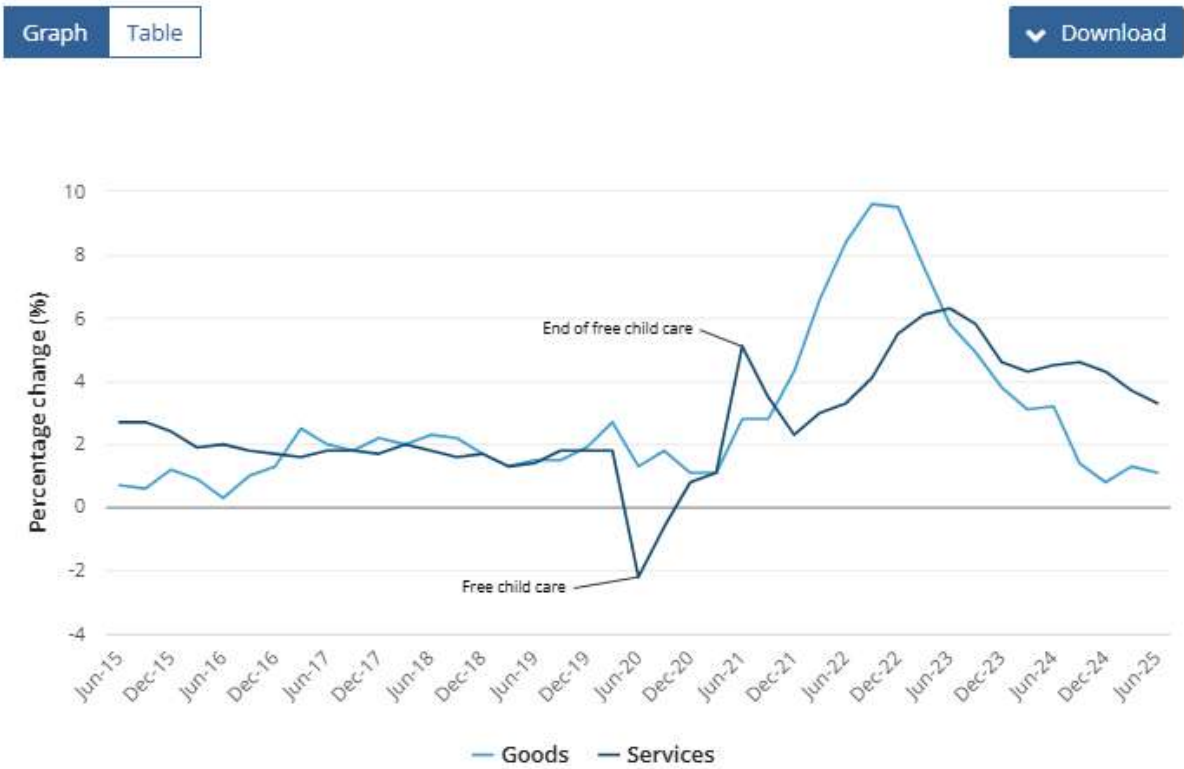
The unemployment rate rose from 4.1% in May to 4.3% in June, coming in above expectations. Trimmed mean inflation, however, eased from 2.9% in Q1 to 2.7% in Q2, in line with expectations.

The RBA remains focused on economic data to inform its future policy decisions, and the trajectory of these key economic indicators is supportive of a rate cut in August. The market is currently pricing in two additional rate cuts over the remainder of 2025.

### All groups CPI, Australia, quarterly and annual movement (%)

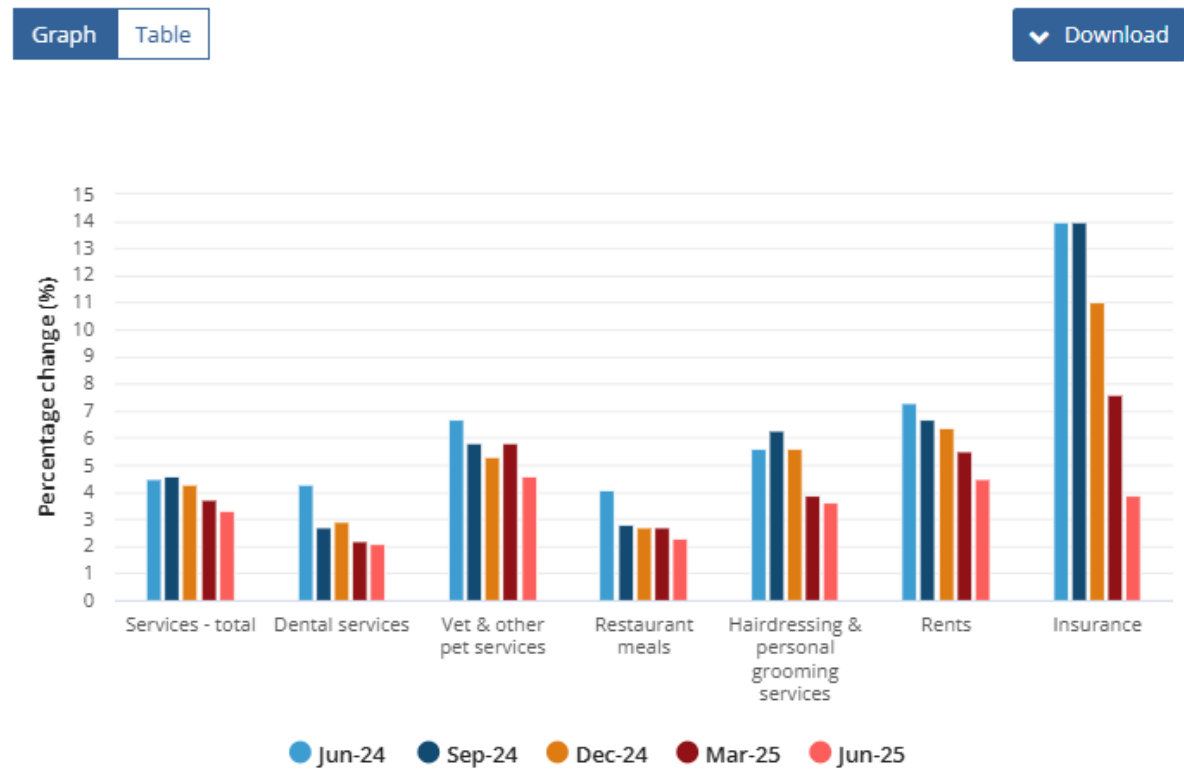


### CPI Goods and Services components, annual movement (%)



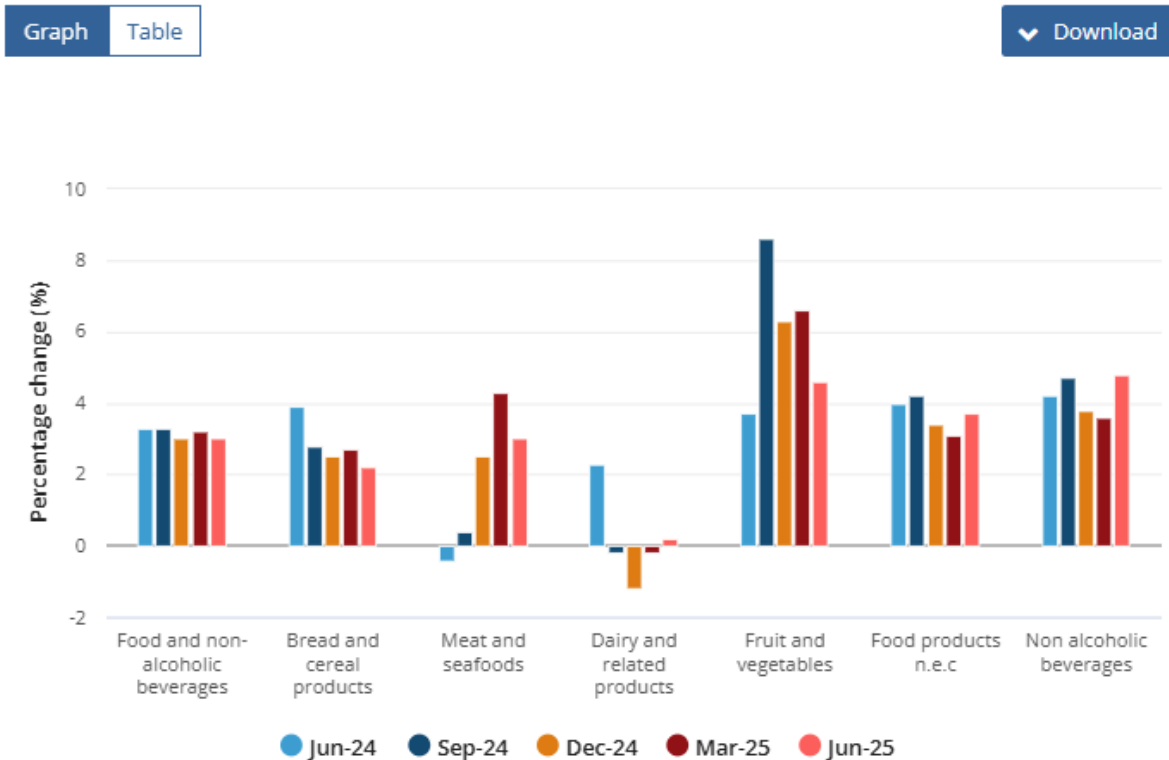
Insurance had been increasing in price compared to other services but has seen a steady decrease in growth rate since September 2024.

### Selected services annual movements (%)



Annual inflation for Food and non-alcoholic beverages has remained around 3 per cent for the past five quarters. Fruit and vegetable prices rose 4.6 per cent in the 12 months to the June quarter, down from 6.6 per cent to the March quarter.

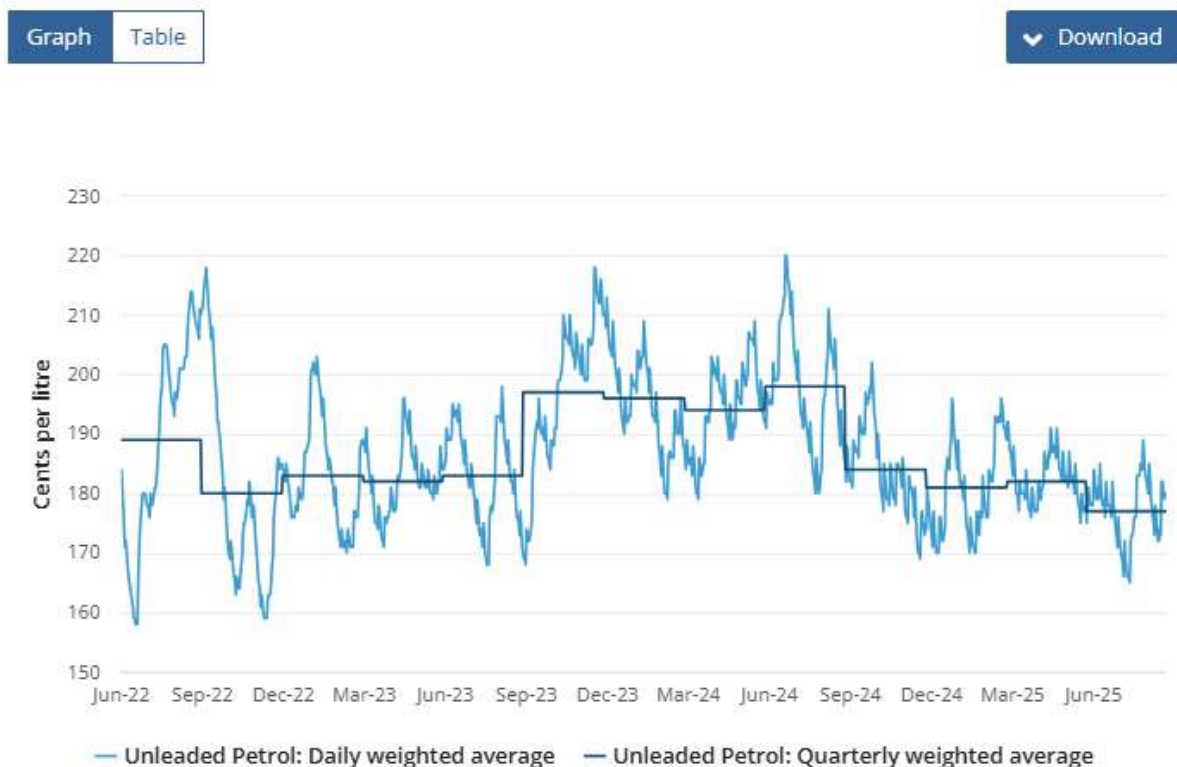
### Grocery products, annual movement (%)



Automotive fuel prices in the June 2025 quarter were 10.0 per cent lower compared to the June 2024 quarter. Fuel prices have fallen in three of the past four months reflecting lower global oil prices.

The average price for unleaded petrol for the June 2025 quarter was \$1.77 per litre, which is 21 cents per litre lower than the average price in the June 2024 quarter.

Weighted average price of unleaded petrol (91 octane), cents per litre

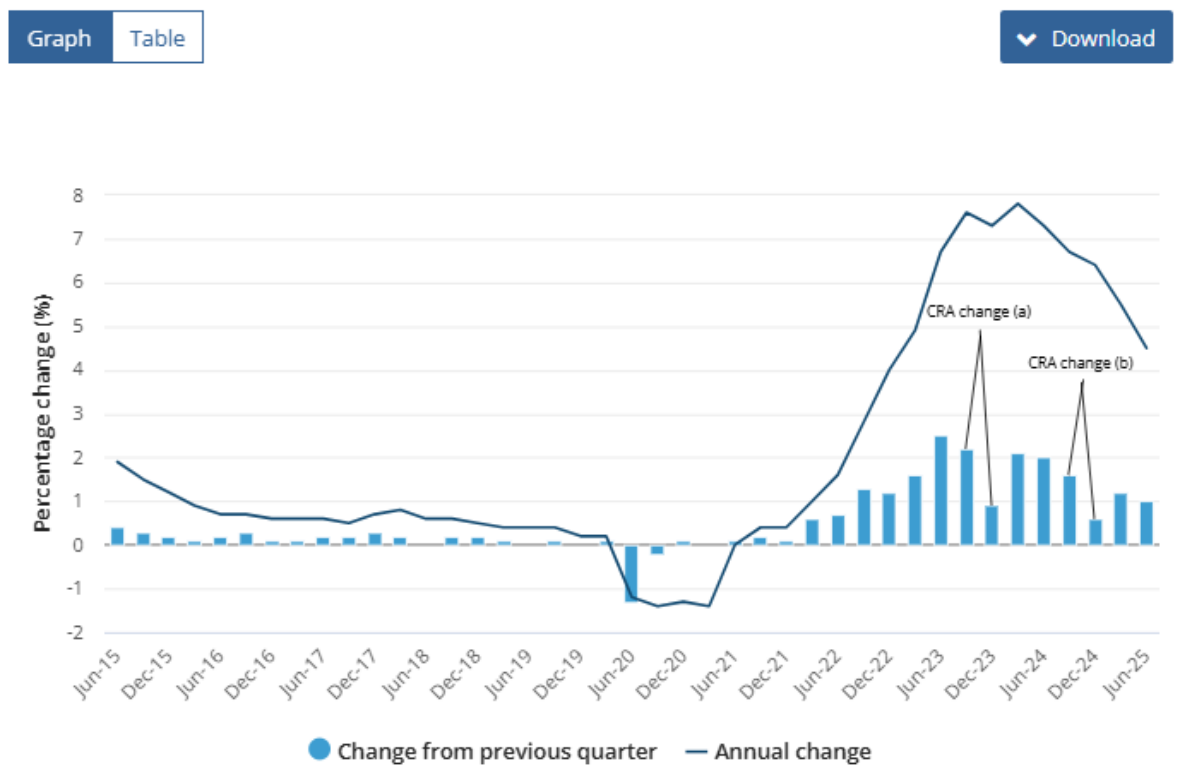


Rental prices rose 4.5 per cent over the 12 months to the June quarter, down from 5.5 per cent to the March quarter. The easing in annual rental price growth reflects stable vacancy rates and slowing growth in advertised rents across most capital cities.

The rate of annual growth in rental prices has also been moderated by changes to Commonwealth Rent Assistance (CRA). The maximum rate available for CRA increased by 10 per cent on 20 September 2024, in addition to the usual biannual CPI indexation on 20 March and 20 September each year. These increases to CRA have reduced the amount of rent payable by eligible tenants.

Excluding the changes to CRA, rents would have increased by 5.7 per cent over the 12 months to the June 2025 quarter.

Rents, quarterly and annual movement (%)



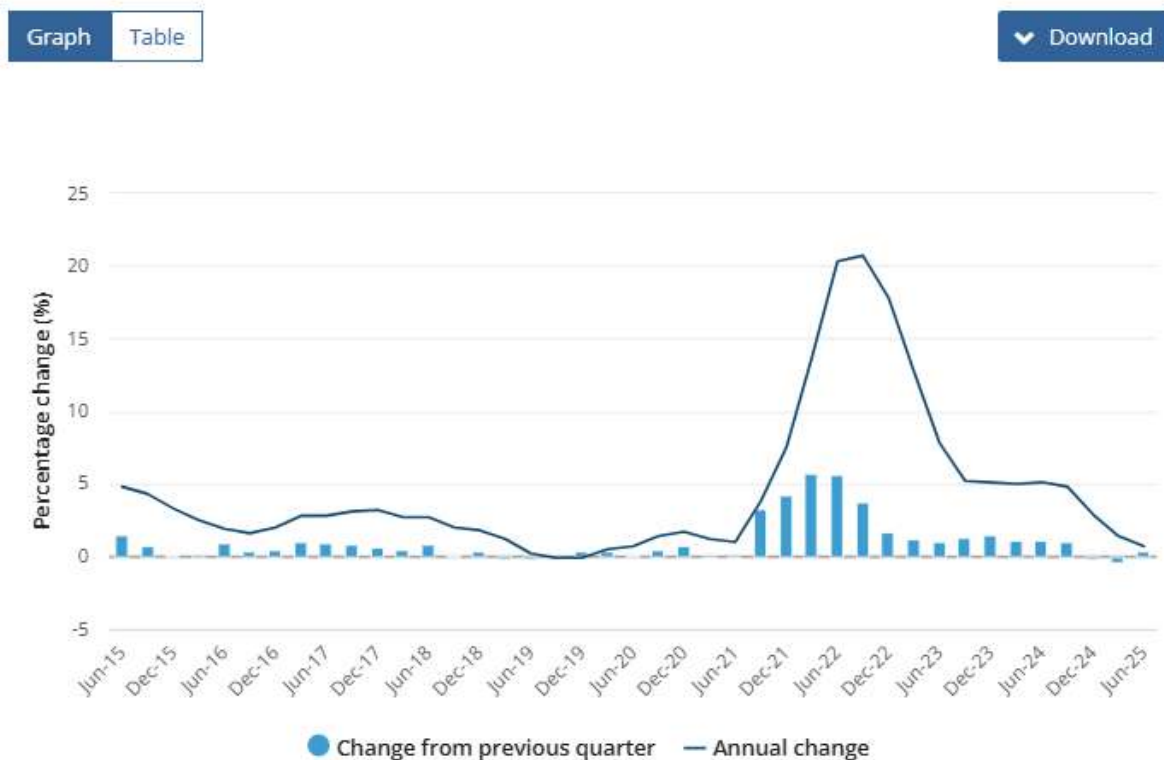
- a. Commonwealth Rent Assistance (CRA) maximum rates increased by 15% on top of the usual biannual CPI indexation from 20 September 2023.
- b. Commonwealth Rent Assistance (CRA) maximum rates increased by 10% on top of the usual biannual CPI indexation from 20 September 2024.



New dwelling prices rose 0.7 per cent over the 12 months to the June quarter, down from 1.4 per cent to the March quarter. This is the weakest annual rise since the June 2020 quarter.

Over the past 12 months, project home builders have responded to a subdued new home market by increasing incentives and promotional offers to entice new business, leading to an easing in annual price growth.

New dwellings, quarterly and annual movement (%)





QLD clearance rate\*

Updated Wed 6 Aug 11:30 PM AEST

Based on 230 auction results available

SOLD

80

Sold at auction

31

Sold prior to auction

14

Sold after auction

NOT SOLD

30

Withdrawn

75

Passed in

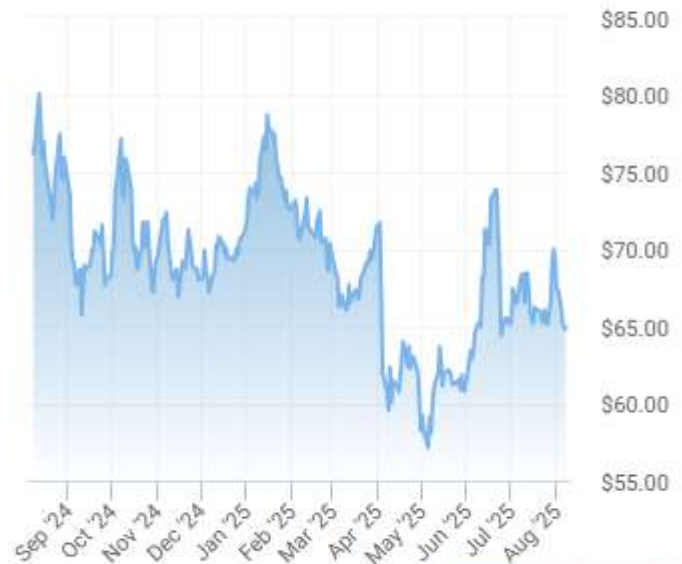
255 auctions scheduled

01:16 am CDT 07/08/2025

Technicals

WTI Crude (September Contract)

64.80 +0.68%



1D | 1WK | 1M | 1YR | Max

Copy

Share

## Australian Dollar to United States Dollar

0.6522

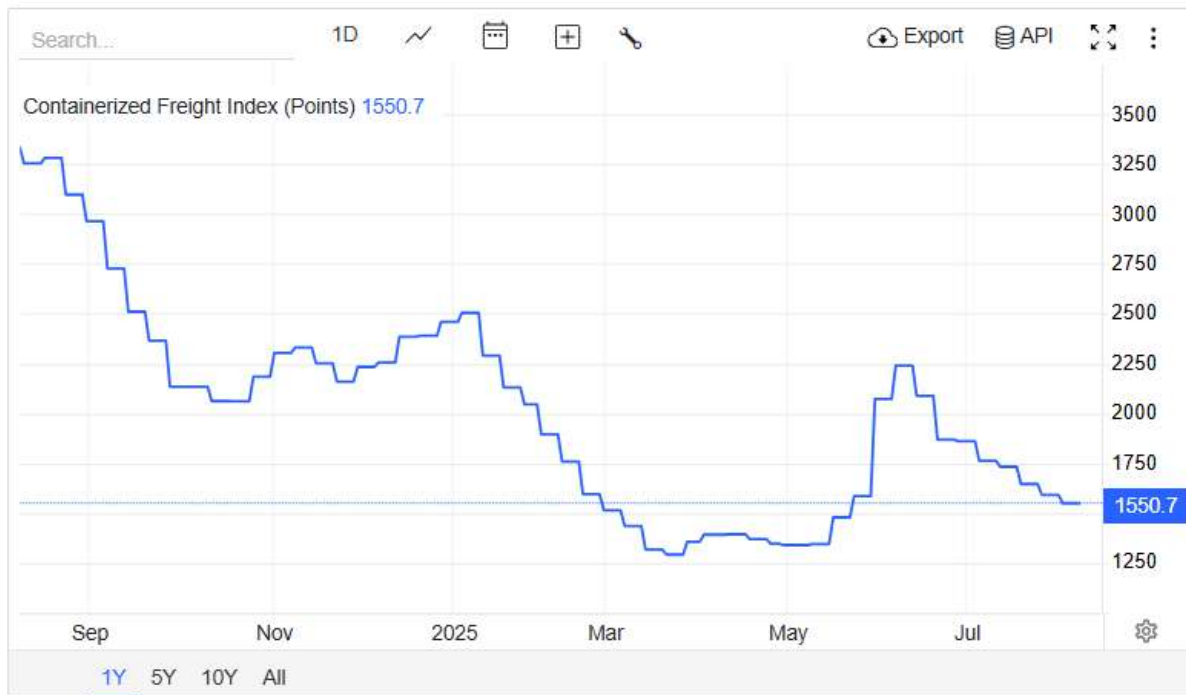
↑ 0.12%

+0.00076 1Y

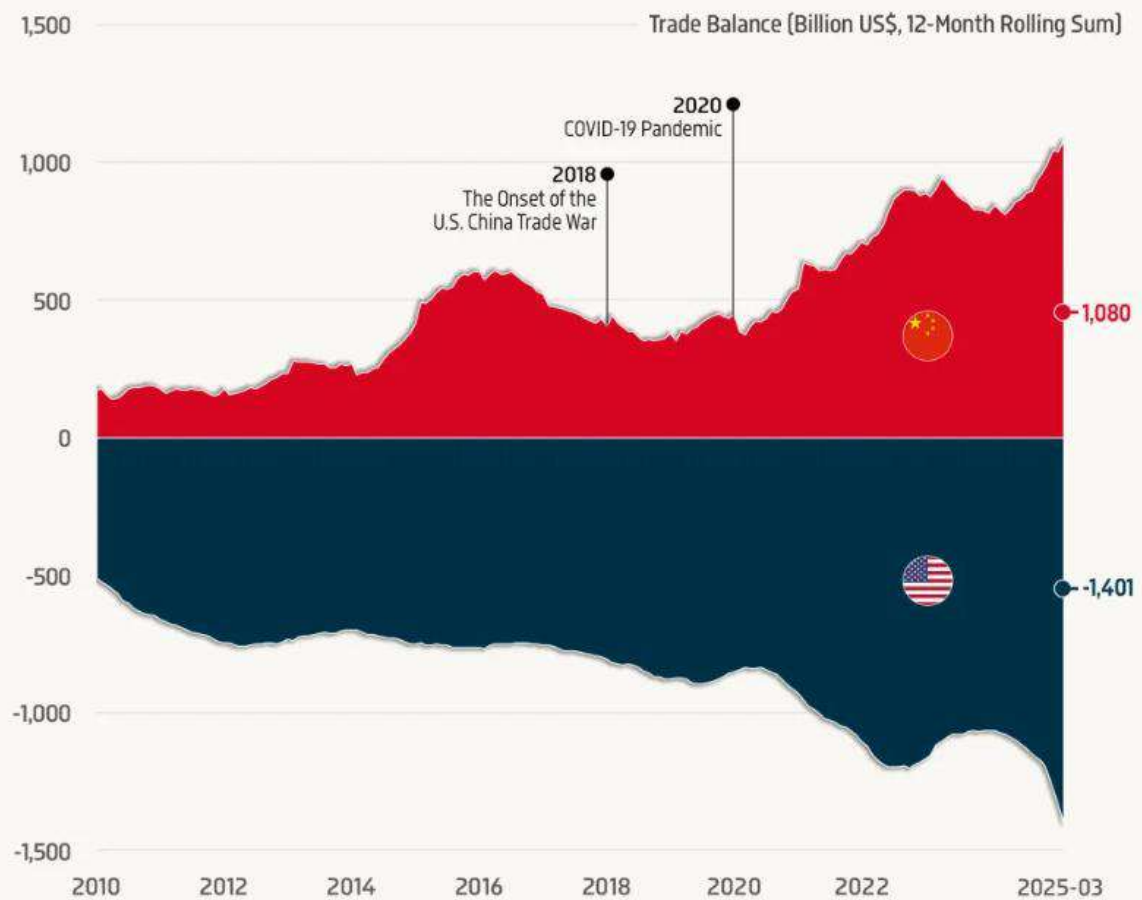
Aug 7, 6:17:24 AM UTC · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX





## Diverging Trade Paths: U.S. Deficit Hits \$1.4T as China's Surplus Climbs to \$1.1T (LTM Q1 2025)



Sources: U.S. Census, China's General Administration of Customs

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