

# newsquawk

## US Market Wrap - 21st July 2025

### Big tech leads gains while small caps suffer

- **SNAPSHOT:** Equities mixed, Treasuries up, Crude down, Dollar down
- **REAR VIEW:** EU exploring wider set of possible counter-measures against US tariffs; US-India deal reportedly likely by September or October; Japan's ruling LDP-led coalition loses Upper House majority, Ishiba to remain PM; Large fire occurs in a factory for oil products east of Isfahan; Trump ally refers Fed Chair Powell to DoJ for criminal charges; New Zealand Q2 CPI falls short; Chinese 1- & 5-yr LPRs maintained as expected; Taiwan to conduct new round of trade talks with the US this week; VZ tops EPS & rev. expectations.
- **COMING UP: Data:** Japanese CPI, German Producer Prices, US Building Permits/Housing Starts, UoM prelim, Atlanta Fed GDPNow. **Events:** G20 Finance Ministers Meeting. **Speakers:** ECB's Nagel, German Finance Minister Kilngbeil. **Earnings:** 3M, American Express, Charles Schwab, Atlas Copco, Hexpol, Boliden, Skanska, Telia, Danske Bank.
- **WEEK AHEAD:** Highlights include ECB, Global PMIs. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** Previewing ECB and CBRT. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Earnings season continues with highlights including KO, T, GOOGL, TSLA, HON. [Click here for the full report.](#)

### MARKET WRAP

Indices were predominantly bid on Monday, with upside led by the Nasdaq thanks to gains in the heavyweight tech stocks, while the equal-weighted S&P (RSP) and Russell underperformed. Sectors were more mixed, with strong outperformance in communication and consumer discretionary names, while energy and health care lagged. T-notes were bid across the curve with the curve bull flattening with the lower yields weighing on the Dollar but in turn supporting Gold and Yen. The Yen was also buoyed after the Upper-House elections in Japan, which avoided the politically worst-case scenario with PM Ishiba committed to his role in the now minority government. Crude prices settled lower with focus turning to E3 talks on Friday between Iran, France, Germany and the UK, as well as a Russia-Ukraine meeting on Wednesday. On trade, Reuters suggested the EU is to ramp up retaliation plans as US tariff deal prospects dim. Meanwhile, Treasury Secretary Bessent said the EU has become more engaged, noting it does not have to get ugly. Separately, Canada is meeting with US Senators this week, and the US will also be in talks with Taiwan. Regarding India, reports suggested the Indian trade team has returned to India, and a deal with the US is likely by September or October. Focus this week lies on ongoing trade updates, Flash S&P Global PMI data, Treasury supply (20yr and 10yr TIPS) and a flurry of US earnings.

### FIXED INCOME

**T-notes bull flatten in quiet trade with Fed in blackout** . At settlement, 2-year -2.3bps at 3.852%, 3-year -3.9bps at 3.805%, 5-year -5.1bps at 3.910%, 7-year -5.8bps at 4.125%, 10-year -5.7bps at 4.374%, 20-year -6.2bps at 4.931%, 30-year -5.9bps at 4.940%.

**INFLATION BREAKEVENS:** 1-year BEI +0.0bps at 2.848%, 3-year BEI +0.3bps at 2.636%, 5-year BEI -0.2bps at 2.519%, 10-year BEI -0.5bps at 2.402%, 30-year BEI -0.5bps at 2.336%.

**THE DAY:** T-notes bill flattened in quiet trade with no Fed speak this week (on policy) with focus on S&P Global PMI data and the weekly Jobless Claims. T-notes meandered overnight before catching a bid in the European morning, tracking global fixed income higher. Upside was supported by the Japanese election result with PM Ishiba committed to remain in his role, avoiding the worst-case political scenario, although JGBs are closed until Tuesday and will likely play catch-up on the reopening of trade. On the Fed, a report in the WSJ suggested that Treasury Secretary Bessent made the case to Trump against firing Fed Chair Powell, according to WSJ sources. Given a lack of Fed speak this week, focus will largely lie on trade updates with reports via Reuters suggesting the EU is to ramp up retaliation plans as US tariff deal prospects dim. Meanwhile, Treasury Secretary Bessent said the EU has become more engaged, noting it does not have to get ugly. Meanwhile, Canada is meeting with US Senators this week, and the US will also be in talks with Taiwan. On the fiscal situation, CBO estimated that Trump's Big Beautiful Bill will add USD 3.4tln to the deficit over a decade. Separately, reports suggested the Indian trade team has returned back to India, and a deal with the US is likely by September or October. On supply, the US will sell USD 13bln of 20yr bonds and USD 21bln of 10yr TIPS this week.

### SUPPLY

#### Bills

- US to sell USD 80bln 6wk bills (prev. 70bln) on July 22nd.
- US sold USD 76bln 6-month bills at high rate of 4.115%, B/C 3.06x.
- US sold USD 85bln 3-month bills at high rate of 4.24%, B/C 2.98x

#### Notes/Bonds

- US to sell USD 13bln 20yr bonds on July 23rd and USD 21bln of 10yr TIPS on July 24th

### STIRS/OPERATIONS:

- Market Implied Fed Rate Cut Pricing: July 1bps (prev. 1bps), September 16bps (prev. 16bps), Oct 28bps (prev. 29bps), Dec 46bps (prev. 46bps).
- NY Fed RRP op demand at USD 214bln (prev. 199bln) across 33 counterparties (prev. 36)
- EFR at 4.33% (prev. 4.33%), volumes at USD 110bln (prev. 113bln) on July 18th.
- SOFR at 4.30% (prev. 4.34%), volumes at USD 2.775tln (prev. 2.743tln) on July 18th

## CRUDE

**WTI (U5) SETTLES USD 0.10 LOWER AT USD 65.95/BBL; BRENT (U5) SETTLES USD 0.07 LOWER AT 69.21/BBL**

**Crude prices settled softer amid quiet newsflow following the EU's 18th sanctions package on Russia last week** . On geopolitics, a Senior Iranian lawmaker warned that Tehran could halt its regional maritime security cooperation, including in the Strait of Hormuz, if EU powers move to reimpose UN sanctions "through the so-called snapback mechanism". However, crude prices put aside the threat, with focus on nuclear talks this Friday in Istanbul between Iran and France, Germany, and the UK. Additionally, two other meetings are of note, 1) a trilateral meeting between Iran, China, and Russia on the nuclear file and the UN snapback mechanism is to take place on Tuesday, with no plans for talks with the US, a spokesperson for the Iranian foreign ministry said. 2) Russia-Ukraine to meet on Wednesday in Turkey, said Ukraine President Zelensky. Meanwhile, Gaza ceasefire negotiations are "progressing slowly", according to CNN, citing an informed Israeli source. Crude and WTI hit their respective session lows of USD 65.61/bbl and 68.43/bbl in the US morning, reacting little towards reports out of Iran of a large fire in a factory for oil products in Isfahan. It was later reported via Reuters, the fire was brought under control. Over July, India's Mangalore Refinery and Petrochemicals Limited doesn't see challenges in importing Russian oil and noted that discounts on Russian oil purchases have come down. Heading into settlement, WTI and Brent clawed back the majority of the losses.

## EQUITIES

**CLOSES:** SPX +0.14% at 6,306, NDX +0.50% at 23,180, DJI -0.04% at 44,323, RUT -0.40% at 2,231.

**SECTORS:** Communication Services +1.90%, Consumer Discretionary +0.60%, Materials +0.54%, Real Estate +0.35%, Utilities +0.29%, Technology +0.13%, Consumer Staples +0.04%, Financials -0.29%, Industrials -0.60%, Health -0.61%, Energy -0.96%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.33% at 5,342, Dax 40 +0.04% at 24,298, FTSE 100 +0.23% at 9,013, CAC 40 -0.31% at 7,798, FTSE MIB -0.36% at 40,167, IBEX 35 +0.28% at 14,028, PSI -0.03% at 7,672, SMI -0.37% at 11,927, AEX -0.38% at 908

### EARNINGS

- **Verizon Communications (VZ):** EPS & revenue topped expectations; raised FY adj. EPS growth view.
- **Domino's Pizza (DPZ):** Profit missed while US & International SSS beat.
- **Roper Technologies (ROP):** Profit & revenue beat; raised FY guidance.
- **Cleveland-Cliffs (CLF):** Adj. EBITDA unexpectedly printed positive, with revenue in line.
- **Evotec (EVO):** Cut revenue guidance.

### STOCK SPECIFICS

- **Block (XYZ):** To replace Hess (HES) in the SPX.
- **Thomson Reuters (TRI):** To replace ANSYS (ANSS) in the NDX.
- **NVIDIA (NVDA):** Told Chinese customers it has limited supplies of H2O AI chips, the most powerful allowed under US export restrictions, The Information reports.
- **Sarepta Therapeutics (SRPT):** FDA placed a clinical hold on SRPT's LGMD trials and revoked designation for SRPT's AAVR74 platform.
- **Zeekr (ZK):** Authorities to crack down on ZK's practice to inflate sales by insuring vehicles before sale to meet targets.
- **Equinix (EQIX):** Activist Elliott Investment Management boosts stake in Equinix, Bloomberg reports
- **Keysight Technologies (KEYS):** Upgraded at BofA to 'Neutral' from 'Underperform'.

## FX

**The Dollar** was broadly lower against major peers as Treasury yields continued to decline. Perhaps some profit taking of the July rebound in the buck was also at play, given the lack of newsflow across the FX space. US data was on the light side and is expected to continue that way for the remainder of the week, leaving the focus on the usual weekly BLS claims report and trade developments between the US and its trading partners. Trade updates thus far included Indian press reporting an India-US deal is likely by September/October, while EU diplomats say the bloc is exploring a wider set of possible counter-measures against US tariffs. Into the US evening, DXY sits off 97.698 lows, weighed by strength in JPY, GBP and EUR. On Tuesday, Fed Chair Powell and Governor Bowman are to speak, albeit it's likely to concern other subjects than monetary policy or the economy.

**G10FX** was entirely in the green, largely due to USD weakness as opposed to currency-specific updates. JPY, GBP, EUR, and SEK topped the G10 leaderboard while CAD and NZD were at the bottom. Likely limiting upside for NZD was the Q2 CPI report falling short of expectations; Q/Q 0.5% (exp. 0.6%, prev. 0.9%), Y/Y 2.7% (exp. 2.8%, prev. 2.5%). NZD/USD saw immediate downside, before being helped later by USD weakness to recover to ~ 0.5970. Elsewhere, Gold prices firmed by over USD 40/oz, supported by the softer dollar and lower US Treasury yield background.

**JPY** strengthened in the aftermath of the Upper House elections in Japan, which saw the ruling LDP-led coalition lose its majority, and PM Ishiba affirmed his intention to continue his role. The LDP-Komeito coalition remains the largest block in parliament and seems to have performed better than the market had anticipated, given the sell-off in long-end/super long-end JGBs and JPY selling

leading up to the election, said JPMorgan. The bank thinks in the short term, the risk/reward profile of USD/JPY is skewed to the downside due to four reasons, 1) overvalued when compared to a fair value estimated from its correlation with the US-Japan 1y/1yr spread, 2) a potential hawkish shift at the July BoJ meeting, 3) Pressure from the MoF regarding recent rapid USD/JPY movement, and 4) If the Yen weakness continues, "we will likely see some criticism from US officials as well". Now, USD/JPY sits at ~ 147.30, with the 21 DMA (146.08) and 100 DMA (149.82) approaching on the downside.

**EMFX:** In China, the 1- and 5-yr LPRs were maintained as expected at 3.0% and 3.5% respectively; USD/CNH was unfazed by the decision. Meanwhile, Turkey's Economy Coordination Board has decided on steps to take for the government's savings, tax equity and unrecorded economy. Regarding the HUF, ING notes the NBH meeting should be positive, but at the same time, this is what the market expects, and as such, they see the impact as limited, and "given the narrowing of the interest rate differential in recent days, we see EUR/HUF in the 399-400 range for the coming days".

Copyright © 2025 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com