

# newsquawk

## US Market Wrap - 25th July 2025

### Stocks and bonds ultimately bid ahead of key risk week

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar up
- **REAR VIEW:** Trump says EU deal at 50-50, nearing deal with China, but Canada could face tariffs, not a negotiation; Trump says Powell gave him the impression he maybe ready to cut; Durable Goods better than feared; Soft UK Retail Sales; BBG sources suggest BoJ could hike by year-end; EU to meet with Trump on Sunday over trade; Strong NEM earnings, Weak CHTR earnings; INTC commentary concerns investors.
- **COMING UP:** **Data:** Dallas Fed Manufacturing Business Index **Events:** US-China trade talks, Treasury Financing Estimates **Supply:** US **Earnings:** EssilorLuxottica
- **WEEK AHEAD:** Highlights include Trade talks and deadlines, Fed, BoJ, BoC, US NFP, Mfg PMI, PCE, QRA, EZ CPI & GDP and Aussie CPI. [To download the report, please click here](#)
- **CENTRAL BANK WEEKLY:** Previewing Fed, BoC, BoJ, SARB; Reviewing ECB, PBoC LPR, RBA Minutes, CBRT. [To download the report, please click here](#)

### MARKET WRAP

Stocks saw gains on Friday amid trade optimism ahead of a key risk week. Sectors were predominantly firmer with outperformance seen in Materials, Industrials and Consumer Discretionary, while Energy, Communication, and Real Estate lagged. The outperformance in Materials was largely due to a solid earnings report from Newmont (NEM), while weakness in Communication was due to the large downside in Charter (CHTR) post-earnings. T-Notes were choppy on Friday, with downside in the morning following source reports that the BoJ see an environment to hike rates by year-end, with lows seen after a less bad-than-feared durable goods print in the US. Nonetheless, upside then ensued after Trump said he got a good impression from Fed Chair Powell on Thursday that he may be ready to lower rates. The President also spoke on trade, noting they are near a deal with China while the EU has a pretty good chance of a deal, but noted they may have to buy down their tariffs (similar to how Japan is investing USD 550bn). However, for Canada, Trump warned that it may just be a tariff, not a negotiation. US data saw the aforementioned Durable Goods. In FX, the Dollar outperformed on trade optimism and better-than-expected data, while CAD lagged on the Trump trade warning. The Pound was hit by weak retail sales in the UK this morning. Looking ahead, there are plenty of key risk events next week, including the US/China trade talks on Monday/Tuesday, as well as the August 1st trade deal deadline imposed by Trump. Elsewhere, the FOMC, BoC and BoJ rate decisions will be released, while data in the US sees PCE, GDP, ISM Manufacturing PMI and the July jobs report. There is also front-loaded supply on Monday and Tuesday, ahead of the Quarterly Refunding Announcement on Wednesday. It is also expected to be one of, if not the busiest, weeks of earnings season.

### US

**DURABLE GOODS:** Durable Goods fell 9.3% in May (prev. +16.5%), but not as deep as the expected decline of 10.8%. The headline was weighed by notable new order declines in transport equipment (-22.4%), nondefense aircraft and parts (-51.8%) and capital goods (-22.2%). Ex-transport rose 0.2%, above the expected 0.1%, with the prior revised up to 0.6% from 0.5%, while ex-defence fell 9.4% (prev. 15.5%, rev. 15.7%). Non-defence cap ex-air unexpectedly declined 0.7% (exp. +0.2%, prev. 1.7%, rev. 2.0%). Oxford Economics notes that a pullback in durable goods reflects three main forces: 1) Boeing received fewer orders following a bumper May, 2) defence capital goods orders eased, 3) a pullback in non-defence capital goods ex-aircraft, which, "We think partly reflects trade policy uncertainty". Ahead, Oxford expects the impact of trade policy uncertainty and tariffs will drive outright declines in the second half, before the impact of business tax cuts drives a rebound in 2026.

### FIXED INCOME

#### T-NOTE FUTURES (U5) SETTLE 5 TICKS HIGHER AT 110-31+

**T-Notes chop ahead of a week filled with key risk events** . At settlement, 2-year -1.0bps at 3.915%, 3-year -1.2bps at 3.861%, 5-year -2.3bps at 3.948%, 7-year -2.6bps at 4.149%, 10-year -2.4bps at 4.384%, 20-year -2.3bps at 4.919%, 30-year -2.4bps at 4.925%.

**INFLATION BREAKEVENS:** 1-year BEI -8.8bps at 2.628%, 3-year BEI -1.9bps at 2.576%, 5-year BEI -1.6bps at 2.492%, 10-year BEI -1.1bps at 2.396%, 30-year BEI -1.1bps at 2.323%.

**THE DAY:** T-Notes saw two-way trade on Friday, selling off in the European morning before chopping as US players arrived but ultimately turning higher and settling in the green around 111-00. The downside in the morning followed reports via Bloomberg sources that the BoJ sees a potential rate hike environment this year, adding that the BoJ expects to have enough data by year-end to consider such a move. After paring when US trade got underway, downside resumed in the wake of the US Durable Goods report, which was not as bad as feared, seeing T-Notes move to lows of 110-22+. Nonetheless, T-Notes returned higher once again, supported by commentary from US President Trump that he got the impression from Fed Chair Powell on Thursday that he may be ready to lower rates. The President also spoke on trade, noting there is a 50/50 chance of a deal with the EU, but later said the EU has a pretty good chance of making a deal, but they may have to buy down their tariffs. The President also spoke on China ahead of talks early next week, noting they are nearing a deal. However, on Canada, he was less optimistic, noting it could just be a tariff, not a negotiation. There are plenty of key risk events next week, including the US/China trade talks on Monday/Tuesday, as well as the

August 1st trade deal deadline imposed by Trump. Elsewhere, the FOMC, BoC and BoJ rate decisions will be released, while data in the US sees PCE, GDP, ISM Manufacturing PMI and the July jobs report. There is also front-loaded supply on Monday and Tuesday, ahead of the Quarterly Refunding Announcement on Wednesday.

## SUPPLY

### Bills

- US to sell USD 73bn of 26-week bills and USD 82bn of 13-week bills on July 28th.
- US to sell USD 80bn of 6-week bills on July 29th.

### Notes/Bonds

- US to sell USD 69bn of 2yr notes on July 28th, USD 70bn of 5yr notes on July 28th and USD 44bn of 7yr notes on July 29th; all to settle July 31st (as expected)
- US to sell USD 30bn of 2yr FRN on July 29th; to settle July 31st.

### STIRS/OPERATIONS:

- Market Implied Fed Rate Cut Pricing: July 1bps (prev. 1bps), September 18bps (prev. 17bps), Oct 29bps (prev. 27bps), Dec 45bps (prev. 43bps).
- NY Fed RRP op demand at USD 151bn (prev. 132bn) across 24 counterparties (prev. 28)
- EFFR at 4.33% (prev. 4.33%), volumes at USD 109bn (prev. 115bn) on July 24th
- SOFR at 4.30% (prev. 4.28%), volumes at USD 2.725tn (prev. 2.659tn) on July 24th

## CRUDE

**WTI (U5) SETTLES USD 0.87 LOWER AT 85.16/BBL; BRENT (U5) SETTLES USD 0.74 LOWER AT 68.44/BBL**

The crude complex was lower on Friday, and downside was seemingly sparked by President Trump noting of a 50-50 chance of a deal with the EU. Prior to this, WTI and Brent were rangebound through the EZ morning but ultimately edged higher to hit peaks of USD 66.74/bbl and 69.86, respectively. Whilst just off these levels, benchmarks saw immediate downside as the aforementioned Trump remarks hit the wires, just prior to the US cash open, which seemingly set the sentiment for the rest of the session as they hit lows of USD 65.06/bbl and 68.35. Geopolitical updates were plentiful, but in the main showed how the Middle East is no closer to an agreement. On E3/EU talks today, WSJ's Norman said no major breakthrough or breakdown, which followed earlier FT reports that suggested European states are prepared to offer Iran an extension on a looming deadline to reimpose international sanctions if it agrees to conditions. Despite saying that, Iran's Supreme Leader Khamenei's adviser said no country can stop the progress of Iran's nuclear programme. Elsewhere, in the weekly Baker Hughes rig count oil fell 7 to 415, nat gas rose 5 to 122, leaving the total down 2 to 542. Whilst this week has been fairly quiet from a macro point of view, next week is exceedingly busy, with Fed, NFP, PCE, US earnings season, US/China trade talks, and the expiration of the August 1st deadline.

**OPEC:** Reuters source reports, ahead of the OPEC+ JMMC, which is expected to meet on July 28th, said the OPEC+ panel is reportedly likely to keep oil policy steady on Monday. However, ahead of the said meeting, OPEC posted on X that "the OPEC Secretariat clarifies that the Committee does not hold decision-making authority over production levels, and its role is limited to monitoring conformity with production adjustments and reviewing overall market conditions. The post added, claims linking the JMMC meeting to output changes or voluntary adjustments by the "Group of Eight" are inaccurate, and fall outside its mandate.

## EQUITIES

- **CLOSES:** SPX +0.40% at 6,389, NDX +0.23% at 23,272, DJI +0.47% at 44,902, RUT +0.40% at 2,261.
- **SECTORS:** Materials +1.17%, Industrials +0.98%, Consumer Discretionary +0.78%, Financials +0.72%, Health +0.50%, Utilities +0.26%, Technology +0.24%, Consumer Staples +0.14%, Real Estate +0.01%, Communication Services -0.19%, Energy -0.40%
- **EUROPEAN CLOSES:** Euro Stoxx 50 -0.10% at 5,350, Dax 40 -0.26% at 24,233, FTSE 100 -0.20% at 9,120, CAC 40 +0.21% at 7,835, FTSE MIB +0.31% at 40,726, IBEX 35 -0.08% at 14,246, PSI -0.39% at 7,707, SMI -0.85% at 11,945, AEX -0.87% at 905

### STOCK SPECIFICS:

- **Intel (INTC):** CEO announced factory project cancellations & criticised predecessor Gelsinger's spending as excessive, raising investor concerns about a shift toward cost-cutting over tech. leadership.
- **Deckers Outdoor (DECK):** EPS & rev. topped
- **Newmont (NEM):** Top & bottom line beat, USD 3bn share buyback programme.
- **Charles Schwab (SCHW):** Authorised new USD 20bn stock buyback programme.
- **Edwards Lifesciences (EW):** EPS & revenue topped expectations.
- **Centene (CNC):** Positive 2026 commentary outweighs a dismal bottom-line figure and unexpected loss per shr.
- **Aon (AON):** Profit surpassed Wall St. expectations.
- **Charter Communications (CHTR):** Net income light
- **Estee Lauder (EL):** Upgraded to 'Overweight' from 'Neutral' at JPMorgan.
- **Goldman Sachs (GS)** is reportedly hungry for acquisitions, and possible targets include State Street (STT) or Bank of New York Mellon (BK), according to NY Post.
- **Intel (INTC)** plans to set up a networking and communications business as a stand-alone Co. and has begun the process of identifying strategic investors for the networking and communications business.

## US FX WRAP

**The Dollar** was firmer to end the week on trade optimism, as attention turns to a pivotal week next week. Back to today, on the data footing, durable goods were not as weak as forecasted on the headline, while Trump spoke extensively. On China, he said they are nearing a trade deal; on the EU, said there is a 50/50 chance of a deal, but later said there is a good chance they will get one; On Canada, Trump said "it could just be a tariff not a negotiation", and regarding Powell, he said he got the impression that Powell may be ready to lower rates. Nonetheless, scheduled risk events have been light this week, but as mentioned above that all changes with a key risk week next week, including Fed, NFP, ISM Manufacturing PMI, PCE, GDP, earnings, as well as the August 1st trade deadlines and US/China talks early next week. DXY traded between 97.906-426 and at the time of writing sits within the middle of that range.

**G10 FX**, ex. CHF and EUR, were lower across the board against the Buck. GBP and CAD were the laggards and hit on separate events, as the Loonie was pressured on the aforementioned Trump remarks on Canada, while the Pound was hit on underwhelming UK retail sales. Recapping, M/M printed 0.9% (exp. 1.2%, prev. -2.8%), and Y/Y came in at 1.7% (exp. 1.8%, prev. -1.1%). USD/CAD hit a peak of 1.3725, and Cable hit a low of 1.3417.

For the **Euro**, it pared the immediate weakness seen on Trump's 50/50 remarks on the EU/US trade deal, with the President later saying there is a good chance for a deal, but they may have to buy down their tariffs. Meanwhile, the EUR was little moved in the EZ morning on German Ifo, which printed short of Wall St. consensus across the board. In the wake of the ECB on Thursday, central banker Rehn seemed to echo the sources' post-decision, and said that the ECB will base policy decisions on a meeting-specific assessment of the inflation outlook and the risks surrounding it.

Out of **Japan**, despite the Yen seeing weakness to end the week and USD/JPY hitting a high of 147.94 amid the broader Buck strength, the Yen did see strength on BBG source reports ahead of the BoJ meeting next week. They noted BoJ reportedly sees a potential rate hike environment this year, and expects to have enough data by the end of 2025 to consider a move. No requirement to make a significant change to the outlook, and the US deal reduces uncertainty. In addition, there was softer-than-expected Tokyo CPI, which showed the headline and core readings retreating beneath the 3% level for the first time since March.

**EMFX** was largely weaker against the Greenback, with only the TRY seeing gains. In Russia, the CBR cut its key rate to 18%, as expected, from 20% and said it will maintain monetary conditions as tight as necessary to return inflation to target in 2026. Noted annual inflation will decline to 6-7% in 2025, return to 4.0% in 2026 and stay on at the target further on.

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