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US Market Wrap - 29th July 2025

SPX ends 6-day rally amid mixed US data while Dollar rally extends

- **SNAPSHOT**: Equities down, Treasuries up, Crude up, Dollar up
- **REAR VIEW**: Trump says Russia deadline is 10 days from today, calls oil prices pretty low; Bessent says China could face high tariffs if it continues to buy sanctioned Russian oil; Bessent says China tariff extension will be up to Trump, will meet him on Thursday with Greer; JOLTS fall more than expected; US Consumer Confidence tops forecasts; US adv goods trade balance deficit unexpectedly narrows; Very strong US 7yr note auction; Trump floats "massive" pharma tariff if not made in the US; UNH & NVO issue weak outlooks; Kering & L'Oreal miss on revenue.
- **COMING UP**: **Data:** Australian CPI, French GDP, Spanish CPI, German GDP & Retail Sales, Italian GDP, ECB Wage Tracker, EZ GDP & Sentiment, US ADP National Employment, GDP Advance (Q2), PCE (Q2). **Events:** Fed, BoC, BCB Policy Announcements. **Speakers:** Fed Chair Powell, BoC's Macklem and Rogers. **Supply:** Italy, US Quarterly Treasury Refunding Announcement. **Earnings:** Hermes, Airbus, Vinci, Danone, Capgemini, Meta, Microsoft, RobinHood, Carvana, Lam Research, Qualcomm, Ford, Arm, eBay.

MARKET WRAP

US indices were lower on Tuesday amid a deluge of earnings, which saw Industrials reside as the sectoral laggard and hit by Boeing (BA) (-4%) and UPS (UPS) (-10.5%) post-results, with the latter weighed on as it didn't provide revenue or operating profit guidance amid the current macro uncertainty. Real Estate, Utilities, and Energy sit atop the pile, and the latter is buoyed by gains in excess of 3.5% in the energy space amid comments from Trump and Bessent. 1) Trump on changing the Russia deadline, reiterated what he said on Monday and that it is 10 days from today [to get a deal with Ukraine on ending the war], and referred to threatened secondary sanctions on Russian oil; 2) Bessent told Chinese officials that given US secondary tariff legislation on sanctioned Russian oil, China could face high tariffs if it continues to purchase it. On trade, the US and China had trade talks today, with the overwhelming readout being positive, although Bessent said he will be meeting Trump in the Oval Office tomorrow to discuss the China deal, and the decision will be up to him. Although Bessent did say China jumped the gun a little on the 90-day pause, likely referring to China Vice Commerce Minister Li stating the US and China have agreed to extend the trade truce and both sides will continue to push forward the extension of the pause of reciprocal tariffs. The Dollar extended on Monday's gains, with the EUR lagging again, as the fallout from the US/EU trade deal for the Euro continues to be felt. Treasuries were firmer across the curve in the wake of cooling house price data, soft JOLTS, and a stellar 7yr auction, which sparked a notable bid in T-Notes. On the data, US consumer confidence rose more than expected, while JOLTS ticked lower, but the report painted a familiar picture of the labour market, as hiring remains fairly low, but so do layoffs. While today has largely been the "calm before the storm", Wednesday serves up plenty of scheduled risk events with BoC, FOMC, Microsoft/Meta earnings, ADP, GDP, QRA, BoJ after-hours, and also the aforementioned Bessent briefing to Trump on China trade talks.

US

JOLTS: The number of job openings slightly fell to 7.437mln in June from 7.712mln in May, and marginally shy of the expected 7.5mln. The vacancy rate ticked lower to 4.4% from 4.6%, while the quits rate was unchanged and remains low at 2.0%, given the prior months were revised down to 2.0% from 2.1% and continues to underscore that workers with jobs are staying put and continues to signal that wage growth will not be a source of inflationary pressure. Overall, the report painted a familiar picture of the labour market, as hiring remains fairly low, but as do layoffs, which Oxford Economics notes it will allow the Federal Reserve to keep policy steady as it waits for a clearer indication of how tariffs will impact inflation and growth.

CONSUMER CONFIDENCE: US Consumer Confidence increased more than expected in July, rising to 97.2 (exp. 95), albeit from an upwardly revised 95.2 (prev. 93). The Present Situation Index fell 1.5 points to 131.5 as the cooling in consumers' view of the labour market offset the slight improvement in consumers' assessments of current business conditions. The Expectations Index rose 4.5 points to 74.4, helped by consumers' outlook on the labour market and business conditions being less negative/pessimistic, as well as being more positive on income prospects. Stephanie Guichard, a Senior Economist at The Conference Board, says, "Consumers' write-in responses showed that tariffs remained top of mind and were mostly associated with concerns that they would lead to higher prices. In addition, references to high prices and inflation rose in July, even though consumers' average 12-month inflation expectations eased slightly to 5.8%, down from 5.9% in June and a peak of 7% in April". Meanwhile, consumers' assessments of their family's current financial situation ticked lower but remained solid in July; while the future component remained relatively strong; Consumers' perceived likelihood of a US recession over the next 12 months declined.

TRADE: The US Advance Goods Trade Balance saw the deficit narrow in June to USD 86bln from USD 96.4bln, despite expectations for a widening deficit to USD 98.2bln. The drop was led by a USD 11.5bln reduction in imports, while exports also declined, but by USD 1.1bln. Within the trade report, on a seasonally adjusted basis, the drop in imports was led by a reduction in Consumer Goods imports, falling to 57.7bln from 66bln, while industrial supplies fell from 51bln to 48bln; other categories were little changed M/M. Within the report, Wholesale Inventories rose 0.2%, vs the prior -0.3%, while Retail inventories (ex-auto) were flat, vs the prior +0.1%. On the trade data, a drop in imports is a positive sign for the Q2 GDP report (due on Wednesday); however, analysts at Pantheon Macroeconomics suggest the Q2 growth will likely overstate underlying momentum.

FED PREVIEW

The FOMC is widely expected to leave rates on hold, but there may be some dissent from either Governor Waller or Governor Bowman, or both, given their recent commentary; other Fed policymakers have largely toed a patient, wait-and-see approach due to the uncertainties of the tariff impact and delayed imposition of tariffs, with new tariff rates not set to come into force until August 1st. Tariffs on China are set to come into effect on August 12th, but talks early this week are looking to extend that deadline to avoid tariffs of 145% on the US side and 125% on the Chinese side. Attention at the press conference will be on Chair Powell, to see if he offers any guidance for rates ahead, or if it may soon be time to lower rates, depending on the data, albeit the Fed has been reluctant to commit to future moves in the past, given the ongoing uncertainties around trade policies. During the Press Conference, Powell will also likely be quizzed about his future given President Trump's continuing criticisms of the Fed Chair. Powell tends to avoid these sorts of questions, usually stating that he is focused on the Fed's mandate. Note, the press conference may also see Powell quizzed on the accuracy of recent data, with an increasing number of economists worried about the accuracy and whether it could distort Fed policy. Click here for the full report.

FIXED INCOME

T-NOTE FUTURES (U5) SETTLED 19 TICKS HIGHER AT 111-11+

T-Notes push to highs after cooling house price data, soft JOLTS, and a stellar 7yr auction ahead of Fed. At settlement, 2-year -4.5bps at 3.877%, 3-year -5.5bps at 3.825%, 5-year -7.4bps at 3.908%, 7-year -8.6bps at 4.099%, 10-year -9.0bps at 4.330%, 20-year -9.5bps at 4.866%, 30-year -9.5bps at 4.870%.

INFLATION BREAKEVENS: 1-year BEI +9.5bps at 2.783%,3-year BEI +1.9bps at 2.601%,5-year BEI +0.3bps at 2.501%,10-year BEI -1.5bps at 2.386%,30-year BEI -2.3bps at 2.302%.

THE DAY: T-Notes were rangebound overnight and in the European morning before catching a bid when the US started to arrive. There was some downside in response to the narrower-than-expected trade deficit of USD 86bln (exp. 98.2bln, prev. 96.24bln). The drop was due to a fall in imports, declining by USD 11.5bln M/M with exports dropping by USD 1.1bln. The decline in imports is a positive signal for the end of Q2 US GDP, as imports are measured as a subtraction in the GDP report. The Advance Q2 GDP will be released on Wednesday. Nonetheless, T-Notes resumed higher thereafter, supported by cooling house price data ahead of the JOLTS and Consumer Confidence reports. Weakness was seen on the better-than-expected consumer confidence report, but the falling JOLTS saw this move decline with T-Notes pushing higher to an intraday peak at 111-07+. Elsewhere, the US and China concluded their third round of talks, and as expected, agreed to extend the trade truce. T-Notes then sold off marginally ahead of the 7yr auction, which was ultimately very strong, taking futures to highs and settling at peaks.

SUPPLY

Bills

- US sold USD 80bln of 6wk bills at a high rate of 4.27%, B/C 2.66x
- US to sell USD 65bln of 17-week bills on July 30th
- US to sell USD 95bln of 4-week bills and USD 85bln of 8-week bills on July 31st

Notes/Bonds

- Overall, a very strong 7yr auction. The US Treasury sold USD 44bln of 7yr notes at a high yield of 4.09%, stopping through the When Issued by 2.6bps - the largest stop through since August 2022. The bid-to-cover was also strong at 2.79x, above the prior 2.53x and six-auction average of 2.6x. The breakdown saw a huge jump in direct demand to 33.68% from 11.6%, above the 22.5% average, while indirect demand declined to 62.26% from 76.7%, below the 67.0% average. Although Indirect demand declined, the surge in direct demand saw dealers take just 4.06% of the auction, well below the prior 111.6% and the average 10.5%.
- US sold USD 30bln of 2yr FRN's at a high discount margin of 0.159%, B/C 2.81x.

STIRS/OPERATIONS:

- **Market Implied Fed Rate Cut Pricing: July 1bps (prev. 1bps), September 17bps (prev. 18bps), Oct 29bps (prev. 28bps), Dec 46bps (prev. 44bps).**
- NY Fed RRP op demand at USD 171bln (prev. 170bln) across 31 counterparties (prev. 42)
- EFFR at 4.33% (prev. 4.33%), volumes at USD 112bln (prev. 114bln) on July 26th
- SOFR at 4.36% (prev. 4.30%), volumes at USD 2.783tln (prev. 2.766tln) on July 26th

CRUDE

WTI (U5) SETTLED USD 2.50 HIGHER AT USD 69.21/BBL; BRENT (V5) SETTLED USD 2.47 HIGHER AT USD 72.51/BBL

The crude complex saw strong gains amid numerous bullish factors. Overnight and through the early European morning, benchmarks were rangebound, but as US players entered for the day, the energy space began to grind higher as it was buoyed by the broader risk environment and Trump's remarks on Russia yesterday. While WTI and Brent were eking out gains, the space soared higher by a couple of remarks which coincided with one another 1) Trump on changing the Russia deadline, reiterated what he said on Monday and that it is 10 days from today [to get a deal with Ukraine on ending the war], and refered to threatened secondary sanctions on Russian oil; 2) Bessent told Chinese officials that given US secondary tariff legislation on sanctioned Russian oil, China could face high tariffs if it continues to purchase it. As such, WTI and Brent rose to peaks of USD 69.44/bbl and 71.86/bbl, respectively, against earlier lows of 66.53 and 69.18. On the US-China trade deal, Bessent said the meeting in Stockholm was very constructive, and he will be meeting with Trump tomorrow, and the decision will be up to him. Although Bessent did even say China jumped the gun a little on the 90-day pause, likely referring to China Vice Commerce Minister Li stating US and China have agreed to extend the trade truce and both sides will continue to push forward the extension of the pause of reciprocal tariffs. Ahead, traders await private inventory metrics after-hours, whereby current expectations are (bbls): Crude -1.3mln, Distillate +0.3mln, Gasoline -0.6mln.

EQUITIES

CLOSES: SPX -0.30% at 6,371, NDX -0.21% at 23,308, DJI -0.46% at 44,633, RUT -0.61% at 2,243

SECTORS: Industrials -1.14%, Consumer Discretionary -0.75%, Health -0.68%, Financials -0.56%, Communication Services -0.34%, Materials -0.33%, Technology -0.21%, Consumer Staples +0.77%, Energy +1.00%, Utilities +1.17%, Real Estate +1.70%

EUROPEAN CLOSES: Euro Stoxx 50 +0.84% at 5,382, Dax 40 +0.95% at 24,198, FTSE 100 +0.60% at 9,136, CAC 40 +0.72% at 7,857, FTSE MIB +1.23% at 41,234, IBEX 35 +0.90% at 14,348, PSI +0.19% at 7,688, SMI +0.30% at 11,950, AEX +0.21% at 910

STOCK SPECIFICS:

- **NVIDIA (NVDA)** ordered 300k additional H20 chips from TSMC (TSM) due to strong Chinese demand.
- **Chart Industries (GTLS)** to be acquired by Baker Hughes (BKR) for USD 210/shr in cash; Closed Mon. at USD 171.65.
- **Sarepta Therapeutics (SRPT)** received FDA clearance to resume its gene therapy Elevidys
- **Union Pacific (UNP)** to buy Norfolk Southern (NSC) for USD 320/shr in cash and stock.
- **Palo Alto Networks (PANW):** Reportedly near an over USD 20bln deal for CyberArk (CYBR), according to WSJ, citing sources. Palo Alto Networks could finalise a deal for CyberArk as early as this week.
- **Apple (AAPL):** Losed another AI researcher to **Meta (META)** in latest upheaval, according to Bloomberg.
- **Kellanova (K):** Said EU paused the review of the USD 36bln Mars deal.
- **JPMorgan (JPM):** Nears deal to take over **Apple's (AAPL)** credit-card programme, WSJ reports.
- **Wells Fargo (WFC):** Raised quarterly dividend to USD 0.45/shr (prev. USD 0.40).

EARNINGS:

- **Boeing (BA):** Shallower loss per share than expected and revenue beat with better than expected negative FCF.
- **Novo Nordisk (NVO):** Cut FY guidance related to lower growth expectations for Wegovy in the US obesity market.
- **UnitedHealth (UNH):** Profit light, medical care ratio soars and weak FY outlook.
- **UPS (UPS):** Given current macro-economic uncertainty, is not providing revenue or operating profit guidance.
- **Spotify (SPOT):** Revenue light with weak next quarter guidance.
- **Procter & Gamble (PG):** EPS and revenue topped.
- **JetBlue Airways (JBLU):** Shallower loss per share than expected and revenue beat.
- **Corning (GLW):** EPS and sales surpassed expectations with strong next quarter guidance.
- **Cadence Design Systems (CDNS):** EPS and revenue topped with strong guidance
- **Whirlpool (WHR):** Profit and revenue light; Cut FY EPS, cash flow and FCF view.
- **Kering (PPRUY)** H1 2025 (EUR): Revenue 7.587bln (exp. 7.642bln), EPS 3.86, Operating margin 12.8%, Net income 474mln. **Q2:** Revenue 3.70bln, -15% comp. change (exp. -13%), Gucci revenue 1.46bln, -25% in comp. change. **Commentary:** CFO saic US tariffs are 'manageable' and there could be a second wave of price hikes in Autumn.
- **L'Oreal (LRLCY)** Q2 25 (EUR): Sales 10.74bln (exp. 10.93bln), +2.4% like-for-like (exp. +2.9%). **CEO commentary:** Noted that the EU–US trade deal is not favourable for European cosmetics; Warns that fighting for an exemption to tariffs is necessary, as they would be "costly" for cosmetics; China is "not really rebounding".

FX

The Dollar broadly firmed on Tuesday, supported by the continued EUR sell-off in the aftermath of the announced EU-US trade deals While Germany and France have sounded negative on the deal, the US Commerce Secretary expects talks to continue, but with "Plenty of horse trading left to do in EU talks". Countless trade updates were seen, with much of the focus on the second day of US-China trade talks in Stockholm, where Trump's response is still awaited. The US President is to meet with Bessent on Wednesday and decide on the China tariff pause; Trump separately said India may pay tariffs of 20-25%. Meanwhile, oil prices rose over USD 2/bbl amid remarks from Trump and Bessent on Russia/China/oil. Trump said the Russia deadline is 10 days from today, and when asked about oil prices, said they are currently pretty low. Bessent added that China could face high tariffs if it continues to purchase Russian oil. Aside from trade, US data showed mixed signals, Job Openings fell more than expected in June, accompanied by downticks in the Vacancy and Quits rates, while the CB's Consumer Confidence rose more than expected, helped by a decline in pessimism regarding the future. Click here for the Newsquawk FOMC Preview, ahead of the decision on Wednesday.

EUR and **SEK** continued to underperform against USD following the US-EU trade deal, with EU data lacking on Tuesday. The main concern for G10FX was the aforementioned trade updates above, with Germany's Economy Minister saying the EU is currently negotiating from a position of weakness and must change this. EUR/USD now trades below its 50 DMA (1.1569) after breaching below its 21 DMA (1.1697) on Monday. At Deutsche Bank, they no longer expect the ECB to deliver rate cuts; they now see the next policy move to be a rate hike at the end of 2026.

Ahead of the August 1st trade deadline, the US ambassador to Canada said, "Hopefully very soon," a trade deal between Canada and the US will be reached. In the interim, the BoC's rate decision on Wednesday will take the limelight, where expectations are for rates to be kept unchanged. The day saw USD/CAD hit highs of 1.3788 before retracing to ~ 1.3760 as higher oil prices likely weighed. Click here for the Newsquawk BoC Preview.

Yen and **GBP** outperformed in the G10 space, both trading little changed against USD. Yen was likely supported by bid USTs while EUR/GBP again marched lower, where ING notes it's likely to do with positioning, where opposing fiscal and monetary prospects between the eurozone and the UK had made long EUR/GBP one of the conviction trades this summer. USD/JPY now trades at ~

148.40 from earlier highs of 148.80, while Cable sits at ~1.3350 and EUR/GBP at ~0.8650.

EMFX: Ahead of the interest rate decision in Chile this evening, where the central bank is expected to cut rates by 25bps to 4.75%. Aguirre, Head of Latam FX and rates strategy at BofA Global Research, writes "The market is pricing about a total easing cycle of 75 bps this year, but risks are for a little less than that... Chile may end up cutting rates by less than what the market is pricing". Meanwhile, at the CNB, the Vice Governor said the cycle of monetary easing is almost certainly finished. ING notes the CZK should see support from hawkish Czech National Bank comments this week, and any delayed spike in EUR/CZK should be met with "decent selling interest".