

20 May 2025

**S&P500 6<sup>th</sup> green day as investors look past US credit downgrade; ASX to rise**

- **Global markets.** The S&P 500 posted a slim gain on Monday as Treasury yields came off their highs and investors sought to look past Moody's downgrade of the United States' credit rating.

The benchmark added 0.09% and closed at 5,963.60, marking its sixth consecutive winning session. The Nasdaq Composite inched up 0.02% to end at 19,215.46. The Dow Jones Industrial Average rose 137.33 points, or 0.32%, and settled at 42,792.07. The 30-stock index was aided by a rebound in UnitedHealth, which saw an 8% jump after a recent bout of hard selling.

Treasury yields spiked after Moody's lowered the U.S. credit rating down one notch to Aa1 from Aaa, bringing the agency in line with peers. The firm cited financing challenges tied to the federal government's growing budget deficit and the ramifications of rolling over existing U.S. debts in a period of high borrowing costs.

The debt downgrade pressured bond prices and sent yields higher at a time when the economy is already awaiting the full impact of President Donald Trump's unfolding tariff policy. At their session highs, the 30-year U.S. bond yield jumped above 5% on Monday and the 10-year yield topped 4.5%, levels that hurt equity markets last month and helped lead Trump to back off his stiffest tariff measures. Rates on mortgages track the 10-year yield.

Traders now see more trade deals as key to keeping the stock market comeback going, if higher yields don't scare away investors first.

- **In economic news.** In Australia, the main focus for markets is the Reserve Bank's interest rate decision this afternoon. Most economists expect the central bank to cut for the second time this year. The current expectation is a quarter of one percentage point cut, which would take the cash rate below 4 per cent for the first time since 2023.
- **In other markets.** Bonds also came well off session lows, following a slide that briefly put 30-year yields above 5 per cent.
- **Futures.** ASX futures are pointing up 73 points or 0.8 per cent to 8384.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	8,524.8	8,579.9	-0.6%
ASX 200	8,295.1	8,343.7	-0.6%
ASX Emerging Companies	2,278.1	2,310.6	-1.4%

<u>US Markets</u>			
Dow Jones	42,792.1	42,654.8	0.3%
S&P500	5,963.6	5,958.4	0.1%
Nasdaq	21,447.1	21,427.9	0.1%
Russell 2000	2,104.4	2,113.3	-0.4%

<u>Asian &amp; European Markets</u>			
Shanghai Composite	3,367.6	3,367.5	0.0%
Nikkei	37,498.4	37,753.5	-0.7%
Hang Seng	23,332.7	23,345.1	-0.1%
FTSE 100	8,699.3	8,684.6	0.2%
DAX 30	23,935.1	23,767.4	0.7%
CAC 40	7,883.6	7,886.7	0.0%

S&P500 Sectors	Close	Prior	% Δ
Information Technology	4,576.0	4,578.5	-0.1%
Communication Services	348.0	347.5	0.2%
Consumer Discretionary	1,737.9	1,742.5	-0.3%

Economic Releases	Time	F'cast	Prior
CNY - PBoC Interest Rate Decision	11:15	3.00%	3.10%
AUD - RBA Interest Rate Decision	14:30	3.85%	4.10%

Key BW Names	Close	Prior	% Δ
Lotus Resources	0.165	0.180	-8.3%
Elementos	0.092	0.084	9.5%
Frontier Energy	0.210	0.220	-4.5%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	62.16	61.89	0.4%
Gold	3,225	3,245	-0.6%
Gold (Aus)	4,992	5,059	-1.3%
Silver	32.35	32.48	-0.4%
Uranium (Spot)	76.00	76.00	0.0%
Global X Uranium ETF	27.81	27.71	0.4%
Sprott Uranium Miners ETF	36.54	36.59	-0.1%
Sprott Physical Uranium Trust	15.60	15.60	0.0%
Tin (Futures)	32,726	32,726	0.0%
Copper	4.67	4.60	1.5%

Other Markets	Close	Prior	% Δ
SPI200 Futures	8,384.0	8,360.0	0.3%
DXI Index	101.0	101.0	0.0%
AUD/USD	0.6457	0.6409	0.7%
2-Year Treasury Yield (%)	3.97	3.99	-2 bp
10-Year Treasury Yield (%)	4.45	4.45	0 bp
US 2-10-Year Spread	0.48	0.45	2 bp
VIX Index	18.13	17.25	5.1%