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Banks Drag ASX Down Despite Tech and Rare Earths Surge

July 16, 2025

– Categories: Finance



Australia's share market took a hit on July 16, 2025, as the S&P/ASX 200 Index fell 0.8% to 8,561.8 points, led by sharp declines in major banks, even as technology and rare earths stocks rallied. The sell-off, triggered by global tariff concerns, overshadowed gains in select sectors. This article explores the market's downturn, its causes, and the broader economic implications.

The Australian Securities Exchange (ASX) saw broad-based losses, with the financial sector dropping 1.4%, as reported by Morningstar Australia. National Australia Bank (NAB) plummeted 3.4% to \$38.27 amid scrutiny over CEO Andrew Irvine's leadership, despite board support, per The Australian Financial Review. Commonwealth Bank of Australia (CBA) fell 1.2%, Westpac Banking Corporation 1.5%, and Australia and New Zealand Banking Group (ANZ) 0.6%. Marcus Today's market wrap noted banks were hit by proposed Reserve Bank of Australia (RBA) card surcharge reforms, which could squeeze profits. This weakness followed a record high the previous day, driven by optimism over US earnings, but US tariff fears, with President Trump's proposed 35% levy on Canadian goods, soured sentiment, as Swissquote Bank's Ipek Ozkadeskaya told ABC News.

Tech stocks bucked the trend, with the All Tech Index down just 0.35%, per Stockhead. Rare earths miners shone, with Iluka Resources climbing 4.3% to \$4.88 after a Macquarie upgrade and a \$US500 million MP Materials–Apple deal boosting the sector, according to The Australian Financial Review. Lynas Rare Earths, despite a slight dip, outperformed the broader market. Miners like Fortescue Metals Group (+0.5%) and Rio Tinto (+0.2%) also gained, supported by iron ore prices hitting \$US100 a tonne in Singapore, per ABC News.

The downturn reflects broader economic unease, with the Australian dollar slipping to 65.25 US cents. Posts on X, like those from @CommSec, highlighted the miners' resilience but noted tariff uncertainty dragging on confidence. Critics argue the Labor government's economic policies fail to shield markets from global shocks, leaving investors exposed. As the ASX navigates volatility, the strength in tech and rare

earths offers hope, but banks' struggles signal caution for Australia's economic outlook.