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## Australian Stocks Dip Slightly as RBA Meeting Looms

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– Categories: Finance



Australia's share market edged lower on Wednesday, retreating from record highs as investors adopted a cautious stance ahead of key interest rate decisions. The S&P/ASX 200 index dipped 0.02% to close at 8,841.70, following strong gains in recent sessions.

The modest pullback was largely driven by weakness in the financial sector. AMP Limited saw its shares fall 2.4% after posting underwhelming earnings, which dragged down Commonwealth Bank and Westpac ahead of their upcoming financial reports. Market

sentiment suggests many investors are holding off on major moves as the Reserve Bank of Australia prepares for its policy meeting scheduled for August 12.

Economists and analysts broadly expect the central bank to announce a 0.25% rate cut during the meeting. According to research by Morgan Stanley, such a move could signal the start of a more neutral monetary stance, possibly ending a period of more aggressive tightening.

In contrast to the banking sector, miners and gold stocks saw modest gains. Mining stocks inched up 0.2%, while gold-related shares rose 1.4%, as some investors rotated into traditionally defensive sectors. The rise reflects a broader trend of portfolio rebalancing in response to potential changes in interest rate direction.

Across the Tasman Sea, New Zealand's stock market remained largely flat. Investors are also waiting on a monetary policy decision from the Reserve Bank of New Zealand, expected next week. A similar rate cut is anticipated, aligning with a global shift toward easing as inflation cools.

The financial markets in both Australia and New Zealand are closely watching their respective central banks for signals on future policy direction. With inflation slowing and growth showing signs of strain, these decisions are being viewed as pivotal moments that could determine the economic trajectory for the remainder of the year.

While rate cuts typically aim to stimulate economic activity, their effectiveness remains to be seen. Markets will be looking for indicators in the coming weeks to determine whether looser monetary policy can boost momentum or if more structural issues are at play.