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U.S. Stocks Hit Records on Global Trade Momentum

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U.S. stock markets reached new highs this week, driven by optimism surrounding international trade developments and a resilient services sector. The S&P 500 and Nasdaq Composite closed at record levels for the second consecutive week, while the Dow Jones Industrial Average gained 1.26%. Mid-cap and small-cap stocks also advanced, with value shares slightly outperforming growth.

Investor confidence was lifted by news of trade deals between the United States and three key Asian partners, Japan, Indonesia, and the Philippines. These agreements signaled improving international cooperation and bolstered expectations for further trade progress. Anticipation of a potential deal between the U.S. and European Union ahead of the August 1 deadline, when the U.S. plans to implement 30% tariffs on a range of European goods, added to the market's strength.

Earnings reports continued to shape market sentiment, particularly those from major tech firms within the so-called "Magnificent Seven." Alphabet, the parent company of Google, saw its shares rise by 4.38% after surpassing earnings expectations and emphasizing its latest advancements in artificial intelligence. In contrast, Tesla fell by 4.12% after reporting results that failed to meet analyst forecasts.

Services Lead Economic Activity

S&P Global's flash Purchasing Managers' Index (PMI) for July showed a robust increase in U.S. business activity. The composite PMI rose to 54.6, the highest reading in seven months, driven entirely by the services sector. Manufacturing, however, showed signs of weakness, falling to 49.5 and slipping into contraction territory. Economists noted the disparity as a potential indicator of uneven growth and warned of headwinds in industrial demand.

Housing Market Faces Continued Pressure

In real estate, existing home sales fell 2.7% in June to a seasonally adjusted annual rate of 3.93 million units, according to the National Association of Realtors. Despite slower sales, the median existing home price reached a record high of \$435,300. Limited inventory and elevated mortgage rates continue to challenge affordability and weigh on buyer activity.

Bond Market and Corporate Lending Trends

On the fixed-income side, U.S. Treasury yields edged lower, offering modest gains to bond investors. Investment-grade corporate bonds outperformed Treasuries, supported by narrowing spreads. In the loan market, Monday marked the fourth-largest day on record for bank loan issuance, driven primarily by repricing efforts as companies seek to adjust to higher borrowing costs.