



September 2025

Economic and market overview

- **Global:** The Federal Reserve delivered its first rate cut of 2025 in September, with a dovish tone that opened the door to further easing. This broadly saw bond yields retrace, the US dollar weaken and gold push higher, while equities rallied as investors repriced a lower policy path into year-end.
- Momentum was tempered in the final week of the month as President Trump announced a fresh round of tariffs – this time targeting pharmaceuticals, heavy trucks and homewares including kitchen cabinets and upholstered furniture, seeing volatility injected into risk assets.
- Gold prices continued to create fresh highs throughout September, benefitting both from lower real yields and renewed demand for safe havens amid geopolitical and trade uncertainty. Spot gold ended September up +12% near US\$3,863/oz.
- LME Copper prices advanced 3.7% over the month, driven by disruptions at Freeport McMoRan's Grasberg asset in Indonesia.
- The global manufacturing PMI increased from 49.7 to 50.9, bringing it into expansionary territory. The services PMI remained unchanged at 53.4.
- **US:** All three major Wall Street indices continued to reset their record highs, with mega cap tech deals and expectations of another Fed cut fuelling gains. NASDAQ +5.6%, S&P500 +3.5%, DOW +1.9%.
- August job growth came in at +22k jobs, below expectations for +75k jobs. Payrolls were revised down from April 2024 to March 2025 by -911k. Further revisions to more recent months saw a cumulative -1.2m less jobs than previously thought. This saw the market fully price in a rate cut at the September FOMC meeting.
- The FOMC delivered a dovish 25bp rate cut mid-month, bringing the policy rate to 4% - 4.25%. Fed Chair Jerome Powell cited the weak labour market and indicated that the Fed would deliver two more 25bp cuts into the end of the calendar year.
- Q2 consumer spending was revised upward to +2.5% from +1.6% due to stronger services spending.
- Barring a last-minute deal, the federal government would shutdown on 1 October. This would delay future economic data prints and reports.
- Q2 real GDP growth was revised up to +3.8% QoQ, from +3.3% QoQ, driven by strength in consumer spending. The increase in Q2 GDP was due to a decrease in imports that reversed the surge that occurred in Q1 ahead of tariff implementation.
- The DXY was broadly unchanged on the month, depreciating in the first half of September, before recovering lost ground in the back half of the month.
- **Australia:** The ASX200 bucked the trend vs its global peers, declining during September. Energy stocks weighed on the index, down over -10% after XRG Consortium withdrew its takeover offer for Santos. The index closed the month -1.4% lower.
- Household spending in July accelerated +0.5% MoM and +5.1% YoY, in line with consensus expectations. June spending was revised down to +0.3% from +0.5%.
- The August Labour Force Survey was weaker than expected on headline employment, with employment falling -5.4k, below market expectations of +24k. The unemployment rate held steady at 4.2%.
- Later in the month, August CPI printed stronger than expected, up +3.0% YoY vs consensus +2.9% YoY. Headline inflation accelerated to +3.4% from +3.2%. Following this data print, fixed income markets priced out any further interest rate cuts in 2025.
- At the end of September, the RBA left the monetary policy rate unchanged, as widely expected. The RBA released a short, neutral statement, leaving the option open to cut rates further if need be.
- **New Zealand:** Q2 GDP printed significantly weaker than expected, contracting by -0.9% against expectations of -0.3%. This offset the upward revision of Q1 to +0.9%, implying that the New Zealand economy did not grow in H1 2025. The contraction in GDP was driven by net exports, with domestic final demand remaining flat in Q2.
- The RBNZ announced the appointment of Dr Anna Breman to the role of Governor, succeeding Christian Hawkesby. This announcement was broadly unexpected by the market.
- **Europe:** France's President Macron appointed Sebastien Lecornu as the new Prime Minister. A few days later, Fitch downgraded France's credit rating to A+ from AA-, citing political instability and lack of a clear horizon for debt stabilisation.
- The ECB unanimously voted to keep policy rates unchanged at its meeting mid-month, with the President noting that the ECB is in a good place.
- A couple of days after, the Bank of England also voted to keep policy rates unchanged, in line with consensus expectations. The fixed income market has not priced in any further cuts from either central in 2025.
- Later in September, the Eurozone manufacturing PMI dipped into contractionary territory (to 49.5) as new orders saw the largest decline since February. Services PMI rose to 51.4.
- The STOXX600 advanced +1.5% during the month, lifted by gains from the miners, which tracked precious metal prices higher. The French CAC40 reversed August's losses, gaining +2.5% during September to close roughly where it started in August. The FTSE100 closed the month on a record high, logging its largest quarterly gain since 2022.
- **China:** Headline CPI turned negative in August, down -0.4% YoY from flat the month prior. Despite this, core goods inflation reached a five-year high of +1.4% YoY.
- Export growth slowed to +4.4% YoY in August, below consensus expectations of +5.5% and at a 6-month low. This was driven by elevated US tariffs and the rising base. While exports to the US declined by -33.1% YoY, exports to the RoW grew by +11.0% YoY.
- The MPC advised that it would step up monetary policy adjustments, commenting that China's economy faces increased challenges, including higher trade barriers.
- At the end of the month, the Politburo met to discuss the Fifteenth Five-Year Plan for 2026-2030. The Five-Year Plan was positioned as an initiative to continue rapid economic development and social stability.
- Manufacturing PMI improved to 49.8 in September, above consensus of 49.6. Non-manufacturing PMI slowed more than expected, to 50.0 vs expectations of 50.2.

Australian dollar

- After posting a +1.85% gain against the USD in August, the AUD ended September at 0.6613, gaining another +1.10% over the month.
- AUDUSD traded a 223-pip range, touching a low 0.6484 early in the month and reaching a high of 0.6707 mid-month.
- In the US, Core CPI came in line with expectations at +0.3% month-on-month and weekly jobless claims spiked to near 4y highs. Together, this confirmed September FOMC was on track for a 25bp cut. Buoyed by upbeat sentiment around the news, AUDUSD gained +1% on the day. A week later, the Fed delivered a 25bp cut, as anticipated. Price action was choppy during the press conference, and AUD briefly touched 0.6707, the high of the year.
- Locally, Australian CPI for August printed slightly higher than expected at +3.0% year-on-year against +2.9% consensus.
- As expected, the RBA held the cash rate at 3.60% at its end of September meeting. Recent consumer data gave the RBA confidence, enough so that Bullock indicated that fewer cuts were potentially warranted, while terms of trade from higher base metals prices are expected to be a further tailwind for the AUD.

Australian equities

- The ASX200 traded -1.4% lower during September, with almost all sectors ending the month in the red.
- Materials was the only sector to advance, up +4.6%, driven by gold miners which tracked the spot price higher. GGP +35.0%, EVN +25.1%, NST +25.6%.
- JHX underperformed on the month, declining -9.9% after releasing AGM materials which included targets that differed materially to consensus and implied a softer outlook.
- Energy stocks underperformed the index, down -10.6% during September. Santos saw the largest percentage decline on the index, down -16.1% after XRG Consortium withdrew its bid for the company.
- Health Care stocks steadily declined -4.9% during the month, with sector heavyweight CSL down -6.9%. The US section 232 investigation and the announcement of a 100% US import tariff on branded/patented drugs saw the sector sell off towards the end of the month. On the final day of the month, CSL announced that its current CFO, Joy Linton, would step down and be succeeded by the current Chief Strategy Officer, Ken Lim.
- The Financials complex traded -1.5% lower, with the major banks mixed after announcing a slew of job cuts during the month. ANZ (-1.4%) announced 3,500 job cuts, WBC (+0.9%) announced 1500 job cuts, and NAB (+3.2%) announced ~750 jobs that would be restructured.
- The Consumer Discretionary sector fell -1.7%, with BAP seeing the largest percentage decline of the sector, declining steadily throughout September to close down -20.4%. BAP reported FY25 NPAT 39% below consensus at the end of last month.
- Supermarkets Coles and Woolworths both declined after flagging a combined \$800m payback estimates for salaried staff, following a Federal Court decision at the beginning of September. COL -2.5%, WOW -7.3%.

Global equities

- Global equities traded higher throughout the month, with multiple major indices resetting their record highs. The MSCI World Index gained +3.1%. US indices NASDAQ +5.6%, S&P500 +3.5% and DOW +1.9% broke highs on a slew of mega cap tech delays including Nvidia partnering with Intel, and Nvidia investing \$100bn in OpenAI.
- Tech stocks led the S&P500 higher, with the sector advancing +7.2% during the month. Database software company Oracle reported a historic \$330bn of bookings during the quarter, and added +24.4% over the course of the month.
- Tesla shares rallied +33.2% during September, seeing the largest percentage gain on the Consumer Discretionary sector,

as investors positioned themselves ahead of the Q3 sales report at the beginning of October. Of the other Mag7 Stocks: GOOGL +14.2%, AAPL +9.7%, NVDA +7.1%, MSFT +2.2%, AMZN -4.1%, META -0.6%.

- Materials underperformed the index, declining -2.3% throughout the month. Freeport-McMoRan fell -11.7%, after providing an update on its Grasberg operations in Indonesia, indicating that it expected significant disruptions into 2026. Other copper stocks rallied on the news, as Grasberg output represented 3% of global copper supply.
- In Europe, the STOXX600 gained +1.5%, while the FTSE 100 closed September on a record high, up +1.8%.
- The MSCI Asia Pacific advanced +4.3% during the month, boosted by gains in Korea (+7.5%) and Hong Kong (+7.1%).

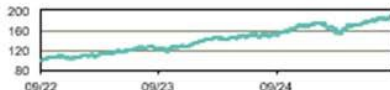
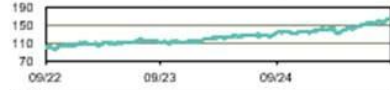
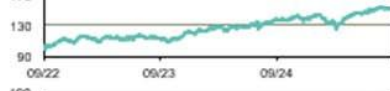
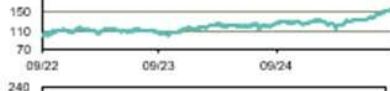

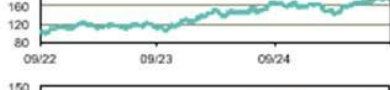


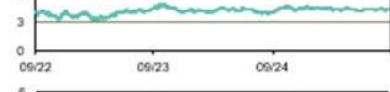

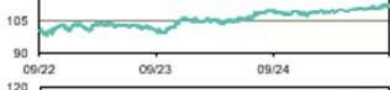
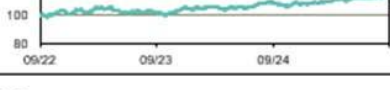
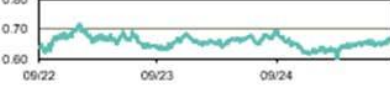
Property securities

- Global property securities saw continued positive gains in September (+1.2%), albeit slower than August (+4.5%). Global property securities have now produced total returns of ~12% YTD in USD terms, reflecting lower yields and rate cuts around the world driving strong inflows into the sector.
- The Americas region performed in-line with Global producing a continued positive 1.3% returns following a Fed rate cut in mid-September. The positive returns in September follow a strong >4% return month in August which reversed 4 consecutive months of negative performance (July -0.8%, June -0.5%, May -4.6% and April -2.2%). The Americas region REITs are now up ~6% YTD
- Europe/UK returns underperformed global average in September with +0.4% returns. However, Europe/UK has performed strongly YTD with ~19% total return.
- The Asia Pacific region returns slowed down to 1.1% in September after a strong August (+5.5%) as inflation cools across the region. This follows a few months of positive returns including July (+0.9%), continuing on from positive in June (+4%), May (+1.0%), and April (+4.5%). Japan and Singapore saw stronger performance while China continues to be weak.
- Locally, AREITs were down -3% this month, a turn from the positive returns consistently since April, primarily driven by higher CPI and resulting in a November rate cut no longer being expected by consensus. YTD, AREITs are up ~9%, despite GMG down -11%, as the rest of the sector has performed well.

Fixed income and credit

- US payroll revisions continued in September, with a cumulative -1.2m less jobs than previously thought. Consequently, the market fully priced in a rate cut at the September FOMC meeting.
- The FOMC delivered the expected dovish 25bp rate cut mid-month. Dots shifted lower after the FOMC meeting, with the market implying two further rate cuts in 2025, in line with Fed Chair Jerome Powell's commentary, followed by two further 25bp cuts by September 2026.
- The 10yr US Treasury yield followed broadly the same pattern as the US Dollar, finishing September -7.9bps lower at 4.151%.
- The 2yr US Treasury yield closed September broadly unchanged, at 3.609%.
- The RBA left interest rates unchanged at its end of September meeting, as anticipated. The market has not priced another cut until May 2026.
- The ECB unanimously voted to keep interest rates unchanged. The market has not priced in any further cuts, with the policy rate remaining at 2.0% for the foreseeable future.
- US investment grade credit widened +1.1bps during September. High yield credit tightened during the month, however widened in the last week to close unchanged.

MARKET WATCH DATA SHEET

		1 Month Return / Change	3 Month Return / Change	1 Year Return / Change	3 Year p. a. Return / Change	3 Year chart
Equities						
	<i>Points</i>					
MSCI World (AUD)	7,278	1.97%	6.16%	23.26%	23.04%	
MSCI Emerging Markets (AUD)	1,466	5.85%	9.71%	23.70%	17.62%	
ASX 200	8,849	-1.39%	3.59%	7.00%	10.98%	
ASX Small Ordinaries	3,713	3.44%	15.31%	21.50%	15.54%	
S&P 500 (USD)	6,688	3.65%	8.12%	17.60%	24.94%	
REITs						
	<i>Points</i>					
ASX 200 A-REIT	1,863	-3.10%	4.56%	4.10%	19.85%	
FTSE EPRA/NAREIT Developed (AUD)	2,982	0.88%	4.31%	-0.37%	7.51%	
Cash & Fixed Income						
Official Cash Rate Australia	3.60%	0.00%	-0.25%	-0.75%	-	
10-year Yield Australia	4.30%	0.02%	0.14%	0.33%	-	
10-year Yield US	4.15%	-0.08%	-0.08%	0.37%	-	
Bloomberg Global Aggregate Index, AUD Hedged	-	0.68%	1.02%	2.44%	3.96%	
Bloomberg AusBond Composite 0+ Year Index	-	0.10%	0.40%	4.09%	4.25%	
Foreign Exchange						
	<i>US\$</i>					
AUD/USD	0.6613	1.12%	0.49%	-4.34%	1.10%	

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