



MONTHLY MARKET REPORT SUMMARY: OCTOBER 2025

Global share markets extended gains in October, supported by strong earnings, Fed easing, and AI-driven optimism. Japanese shares led developed markets, while emerging markets outperformed in AUD terms, buoyed by semiconductor strength and trade truce tailwinds. Australian shares underperformed as inflation surprised to the upside and rate cut expectations were pushed out. Property and infrastructure lagged broader markets, while bond yields reflected mixed signals from central banks. Commodities were broadly higher, led by copper and gold, while oil declined. The AUD weakened slightly amid conflicting inflation and rate expectations.



LINK WEALTH
ADVICE

KEY SECTOR TAKEAWAYS

GLOBAL DEVELOPED SHARES



Unhedged global shares rose 3.3% in AUD terms in October, bringing 12-months returns to 22.8%. US shares were driven by strong Q3 earnings (10.7% growth vs. 7.9% expected), particularly in IT (26.5%) and Financials (20.8%). AI-related tech stocks such as Amazon, Microsoft, and Nvidia led gains. Japanese shares surged in October, supported by the election of a pro-Abenomics prime minister. European shares rose in October, but lagged its global peers this month.

AUSTRALIAN SHARES



Australian shares rose 0.4% in October, bringing 12-month returns to 12.5%. Underperformance of Australian shares versus global peers reflected persistent inflation and the repricing of rate expectations. Materials rose on stronger commodity prices, while banks gained despite expensive valuations. Healthcare fell, led by CSL's profit downgrade and restructuring concerns. Market leadership continued to broaden, with small and mid-cap stocks outperforming large-cap stocks in October and for the year.



KEY SECTOR TAKEAWAYS

EMERGING MARKETS



Emerging markets rose 5.5% in AUD terms in October, bringing 12-month returns to 27.7%. South Korea (+22.7%) and Taiwan (+9.8%) led gains, supported by easing US-China trade tensions and AI-driven semiconductor demand. China declined 3.8% in October but remains up over one-third for the year. Latin America was more subdued but has posted strong year-to-date performance.

PROPERTY AND INFRASTRUCTURE



Australian listed property rose 0.6% in October, bringing 12-month returns to 7.4%. Hedged global listed property declined 0.8%, whilst hedged global listed infrastructure fell 0.2% in October. While declining cash rates have provided a tailwind for global listed property and infrastructure assets, these sectors lagged broader shares as investors focused on more growth-oriented exposures.

GLOBAL FIXED INTEREST



US Treasury yields fell early in October on easing expectations, before rising to 4.09% as Fed Chair Powell signalled uncertainty around further cuts. However, in late October, the Fed cut rates by 0.25% to a range of 3.75% – 4.00% and ended its quantitative tightening program. Further, the ECB held rates at 2.0%, whilst the BoE struck a dovish tone.



KEY SECTOR TAKEAWAYS

AUSTRALIAN FIXED INTEREST



Australian 10-year yields ranged from 4.10% to 4.34%, ending at 4.31%. September quarter CPI surprised to the upside, with headline inflation at 3.2% and core inflation at 3.0%. The RBA signalled caution, noting uncertainty around the neutral rate and elevated unit labour costs.

COMMODITIES



Gold rose 3.7% to US\$4,002.59/oz in October, despite a late-month correction from its high of US\$4,356/oz. Gold remains up 52.0% year-to-date. Copper rallied 10.0% in October and is up 25.0% for the year, driven by supply constraints and energy transition demand. Oil fell 3.0% to US\$65.07/bbl on rising supply from OPEC+ and non-OPEC producers.

CURRENCIES



The USD rose in October, gaining 1.7% against the Euro, 2.2% against the Pound, and over 4.0% against the Yen. The Yen weakened sharply following the election of a pro-stimulus Japanese prime minister. The AUD fell 1.1% to 65.4 cents, weighed by investor positioning and reduced USD downside, despite higher-than-expected inflation in Australia.

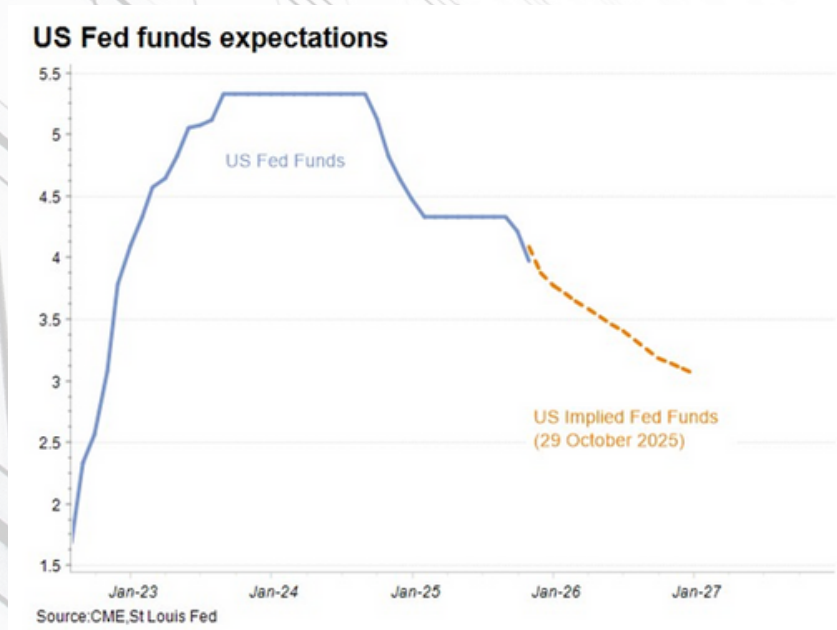


ECONOMIC HIGHLIGHTS



UNITED STATES: INFLATION, MANUFACTURING AND POLICY

Core inflation rose 0.2% in September, with annual inflation at 3.0%. Service sector inflation remains sticky at 3.6%. Manufacturing remains in contraction, as are new orders. Manufacturing prices paid have eased back in recent months, but the overall level is still elevated. The Fed cut rates by 0.25% to a range of 3.75% – 4.00% and ended quantitative tightening, but Fed Chair Powell cautioned that further cuts are not guaranteed. Markets expect three more cuts over the next 12 months.

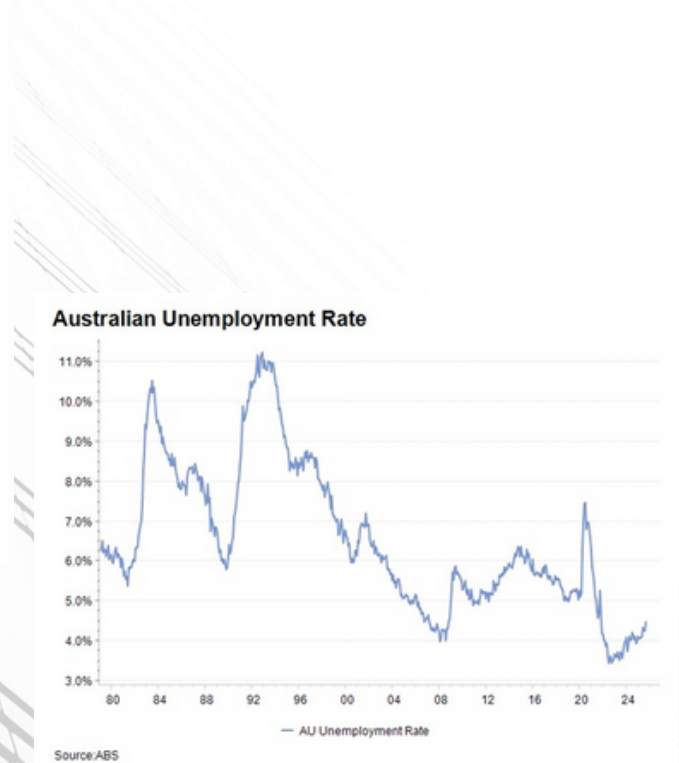
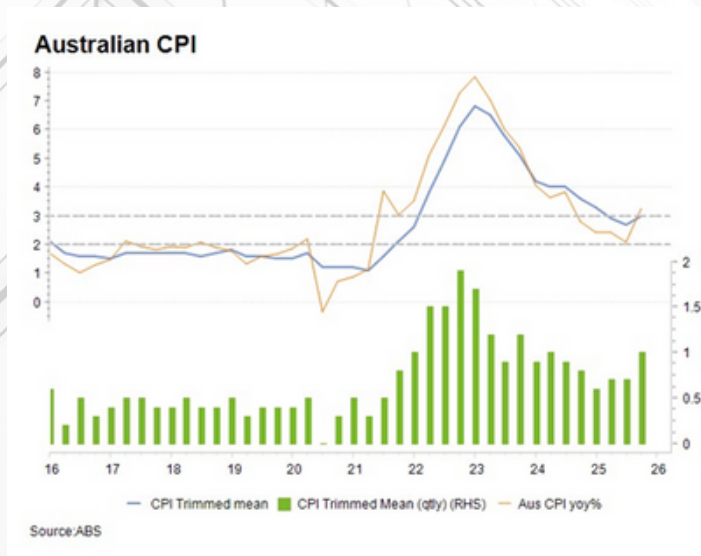


ECONOMIC HIGHLIGHTS



AUSTRALIA: INFLATION, POLICY AND LABOUR

September quarter CPI rose 1.3%, lifting annual headline inflation to 3.2% and core inflation to 3.0%. The RBA now expects inflation to return to target only in the second half of 2026. Unemployment rose to 4.5%, the highest since November 2021. Based on the Sahm rule, Australia is close to recession, though the labour market remains relatively tight.



ASSET CLASS RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Australian Cash	0.3	4.1	4.1	2.6
Australian Bonds	0.4	6.5	4.1	-0.2
Global Bonds (Hedged)	0.8	4.8	4.4	-0.4
Australian Shares	0.4	12.5	13.1	12.6
Global Shares (Unhedged)	3.3	22.8	20.9	17.3
Global Shares (Hedged)	2.6	18.8	20.0	15.2
Emerging Markets	5.5	27.7	20.2	9.0
Global Infrastructure (Hedged)	-0.2	7.9	8.1	7.8
Australian Listed Property	0.6	7.4	16.4	12.1
Global Listed Property (Hedged)	-0.8	2.7	6.2	5.8
AUD / USD	-0.8	-0.3	0.7	-1.4

GLOBAL SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	-1.3	3.7	6.5	6.1
Consumer Discretionary	1.5	22.2	19.8	11.0
Energy	-0.4	7.4	5.1	26.1
Financials	-2.0	24.6	23.5	20.6
Health Care	3.1	-0.3	5.4	7.4
Industrials	1.0	22.2	22.8	15.8
Information Tech	6.5	37.5	37.2	23.1
Materials	-2.8	5.7	11.9	9.3
Telecom	1.7	34.9	35.4	15.5
Utilities	3.0	19.0	15.4	9.8



AUSTRALIAN SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	0.1	5.2	1.8	1.8
Consumer Discretionary	-6.6	15.3	16.0	11.9
Energy	3.6	5.5	-1.9	12.7
Financials	1.5	18.8	19.3	20.3
Health Care	-4.3	-18.5	-2.9	-2.1
Industrials	1.6	25.3	16.0	13.1
Information Tech	-7.0	4.5	21.9	7.2
Materials	4.1	17.5	13.0	13.5
Telecom	-1.1	19.6	13.2	14.4
Utilities	0.5	27.9	19.1	14.2



CONCLUSION

- Global shares advanced in October as strong earnings, Fed easing, and AI optimism supported risk appetite, despite mixed signals from policymakers and lingering shutdown uncertainty.
- Australian shares underperformed global peers, weighed down by persistent inflation and delayed rate cut expectations, though materials and smaller caps led gains.
- Emerging markets outperformed in AUD terms, driven by semiconductor strength, easing trade tensions, and resilient growth, with South Korea and Taiwan leading.
- Bonds reflected mixed central bank signals: the Fed cut to 3.75% – 4.00%, the ECB held at 2.0%, whilst the BoE struck a dovish tone.
- Australian listed property posted modest gains, while global listed property and infrastructure lagged broader markets amid investor focus on more growth-oriented exposures.
- Gold remained elevated despite a late-month correction, copper surged on supply constraints, and oil declined on rising global supply.
- The AUD weakened slightly amid conflicting inflation signals and shifting rate expectations.

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