

# MONTHLY MARKET REPORT SUMMARY: SEPTEMBER 2025

Global share markets posted solid gains in September, led by the US where strong earnings momentum, a 25 bps Fed rate cut, and AI-driven enthusiasm supported performance. Australian shares underperformed as inflation proved stickier than expected and rate cut expectations were pushed out. Emerging markets outperformed in AUD terms, buoyed by a softer USD and semiconductor demand, while India lagged. Property and infrastructure were mixed, with AREITs consolidating after strong year-to-date gains. Bond markets reflected a delicate balance between persistent inflation and moderating growth as the Fed pivoted to easing. Commodities diverged, with gold surging to a record high and oil easing on rising supply. The AUD strengthened modestly on the back of stronger inflation, while the USD softened amid the backdrop of the US government shutdown.



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# KEY SECTOR TAKEAWAYS

## GLOBAL DEVELOPED SHARES



Unhedged global shares rose 2.0% in AUD terms in September, bringing 12-month returns to 23.0%. In the US, markets were driven by strong forward earnings (13.3% profit growth, positive EPS revisions), the Fed's rate cut, and FOMO-driven participation in AI and technology. A Fed rate cut and resilient earnings underpinned risk appetite, particularly across AI-exposed technology names. Investor participation broadened on FOMO, while softer activity and labour signals tempered gains.

## AUSTRALIAN SHARES



Australian shares declined 0.8% in September, bringing 12-month returns to 10.6%. Underperformance versus global peers reflected a repricing of rate expectations as domestic inflation proved more persistent. Materials benefited from broad commodity strength (gold, silver, copper, iron ore) driven by supply disruptions, safe-haven demand and tentative China recovery optimism. RBA caution and a valuation correction in major banks (e.g., CBA off 12.8% from its June peak) weighed on Financials.



# KEY SECTOR TAKEAWAYS

## EMERGING MARKETS



Emerging markets rose 5.8% in AUD terms in September and have returned 22.8% over the past 12 months. Gains were led by Korea and Mexico, while India underperformed on weak earnings, soft consumption, stretched valuations and tariff headwinds. China's onshore market posted modest monthly gains (0.6%) and strong quarterly returns (12.7%) as sentiment improved on reduced tariff concerns, AI optimism and signs of stabilisation, though deflationary pressures and subdued profitability remain.

## PROPERTY AND INFRASTRUCTURE



Australian listed property declined 3.1% in September, as AREITs faced rate-repricing headwinds amid persistent inflation, though the broader backdrop remains supportive. Global REITs rose 0.9%, whilst global listed infrastructure increased by 2.0%, benefitting from sticky inflation and a potential peak in real yields.

## GLOBAL FIXED INTEREST



US Treasury yields fell early in September on soft payrolls, then ended higher as GDP was revised up and inflation stayed sticky, with the 10-year near 4.2%. The Fed cut the policy rate by 25 bps to 4.0–4.25%, its first since December 2024, pivoting to support a cooling labour market while acknowledging persistent inflation risks.



# KEY SECTOR TAKEAWAYS

## AUSTRALIAN FIXED INTEREST



Australian 10-year yields ended near 4.3% as the RBA held the cash rate at 3.6%, noting Q3 inflation may exceed expectations and highlighting ongoing inflation pressures alongside softening employment.

## COMMODITIES



Oil fell 4.1% in Q3 to US\$62.40/bbl on expanding supply from OPEC+ and non-OPEC producers. Gold climbed 16.8% in Q3 to a record US\$3,859/oz, supported by safe-haven demand amid US government shutdown uncertainty, US fiscal concerns, Fed easing, USD depreciation and ongoing geopolitical tensions.

## CURRENCIES



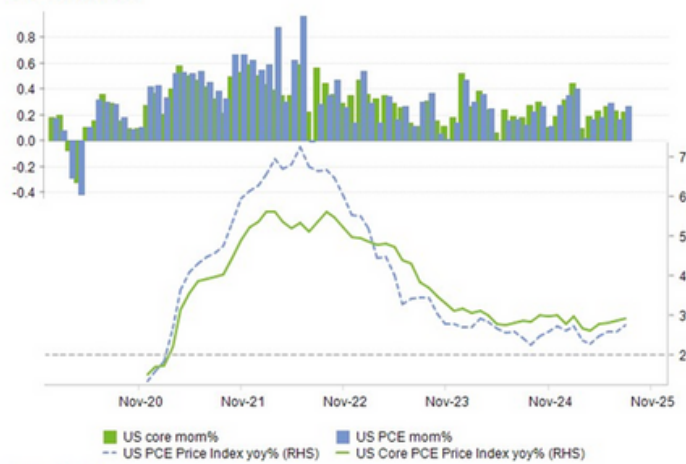
The USD Effective Exchange Rate declined 0.2% over the September quarter to 103.43, with shutdowns typically coinciding with dollar softness. The AUD Effective Exchange Rate rose 1.1% over the September quarter to 101.02, supported by a 3.0% August inflation print, with any RBA easing expected to be gradual.





# ECONOMIC HIGHLIGHTS

US Inflation



## UNITED STATES: INFLATION, LABOUR AND POLICY



Inflation is close to 1% above target, with sticky-price inflation being closer to 4.0% in recent months, and with unemployment trending higher and job openings down to 4.3%, policy remains restrictive albeit less so post-cut. August payrolls added 22,000 jobs versus 75,000 expected, with the three-month average down to 29,000—the weakest since the pandemic—and the composite ISM Employment Index at 45.7% (vs. 48.5% average at recession starts and 40.0% at troughs). The partial US government shutdown delayed the September jobs report and paused some data operations at the BLS and BEA.

## EUROPE AND UK: STEADY POLICY, TIGHT LABOUR, FISCAL CONSTRAINTS



Euro area unemployment remained at 6.2%, below the estimated NAIRU of 6.4%, with headline/core inflation at 2.1%/2.3%, respectively, and the ECB holding rates at 2.0%. In the UK, persistently high inflation limited the pace of BoE cuts; weakening growth and a softer labour market complicate the Autumn Budget backdrop, with the 30-year gilt yield near 5.5%.

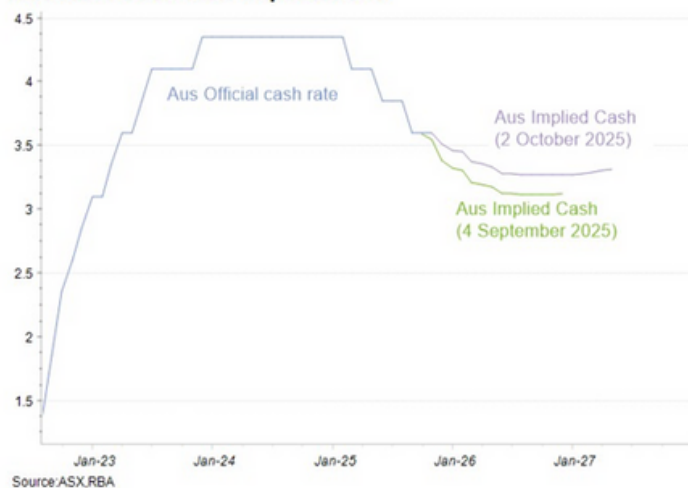


# ECONOMIC HIGHLIGHTS

## AUSTRALIA: INFLATION, POLICY AND ACTIVITY



Aus RBA Cash Rate expectations



The RBA held the cash rate at 3.6%, noting Q3 inflation risks to the upside and highlighting persistent price pressures even as employment softens more than anticipated. Australia's monthly CPI rose to 3.0% y/y in August, with housing, electricity and new dwelling prices being the key drivers. Q2 GDP grew 0.6% q/q and 1.8% y/y, with solid contributions from exports, consumption and government spending; private consumption overtook public spending as the primary growth driver.





# ASSET CLASS RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Australian Cash	0.3	4.2	4.1	2.5
Australian Bonds	0.1	4.1	4.3	-0.2
Global Bonds (Hedged)	0.7	2.4	4.0	-0.6
Australian Shares	-0.8	10.6	15.2	13.0
Global Shares (Unhedged)	2.0	23.0	22.6	16.3
Global Shares (Hedged)	3.3	16.9	21.7	13.8
Emerging Markets	5.8	22.8	17.0	8.7
Global Infrastructure (Hedged)	2.0	6.8	9.3	7.7
Australian Listed Property	-3.1	4.1	19.9	11.9
Global Listed Property (Hedged)	0.9	-0.4	7.5	5.2
AUD / USD	1.0	-4.8	0.5	-1.5

# GLOBAL SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	-2.0	0.3	9.0	5.5
Consumer Discretionary	2.8	16.8	19.9	10.0
Energy	-0.4	7.9	11.8	24.8
Financials	0.9	27.8	28.0	20.8
Health Care	1.0	-8.0	7.2	5.7
Industrials	2.4	17.6	26.5	14.9
Information Tech	7.5	27.5	37.6	20.3
Materials	2.4	2.5	15.0	9.3
Telecom	4.7	34.4	35.1	15.4
Utilities	3.4	12.2	15.3	9.5



# AUSTRALIAN SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	-4.2	-2.1	1.7	2.7
Consumer Discretionary	-1.0	18.7	22.1	13.7
Energy	-9.1	-3.1	-0.2	11.7
Financials	-1.4	20.9	23.4	21.4
Health Care	-4.7	-14.3	-1.2	-1.1
Industrials	-1.3	20.2	17.8	12.0
Information Tech	-1.4	7.9	27.1	10.6
Materials	6.5	7.4	11.5	12.4
Telecom	-2.5	21.7	15.5	14.5
Utilities	0.7	18.0	21.7	13.7





# CONCLUSION

- Global shares advanced in September as a Fed rate cut, resilient earnings and AI enthusiasm offset softening US labour indicators and shutdown uncertainty.
- Australian shares underperformed on persistent inflation and rate-cut timing drift, though materials and smaller caps led gains within the market.
- Emerging markets outperformed in AUD terms, supported by a softer USD, resilient growth and semiconductor strength; India lagged while China improved modestly amid stabilisation signs.
- Bonds reflected a tug-of-war between sticky inflation and moderating growth: the Fed cut to 4.0–4.25%, ECB held at 2.0%, UK long-term yields firmed, and credit spreads tightened.
- AREITs consolidated after strong YTD gains, while global infrastructure remained supported by sticky inflation and peaking real yields.
- Gold surged to a new high on safe-haven demand and policy/fiscal concerns; oil eased on higher OPEC+ and non-OPEC supply.

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