

MONTHLY MARKET UPDATE

September 2025

MONTHLY HIGHLIGHTS

- **Global markets pushed higher in September**, fuelled by the US Federal Reserve's (Fed's) first rate cut of the year and continued enthusiasm around artificial intelligence, which drove the technology sector. While concerns over tariffs and labour market softness lingered, easier financial conditions and strong demand for technology helped extend the rally.
- **Australian shares eased modestly after a strong run**, as concerns around consumer spending and earnings quality weighed on sentiment. Compounding this, the market had already begun to price in a more cautious stance from the Reserve Bank of Australia following the release of stronger inflation data. Small companies bucked the trend with solid gains, driven largely by renewed strength in resources.
- **International shares were a standout**. US markets reached fresh record highs on the back of solid earnings and renewed central bank support, while emerging markets outperformed on improving confidence in China and sustained enthusiasm for technology-led growth.
- **Fixed interest markets were steady**. Global bonds edged higher as US yields fell in anticipation of the Fed's rate cut, while Australian bonds posted modest gains as local yields moved slightly higher after local inflation data surprised to the upside. Credit markets were positive, supported by healthy investor appetite.

Key Market Performance — Trailing Total Returns (%)

As at 30 September 2025	1 mth	3 mths	12 mths	3 yrs p.a.	5 yrs p.a.	10 yrs p.a.
Australian Shares						
Australian shares	-0.8	4.7	10.6	15.2	13.0	10.1
Australian small-cap shares	3.4	15.3	21.5	15.5	9.3	9.6
International Shares						
International shares (hedged)	3.6	8.0	16.9	21.0	12.9	n/a
International shares	2.3	6.4	22.8	21.9	15.3	12.6
International small-cap shares	0.7	7.1	18.8	16.2	13.0	10.2
Fixed Interest & Cash						
Australian fixed interest	0.1	0.4	4.1	4.2	-0.2	2.1
International fixed interest (hedged)	0.7	1.0	2.4	4.0	-0.6	1.9
Cash - bank bills	0.3	0.9	4.2	4.1	2.5	2.1

MARKET OBSERVATIONS & OUTLOOK

Global equity markets finished September on a confident note, rounding out a month of steady gains amid resilient earnings and renewed optimism around policy easing. Investors largely looked past lingering tariff uncertainty and geopolitical tensions, focusing instead on the prospect of lower rates and the enduring strength of corporate balance sheets. The ongoing AI investment boom continued to capture market attention, driving optimism across technology and adjacent sectors, while bond yields stabilised, supporting a firmer tone in risk assets.

In the United States, economic data painted a picture of steady but slowing growth. Inflation remained contained, and the labour market cooled modestly, reinforcing expectations that the Federal Reserve could move cautiously toward policy easing later this year. Despite elevated valuations, investor sentiment stayed positive as earnings momentum persisted and fiscal policy remained supportive. Markets continued to prize companies demonstrating strong profitability and clear links between earnings and returns, particularly within technology and industrials.

Australia delivered another month of resilient economic performance, even as growth on the ASX lagged its global peers. Inflation edged closer to the

Reserve Bank's target, GDP growth exceeded expectations, and employment remained robust. However, corporate earnings were mixed, with weakness in the banks and resources offset by stronger results in health care, consumer, and communication services. While valuations across Australian equities remain elevated, stabilising commodity prices and signs of recovery in China have provided a firmer foundation for sentiment heading into the final quarter of the year.

Emerging markets also advanced through September, supported by continued strength in China's "new economy" sectors, including technology, health care, and consumer, alongside improving momentum in Taiwan, South Korea and India. Earnings revisions across the region have been steady, and valuations remain compelling relative to developed markets.

Overall, global markets ended the month in good shape, with growth steady, inflation under control and optimism tempered by discipline. As 2025 enters its final quarter, the combination of stabilising policy settings, structural innovation, and improving fundamentals continues to provide a constructive backdrop for risk assets.

This update has been prepared by Arrive Wealth Management (SEQ) Pty Ltd, trading as Arrive Wealth Management. Arrive Wealth Management is a Corporate Authorised Representative of Arrive Capital Pty Ltd ABN 24 641 636 535, AFSL 525758.

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