



Your Income Advantage

1st September 2025



## Overview of the US Market

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Asian markets entered Tuesday on a cautious note, with attention focused on technology stocks and China after a sharp rally in Alibaba. Futures suggested modest gains for Japan, while contracts for Hong Kong and Australia pointed to muted moves. U.S. equity futures edged lower, with cash markets closed for Labor Day. Investors are also watching Japan's 10-year bond auction amid speculation about Bank of Japan rate hikes and rising political uncertainty. Oil prices climbed, while the dollar remained flat.

Wall Street faces an important stretch, with payrolls, inflation, and the Federal Reserve's September policy decision looming. Deutsche Bank noted the bar is high for the Fed to avoid cutting on September 17, though futures pricing suggests markets expect recession-level easing through 2026.

In Asia, sentiment improved as the MSCI Emerging Markets Index rose 0.7%, its best day in a week, led by Hong Kong-listed Alibaba, which surged 19% on strong AI-related revenues and cloud sales. This helped offset last week's regional weakness following U.S. tech losses. However, Indonesian markets slumped, with equities recording their steepest drop in nearly five months, and bond yields spiking amid domestic unrest and political risks tied to President Prabowo Subianto canceling a China trip.

Geopolitical developments also loomed, with President Xi Jinping preparing to showcase China's military and diplomatic strength at a parade marking World War II's end, while U.S. President Trump said India agreed to lower tariffs following Washington's recent levies on Russian oil-linked imports.

In Europe, political uncertainty persisted ahead of a French confidence vote, keeping the French-German 10-year spread near multi-month highs. Historically, September is the weakest month for long-dated government bonds, with median global losses of 2% over the past decade.

Corporate headlines added intrigue: Nestlé ousted CEO Laurent Freixe over a workplace affair, extending management turbulence. Meanwhile, Mizuho Financial Group outlined ambitions to dominate Asian investment banking by expanding equity and M&A services, building on U.S. momentum.

Market snapshots reflected caution: S&P 500 and Australian futures were steady, Hang Seng futures slipped and major currencies held flat. Bitcoin fell slightly, ether ticked up, and WTI crude gained nearly 1% to \$64.57. Gold was little changed, while bond yields rose modestly in Australia.

Overall, Asian markets opened subdued but closely tied to tech momentum, political risks, and looming global central bank decisions.

## Overview of the Australian Market

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The Australian share market started September on the wrong foot on September 1, 2025, dragged by banks, miners, and tech amid global cues and a Trump post boosting gold, as investors parsed the volatile August earnings wrap-up. The **S&P/ASX 200** fell 0.51% to 8,927.7, 0.51% from its high and 0.21% from the low, while the broader **All Ordinaries** dropped 0.50% to 9,196.8. Small-caps bucked the trend with the **Small Ords** up 0.57%, though breadth leaned negative with advancers lagging decliners 114 to 163 in the **ASX 300**.

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**Consumer Staples** edged up 0.35%, **Communication Services** gained 0.31%, and **Utilities** rose 0.30%, but **Information Technology** plunged 2.65% as **Xero** (-4.0%) and **Wisetech Global** (-3.4%) weighed. **Consumer Discretionary** fell 1.24% with **Bapcor** (-6.7%), **Cettire** (-6.3%), and **Domino's Pizza** (-3.0%) in entrenched downtrends. **Financials** dropped 0.75%, led by big banks: **CBA** (-0.8%), **NAB** (-0.6%), **Westpac** (-0.9%), **ANZ** (-0.3%). **Materials** added 0.14% amid gold's surge to \$US3,552 all-time high after Trump's inflation post, powering the **Gold** subsector (+5.8%)—**Northern Star** (+6.4%), **Evolution Mining** (+5.1%), **Genesis Minerals** (+11.5%), **Capricorn Metals** (+11.7%), **Black Cat Syndicate** (+11.7%).

Standout movers included **4DMedical** (+36.0%) on FDA clearance, **Rpmglobal** (+22.8%) after NBIO from Caterpillar, **Caprice Resources** (+19.8%), **Silver Mines** (+16.7%), **Mithril Resources** (+15.3%), **Rox Resources** (+14.1%), **Meeka Metals** (+13.8%), **Kaiser Reef** (+13.2%), **Fenix Resources** (+10.9%), **Unico Silver** (+10.3%), **Lotus Resources** (+10.0%), **Greatland Gold** (+10.0%), **Betmakers Technology Group** (+9.7%), **Andean Silver** (+9.2%), **Waratah Minerals** (+9.1%), **St George Mining** (+8.9%), **Polymetals Resources** (+8.6%), **St Barbara** (+8.6%), **Harvey Norman** (+8.6%), **Catalyst Metals** (+8.6%), **Sun Silver** (+8.1%), **Benz Mining** (+8.0%), **Westgold Resources** (+7.8%), **Alkane Resources** (+7.1%), **EDU** (+7.1%), **Ausgold** (+7.1%), **Resolute Mining** (+7.0%), **West Coast Silver** (+6.8%), **Vault Minerals** (+6.5%), **Ora Banda Mining** (+6.5%). Laggards featured **Energy Transition Minerals** (-16.7%), **EZZ Life Science** (-13.6%), **Dateline Resources** (-13.2%), **Green Critical Minerals** (-11.1%), **Lindian Resources** (-9.1%), **Generation Development Group** (-8.7%), **Bubs Australia** (-8.3%), **Mesoblast** (-7.3%), **Perpetual** (-6.4%), **Kina Securities** (-6.3%).

The AUD/USD rose 0.05% to 0.6544. August S&P Global Manufacturing PMI finalized at 53, signalling expansion, but building approvals dropped 8.2% in July (worse than -4% forecast). For August, the **ASX 200** rose 2.6%—its best month since May's 3.8%—fuelled by strong sectors and earnings beats amid global volatility, though September seasonality and US tariff risks loom.

President Trump's post claiming low US inflation spurred gold's rally, indirectly lifting Aussie miners, but broader markets eyed Fed independence threats and tariff extensions.

Strategists note resilient earnings and AI tailwinds could propel gains, but Goldman Sachs warns tariffs may hurt even with deals, urging diversification amid high valuations.

## Overview of the US Bond Market

U.S. markets were closed for Labour Day, with attention turning to Friday's nonfarm payrolls report, a key factor for the Federal Reserve's expected rate cut later this month. Additional labour data this week include the JOLTS survey, ADP payrolls, and speeches from Fed officials, including Lisa Cook, who is contesting her dismissal by President Trump. Trade policy remains a risk after an appeals court ruled most of Trump's tariffs illegal.

In currency and crypto markets, the dollar fell to a five-week low on thin liquidity and caution ahead of jobs data, while bitcoin slid to a two-month low near \$107,000. Gold futures hit fresh records above \$3,550/oz, supported by safe-haven demand and expectations of monetary easing. Oil prices stayed range-bound, with Brent near \$68 and WTI at \$64.

European fixed income markets face diverging dynamics, with corporate bonds drawing stronger investor preference over sovereign debt. Edmond de Rothschild Asset Management noted corporate bond volatility has been just one-third that of government bonds this year, as political uncertainty and fiscal concerns keeps sovereign yields unstable. This is particularly evident in the U.K., where 10-year gilt yields remain the highest among G-10 nations at 4.74%, driven by persistent inflation and concerns over rising debt. Retail sales data later this week may provide further clues on consumer weakness.

In the eurozone, government bond supply is set to increase in September to €122 billion, the highest since May, with France, Germany, and Spain facing the largest net financing requirements. France remains a focal point for investors as fiscal consolidation efforts falter, pushing OAT yields higher and widening spreads with Bunds. JPMorgan highlighted that without reforms, markets act as a disciplinary force.

Nonetheless, Commerzbank suggested buying German Bunds when yields rise above 2.72%, while Goldman Sachs argued French risks are already priced in, with limited spill overs expected to Bunds or other sovereign spreads. Meanwhile, in the U.S., Goldman noted risk premia are building at the long end of Treasuries, steepening the yield curve despite front-end stability.

## ***Overview of the Australian Bond Market***

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Australian government bonds sold off on September 1, 2025, with yields climbing as gold's surge and global policy noise overshadowed soft data, kicking off September after August's declines. The 10-year yield raised 7 basis points to 4.34%, the 2-year added 3 bps to 3.36%, the 5-year gained 5 bps to 3.69%, and the 15-year climbed 8 bps to 4.72%. In August, yields rose modestly—three-year up 16 bps to ~3.42%, 10-year higher amid fiscal concerns—reflecting RBA caution post-July CPI surprise, though real yields fell with global peers.

Trump's inflation post, amid Fed pressure including Cook's ouster attempt, risks politicized policy and higher long-term inflation, blending with tariff truce talks (90-day extension eyed) to unsettle global flows. Locally, July building approvals -8.2% (vs. -4% polls) signals construction weakness, but August PMI at 53 affirms manufacturing growth, tempering RBA cut bets. Bond moves track US resilience—PCE in-line at core YY 2.9%—bolstering higher-for-longer views, yet independence erosion could demand higher premiums, spilling to Aussie yields via commodity ties as gold hits \$US3,552.

Upcoming Q2 current account (-16B expected) and net exports (0% contribution) may influence RBA, with swaps at ~60% September Fed cut chance. The Asset positioning is likely cautious per CFTC, eyeing diversified havens amid US debt and tariff bites.

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