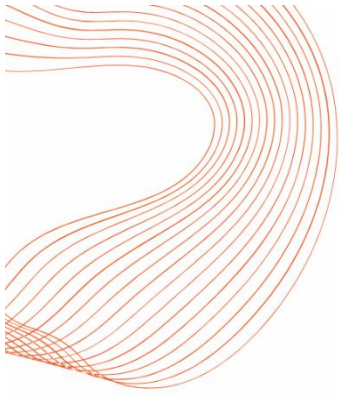




Your Income Advantage

10th September 2025



Overview of the US Market

Wall Street closed mixed on September 10, 2025, with the S&P 500 climbing 0.30% to a fresh all-time high amid an unexpected decline in producer prices that reinforced expectations for Federal Reserve rate cuts. The Nasdaq Composite edged up 0.03%, while the Dow Jones Industrial Average dropped 0.48%. The rally was fuelled by artificial intelligence enthusiasm, with Oracle Corp. soaring 35.95% after a blockbuster cloud outlook, boosting peers like NVIDIA, which rose 3.85%. Bonds advanced, sending yields lower, as traders priced in three Fed reductions this year.

Sector performance varied, with information technology and energy leading gains at 1.76% each, followed by utilities up 1.69%. Consumer discretionary lagged, falling 1.58%, while communication services dropped 0.87%. Among actives, Opendoor Technologies Inc. traded 366.8 million shares but fell 4.09%, NIO Inc. ADR slumped 8.92% on 237.8 million shares, and Oracle saw 131.5 million shares amid its surge.

The session followed a surprise 0.1% monthly drop in the producer price index for August, the first decline in four months, with the annual rise at 2.6%. This eased concerns over persistent inflation amid tariffs, paving the way for Fed easing. President Donald Trump urged a "big" rate cut post-data. Investors now eye Thursday's consumer price index, where core CPI is forecast to rise 0.3% monthly, potentially influencing the September 17-18 meeting.

David Russell at TradeStation noted the PPI drop avoids worst-case inflation scenarios, keeping rate cuts on track, though intensity hinges on CPI. Chris Larkin at E*Trade from Morgan Stanley said the print rolls out the red carpet for a September cut, but sentiment impact remains unclear after last week's jobs data. Neil Dutta at Renaissance Macro Research highlighted slow tariff pass-through as firms prioritize competitiveness, strengthening the case for a 50 basis-point move, though he doubts the Fed will go that far.

Strategists like Stephen Brown at Capital Economics viewed the decline as overstated due to trade margins but confirmed gradual tariff effects. Ian Lyngen at BMO Capital Markets said the data marginally boosts odds for three sequential cuts but keeps them in the 25 basis-point camp unless core CPI underwhelms. Ulrike Hoffmann-Burchardi at UBS Global Wealth Management maintains a positive equity view, expecting the S&P 500 near 6,600 by year-end, supported by falling rates and quality bonds.

Corporate developments included Oracle's aggressive cloud forecast cementing its AI role, Klarna jumping on its IPO debut after raising \$1.37 billion, and JPMorgan among banks facing losses from Tricolor Holdings' bankruptcy. Boeing reached a tentative deal with striking workers, GameStop beat sales estimates, but Chewy sank on weak outlook. Synopsys tumbled on China slowdown warnings, Delta noted rebounding consumer confidence, and Uber expanded into Blade helicopter bookings. Lyft piloted autonomous rides, SpaceX prepped a bigger Starship, Chipotle planned Asia entry, and Baker Hughes boosted turbine production for AI demand. Brookfield secured AI infrastructure deals, Cenovus held firm on its MEG offer, Vimeo agreed to a \$1.38 billion buyout, Merck exited UK research plans, Novo cut 11% of staff to chase Lilly, BlackRock arranged \$10 billion for Aramco gas, Nio raised \$1 billion, and Alibaba added incentives for consumers.

Wall Street firms like Deutsche Bank raised S&P targets to 7,000, citing contained tariff impacts, while JPMorgan sees 7,000 by early 2026. A Markets Pulse survey showed two-thirds expect further gains, driven by Fed signals. Mark Haefele at UBS advised using volatility to build AI exposure, as the Nasdaq 100 has nearly doubled since ChatGPT's launch.

Overview of the Australian Market

Australian shares closed modestly higher on September 10, 2025, with the S&P/ASX 200 rising 0.31% to 8,830.4, buoyed by financials despite broad weakness in miners amid global commodity concerns. The All Ordinaries added 0.16% to 9,095.2, while small caps and emerging companies fell 0.45% and 1.13%. Nine of 11 sectors gained, led by financials up 1.32%, but advancers trailed decliners 120 to 148 in the ASX 300, highlighting uneven breadth.

Financials drove the advance with big banks like Westpac up 1.7%, NAB, CBA, and ANZ each 1.5%, alongside Telstra rising 1.7% in communication services, which gained 0.91%. Real estate rose 0.60%, with Goodman Group rebounding 2%. Materials tumbled 1.71% on dreary commodity outlooks, worsened by US jobs revisions, pulling Rio Tinto and Fortescue down over 2%, BHP 1.2%. Energy dipped 0.10%, gold miners weakened despite high prices. The consumer staples edged up 0.34%, with Woolworths gaining 1.1% offsetting Coles' slip.

Moomoo's Michael McCarthy attributed materials' drop to US economy's global drag post-911,000 payroll markdown, hurting industrial commodities. Insurers like IAG and Suncorp rose over 1.4%, QBE 1.0%. NAB announced 410 job cuts after ANZ's 3,500, Westpac rebounded from prior losses. Wesfarmers up 0.6%, Soul Patts and Brickworks gained on merger vote.

Top gainers included Locksley Resources up 34.1% on antimony strategy, Sunrise Energy Metals 13.1% pre-webinar, Minerals 260 12.9% on drill intercepts. Imugene bounced 9.3%, LGI 8.6%. Decliners led by Botanix Pharmaceuticals down 18.5%, Lioneo and Pilbara Minerals falling 18.4% and 17.3% on lithium weakness, Iluka 14.2% on production suspension.

The AUD/USD rose 0.29% to 0.6604. Investors eye US PPI (already softer) and Thursday's CPI for stagflation signals, per McCarthy. Ex-dividend hits included Perpetual Investment down 5.0%, Brambles 0.7%, Medibank 0.8%. Thursday ex-divs: Westpac, Breville, Nine, Perpetual Ltd. Metcash held AGM.

Overview of the US Bond Market

Bond prices climbed on September 10, 2025, driving yields lower after the benign PPI report alleviated inflation worries and bolstered Fed cut bets. The 10-year Treasury yield fell five basis points to 4.05%, the two-year declined two basis points to 3.55%, and the 30-year dropped four basis points to 4.70%. The move reflected relief that tariffs aren't drastically hitting supply chains, with the PPI drop signalling economic softening but not derailing easing plans.

The unexpected August PPI decline, driven by compressed trade margins reversing July's spike, underscores slow pass-through from tariffs, as noted by Neil Dutta at Renaissance Macro, allowing firms to absorb costs without aggressive price hikes.

This, combined with last week's weak jobs and record payroll revisions, validates Fed Chair Jerome Powell's Jackson Hole openness to cuts, with traders nearly fully pricing three reductions in 2025. Scott Helfstein at Global X sees the data as mixed—positive on contained tariffs but hinting at slowdown—likely leading to a modest September cut.

Eric Teal at Comerica Wealth Management said stagnant jobs take precedence, with more cuts ahead despite reduced consumer rate sensitivity. Matthew Weller at Forex.com noted above-target inflation may cap aggressive easing, but a soft CPI could enable 50 basis points. Stephen Brown at Capital Economics anticipates a 25 basis-point cut with possible triple dissent for larger, and a slightly faster easing path in projections.

Positioning showed asset managers trimming long Treasury futures for a second week per recent CFTC data, signalling caution, while leveraged funds pared shorts in longer tenors. Dealers expect steady coupon auction sizes for August-October, per April guidance.

On the docket, core CPI on September 11 is seen at 0.3% monthly, with overall at 0.3%, potentially testing stagflation risks if hotter. The initial jobless claims and University of Michigan sentiment follow on September 11 and 12. Marco Casiraghi at Evercore views PPI as cover for sequential cuts, with Powell sensitive to labour downside. A 22V survey expects in-line CPI on a Fed-friendly path, while options imply a 0.7% S&P swing post-report, below average, per Citigroup's Stuart Kaiser.

Overview of the Australian Bond Market

Government bond yields eased on September 10, 2025, tracking US Treasuries lower after benign PPI data reinforced global easing bets amid labour cooling. The 10-year yield fell two basis points to 4.24%, five-year one basis point to 3.64%, two-year unchanged at 3.36%, 15-year down two to 4.61%.

The move reflects spill over from US inflation surprise, easing tariff pass-through concerns and bolstering Fed cut prospects, which could pressure the RBA to follow if domestic data softens. With US jobs revisions signalling weaker global growth, impacting AU commodities, Moomoo's McCarthy noted potential share market reactions if CPI shows rising inflation amid tanking growth—the S-word scenario.

Upcoming US CPI on September 11, forecast at 0.3% monthly core, could sway RBA views, especially with local miners hit hard. Jobless claims and Michigan sentiment follow, amid AU's defensive sector tilt toward banks and telcos as fund flows seek safety.

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