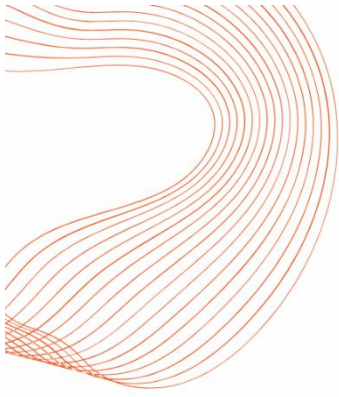




Your Income Advantage

18th September 2025



Overview of the US Market

Wall Street rallied to fresh records on September 18, 2025, as Federal Reserve rate cuts reignited risk appetite, propelling all major benchmarks including the Russell 2000 to highs not seen together since November 2021, with tech and small caps leading amid bets on sustained easing. The S&P 500 climbed 0.48% to 6,631.96, the Nasdaq Composite surged 0.94% to 22,470.73, and the Dow Jones Industrial Average rose 0.27% to 46,142.42. Information technology topped sectors at +1.36%, industrials +1.06%, and communication services +0.28%, while consumer staples lagged -1.03%. Actives spotlighted Intel soaring 22.77%—its best in nearly four decades—on Nvidia's surprise \$5 billion investment and chip co-development pact, alongside Nvidia up 3.49% and Snap 5.63%.

The broad advance, with about 320 S&P 500 names rising, marked the first simultaneous record closes for the S&P 500, Nasdaq 100, Dow, and Russell 2000 since 2021, occurring on just 25 other days this century. Initial jobless claims fell to 231 thousand for the week ended September 13, the sharpest drop in nearly four years and beating estimates of 240 thousand, while the Philly Fed business index rocketed to 23.2 against 2.5 forecasts, signaling manufacturing resilience. These prints reinforced non-recessionary cut dynamics, with SentimenTrader noting such moves historically boost equities by extending bull runs, and Bloomberg Intelligence highlighting September's average 1.2% gain in easing cycles without contraction.

Robert Schein at Blanke Schein Wealth Management called the Fed's timing—cutting amid growth and highs—"bullish for stocks," while LPL Financial's Adam Turnquist sees tech outperformance and financial M&A tailwinds offsetting seasonal weakness, despite the S&P's historical 0.7% September dip. Miller Tabak's Matt Maley urged watching small caps' record test, with a break above signaling bullish momentum. UBS Global Wealth Management's Ulrike Hoffmann-Burchardi projects further gains from 75 basis points of Fed cuts by Q1 2026, robust earnings, and AI, advising phased equity adds on dips; Ameriprise's Anthony Saglimbene eyes year-end risk appetite if labor holds and Big Tech delivers Q3 beats. Fawad Razaqzada at City Index cautioned on tech cooling risks to valuations, but Morgan Stanley's Daniel Skelly stressed diversification amid AI enthusiasm.

Overview of the Australian Market

Australian shares extended losses on September 18, 2025, hammered by a collapse in energy stocks after Abu Dhabi National Oil Company withdrew from a \$28 billion takeover bid for Santos, while softer-than-expected jobs data fueled debates over Reserve Bank easing. The S&P/ASX 200 slid 0.83% to 8,745.2, with the broader All Ordinaries down 0.70% to 9,030.9. Energy cratered 5.90%, led by Santos tumbling 11.9% to \$6.74, Woodside Energy off 6.3%, and Beach Energy down 4.5%, as the failed deal rippled through the sector without clear oil price triggers. Financials fell 0.88% with Commonwealth Bank dropping over 2% to \$164.33, its weakest since April, while materials eased 0.51% as iron ore prices softened, dragging BHP 0.8%, Fortescue 0.7%, and Rio Tinto 0.7%.

Information technology eked out a 0.20% gain, buoyed by US rate cut relief, with Nuix up 9.5%, Catapult Sports 2.2%, and Bravura Solutions 1.7%; gold names rose 0.33% despite bullion dipping to \$3,635 an ounce after its record high. Advancers edged decliners 145 to 121 in the ASX 300, offering slim consolation amid big-cap drags. Top gainers included Stakk surging 500% on Robinhood vendor selection, Felix Gold 24.4%, and LTR Pharma 19.2%, while decliners featured Sunrise Energy Metals down 20.2% post-rally pullback and Resolution Minerals 15.0% after a \$25 million placement.

August employment contracted 5.4 thousand jobs against forecasts of 21.5 thousand added, though unemployment held at 4.2%, prompting eToro's Farhan Badami to warn the RBA's recent 25 basis-point cut to 3.60% may prove insufficient, strengthening calls for more aggressive relief. The AUD/USD plunged 0.50% to 0.6619, reflecting the labor miss and Fed's dovish tilt, though relative strength against peers persists on China ties. Health care nears a fifth weekly loss, with CSL below \$200 for the first time since May 2019, down over 25% or \$36 billion in value since August's update.

Overview of the US Bond Market

US Treasuries pulled back on September 18, 2025, erasing post-Fed gains as robust labor data eased deep-cut fears, lifting yields in a reassessment of policy pace amid record equity highs. The 2-year yield raised 2 basis points to 3.56%, the 5-year to 3.66%, the 10-year advanced 3 basis points to 4.10%, and the 30-year climbed 4 basis points to 4.72%. Shorter-end pressure mounted after jobless claims plunged to 231 thousand, the largest drop in nearly four years and fewer than 240 thousand estimates, while Philly Fed's 23.2 surges—versus 2.5 forecasts—affirmed hiring stability, signaling the Fed's 25 basis-point trim to 4%-4.25% as insurance rather than panic.

Weaving in macro threads, the print aligns with Powell's labor focus, where low firing/low hiring reflects structural immigration drags over cyclical woes, per prior remarks, bolstering non-recessionary narratives that historically yield 15% S&P returns a year post-cuts near highs, via JPMorgan data. Housing starts' prior miss lingers, but resilient consumer outlays from retail sales beats support higher-for-longer views, as Wolfe Research's Stephanie Roth notes trade-offs with tariff-stoked goods inflation. JPMorgan surveys pre-Fed showed net longs at two-month lows, with asset managers cutting \$23.5 million per basis point in 5- and 10-year futures, while CFTC data reflected leveraged funds trimming shorts by \$5-6.5 million; swap contracts now eye under 50 basis points year-end easing. Auction schedules hold unchanged through Q4 per Treasury, as EU/Japan deals dissipate uncertainty, reinforcing elevated rates amid Trump's influence on Powell.

Overview of the Australian Bond Market

Australian government bond yields edged higher on September 18, 2025, as the labor market's unexpected contraction tempered easing bets and global yields firmed post-Fed, pressuring prices ahead of weekend positioning. The 2-year yield held at 3.36%, the 5-year raised 1 basis point to 3.65%, the 10-year climbed 2 basis points to 4.24%, and the 15-year advanced 3 basis points to 4.60%. The uptick blended domestic weakness with offshore momentum, as August's 5.4 thousand job loss—far below 21.5 thousand expected—kept unemployment at 4.2% but highlighted softening demand, per eToro's Farhan Badami, potentially forcing RBA reconsideration of its 3.60% stance despite steady the dial on aggressive cuts.

Macro crosscurrents underscore tariff vigilance mirroring US concerns, with China's equity rebound and iron ore stability bolstering Australia's export outlook, though Santos' failed \$28 billion deal spotlights acquisition hurdles in energy. The AUD's 0.50% drop to 0.6619 amplified yield appeals, as Pepperstone analysts tie currency resilience to policy stability versus global peers. Dealers maintain steady auction sizes per April guidance, with Treasury Secretary Bessent's floated 90-day China tariff truce extension potentially curbing import inflation pass-through, easing RBA's dual mandate strains.

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