



Your Income Advantage

29th September 2025



Overview of the US Market

Wall Street closed modestly higher on September 29, 2025, amid concerns over a potential US government shutdown that tempered gains, while tech stocks provided some lift. The S&P 500 rose 0.26% to 6661.21, the Nasdaq Composite climbed 0.48% to 22591.15, and the Dow Jones Industrial Average added 0.15% to 46316.07. Sector performance was mixed, with Energy down 1.91% as oil prices extended losses, while Information Technology gained 0.49% and Consumer Discretionary advanced 0.55%. Active stocks included NVIDIA up 2.05% on heavy volume, Snap rising 1.57%, and Opendoor Technologies falling 6.92%.

The session reflected investor caution ahead of the October 1 deadline for a government shutdown, with Vice President JD Vance indicating it was likely, despite President Donald Trump's meeting with congressional leaders yielding no resolution. Gold hit a record high as a safe-haven asset, and emerging-market assets climbed as the dollar weakened. Investors are closely watching Friday's nonfarm payrolls report, which could be delayed by a shutdown and influence the Federal Reserve's rate-cut path, amid recent modest job numbers signaling a cooling labor market.

Fed speakers offered varied views: St. Louis Fed President Alberto Musalem advocated caution on further cuts with inflation above target, while New York Fed President John Williams noted reduced inflation risks but rising employment concerns, without specifying support for an October move. Uncertainty persists around trade policies, with Trump proposing tariffs on film, furniture, and pharmaceuticals, potentially adding inflationary pressures. Corporate developments included Zijin Gold International's upcoming Hong Kong IPO, Electronic Arts' leveraged buyout involving Jared Kushner and Saudi funds, Google's \$24.5 million settlement with Trump over YouTube censorship claims, and Huawei's plans to ramp up AI chip production.

Overview of the Australian Market

Australia's share market posted a solid gain on September 29, 2025, marking its best day in over three weeks as rebalancing flows supported broad-based buying. The S&P/ASX 200 rose 0.86% to 8,862.8, while the All Ordinaries advanced 0.76% to 9,148.5. Nine of eleven sectors closed higher, led by Financials up 1.72% and Health Care up 1.29%, with Energy down 0.41% and Information Technology slipping 0.59%. Gold miners shone as the metal hit a record US\$3,829.59, boosting the All Ords Gold Index by 3.2%, with Pantoro up 9.6%, St Barbara gaining 8.0%, and Evolution Mining rising 4.3%.

The rally came amid a shift into defensive and value stocks, with CBA lifting 2.1% and CSL climbing 2.4% to \$199 after a tariff-related selloff. Defence stocks surged, including Droneshield up 17.9% to all-time highs and Electro Optic Systems rising 12.8% on a trading update, amid escalating global headlines. Materials edged up 0.27% despite weakness in iron ore miners like BHP down 0.9%, Fortescue falling 2.3%, and Rio Tinto dropping 1.7%, offset by gold strength. Coal and uranium plays also declined, with Whitehaven down 3.3% and Boss Energy falling 2.3%.

Investors eye Tuesday's Reserve Bank of Australia meeting, expected to hold the cash rate at 3.6%, with a hawkish tone possible after recent hotter inflation data. China's 500 billion yuan capital injection to spur investment and upcoming Communist Party meeting added to regional optimism, though local tech and materials took a breather after recent runs.

Overview of the US Bond Market

Treasuries rose on September 29, 2025, with the 10-year yield declining to 4.14% as shutdown risks weighed on the dollar and boosted safe-haven demand, potentially restraining economic activity. The 2-year yield held at 3.62%, 5-year at 3.73%, and 30-year at 4.70%. Shorter maturities saw mixed moves, with the 3-month at 3.86% and 6-month at 3.73%. The session highlighted concerns over delayed economic data like Friday's nonfarm payrolls, crucial for gauging labor market health and Fed rate decisions.

Dallas Fed President Lorie Logan renewed calls to replace the federal funds rate benchmark with alternatives like the Tri-Party General Collateral Rate (TGCR) for better signaling of money-market stress, noting the fed funds market's diminished volume below \$100 billion daily amid abundant liquidity from past bond-buying programs. This push comes as the rate has become more a policy signal than an active interbank tool, potentially slow to reflect liquidity changes. Strategists suggest a gradual transition, possibly over a year, while maintaining the fed funds rate for existing contracts.

Economic resilience tempers rate-cut expectations, with Tuesday's JOLTS report on job openings and Wednesday's hiring data building anticipation for Friday's payrolls, amid recent negative revisions. Fed speakers' comments underscore balanced risks, with inflation above target but employment concerns rising, as policymakers weigh October moves.

Overview of the Australian Bond Market

Australian government bonds gained modestly on September 29, 2025, with the 10-year yield declining two basis points to 4.31% amid global safe-haven flows and steady regional sentiment. The 2-year yield fell to 3.48%, 5-year to 3.75%, and 15-year to 4.66%. The moves aligned with broader Treasury gains as US shutdown risks supported bonds, though local focus remains on Tuesday's RBA decision to hold rates unchanged at 3.6%.

Upcoming data includes August building approvals, expected to rise 3% month-on-month, and the S&P Global Manufacturing PMI final. Wednesday brings goods balance and trade figures, with exports seen influencing sentiment amid China's stimulus measures.

Bond strategists note the market's sideways tracking relative to surging international indices, positioning Australia for rebalancing inflows, though commodity weakness in iron ore and coal tempers optimism.

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