



SG Analytics

A **Strive** Company

VEDA

Monthly Investment Research Roundup



OCTOBER INFLECTION

Interpreting Global Shifts in Fiscal and Monetary Policy

Investment Research Spotlight



Global Macroeconomic Development 04

Global growth concerns and geopolitical risks persist, while major central banks maintain a hawkish stance

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US Treasury yield declined amid rate cut expectations, while European bonds maintain steady state post volatility

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The US dollar weakened following a Fed rate cut and strong economic data, while other global currencies remained broadly stable amid dollar softness

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Global equities advanced, with gains across the US, Europe, UK, and major emerging markets, supported by the Fed's rate cut and region-specific catalysts

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Silver's rally continued, nearing all-time highs, while gold posted modest gains. Crude oil prices remained volatile amid persistent demand-supply concerns

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Cautious optimism led by continued improvement in activity on the back of stable interest rate expectations

From the SGA Research Desk



September 2025 was shaped by intensifying fiscal and monetary crosscurrents, as global markets reacted to the US government shutdown, mixed central bank signals, and diverging growth paths.

In the US, the shutdown highlighted deep fiscal dysfunction, while the Fed's 25-bps "hawkish cut" triggered volatility in Treasury yields and the dollar. Labor market softness and tariff pressures added uncertainty, even as GDP growth surprised positively.

In Europe, inflation remained elevated—especially in the UK—prompting cautious responses from central banks. Bond markets saw yield swings amid fiscal expansion and weak auction demand.

Japan's BoJ held rates but signaled hawkish intent, with inflation and wage growth fueling expectations of policy normalization. Emerging markets showed resilience but diverged. India maintained its growth

momentum despite rupee weakness and export headwinds, while China's recovery remained fragile.

Latin America experienced mixed outcomes—Brazil maintained high interest rates to curb inflation, while Mexico and Argentina eased policy to support economic growth.

Equities posted uneven gains. US markets rose on optimism about tech and AI, while Europe balanced earnings strength with trade frictions. Asia saw a mixed performance, with Japan outperforming and China lagging behind. EM equities benefited from commodity tailwinds and global liquidity.

Commodities rallied—gold hit record highs driven by safe-haven demand and the Fed's easing, while silver extended gains on valuation appeal, and crude softened due to supply concerns. Bitcoin remained volatile, driven by macro sentiment and institutional flows.

Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
Rates	▲ Positive	● Neutral	● Neutral	▼ Negative	● Neutral (Local Currency)
Credit	● Neutral	▲ Positive	—	—	▲ Positive (Hard Currency)
Currencies	● Neutral	▲ Positive	▼ Negative	▲ Positive	● Neutral
Equities	● Neutral	▲ Positive	▲ Positive	● Neutral	● Neutral
Real Estate	● Neutral	▲ Positive	—	▲ Positive	▲ Positive (APAC)
Commodities					
Commodity	Oil	Gold	Silver	Bitcoin	
Views	▼ Negative	▲ Positive	▲ Positive	▲ Positive	

Source: SGA Research

Outlook & Strategy

We remain cautiously constructive amid fiscal and policy uncertainty. We favor intermediate Treasuries and short-term IG credit, with selective equity exposure in tech, communication, and consumer sectors. Gold and silver offer strategic hedges. We're neutral on the dollar, positive on yen and euro, and selective on EM currencies.

Global Macroeconomic Development

Global Macros: Growth Fragility Surfaces as Policy Divergence Deepens



US Shutdown Risks Cloud Outlook Amid Fragile Labor Market

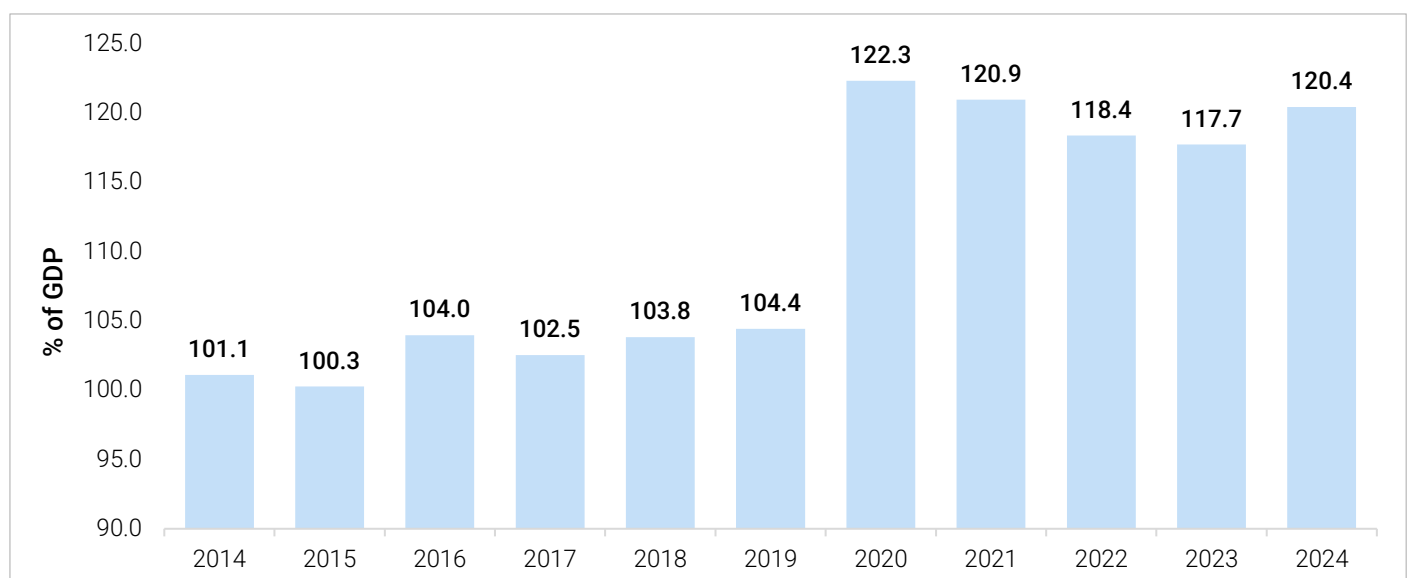
The US government entered a shutdown on October 1 after Congress failed to pass a funding bill, underscoring deep divisions over fiscal priorities. The dispute, centered on spending caps and tariff-related relief, comes against a backdrop of persistent fiscal strain: the federal debt-to-GDP ratio has remained above 100% since 2016 and reached 120.4% in 2024, raising concerns over the long-term sustainability of public finances. Markets are now weighing both the immediate drag on growth and the risk of prolonged dysfunction in fiscal governance.

Labor conditions heading into the shutdown were already fragile. Payroll growth slowed sharply in August, unemployment stood at a four-year high of 4.3%, and small businesses reported net job losses in September. Challenger data showed fewer layoffs, but hiring intentions remain the weakest since 2009. Meanwhile, the Chicago Fed index signaled only modest momentum, even as 2Q25 GDP was revised higher to 3.8%, marking the strongest pace in nearly two years, driven by resilient household demand.

Tariff pressures continue to weigh on US manufacturing, while inflation readings are mixed as firms absorb part of the cost.

Meanwhile, the Federal Reserve reduced interest rates by 25 bps in its September monetary policy meeting, marking the first cut of the year, with officials stressing caution on further easing. Policymakers remain divided, with some advocating a more aggressive stance while others urge restraint. Governor Stephen Miran dissented, favoring a 50-bps cut, citing rising downside risks to employment, while Chair Powell emphasized a "risk management" approach and reiterated that policy remains moderately restrictive. The updated dot plot revealed sharp divisions: nine participants projected just one more cut this year, ten anticipated two, and one even called for an additional 125 bps of easing by year-end. These mixed signals, combined with Powell's hawkish tone at the press conference, initially pushed Treasury yields higher and strengthened the dollar, before markets recalibrated on expectations of further cuts later in the year. Market participants are now pricing in two more rate cuts by the end of 2025.

US total public debt as % of GDP consistently remains above 100%



Source: FRED, SGA Research

Europe: Limited PMI Gains Offset by German Downturn and Weak External Demand

In September, Eurozone activity showed tentative signs of recovery, though divergence across member states underscored persistent fragilities. The HCOB Composite PMI rose to 52.4, its fastest pace in 16 months, driven by services strength in Germany, while France slipped deeper into contraction with its PMI falling to 48.1 from 49.8. Consumer caution remains elevated, with an European Central Bank (ECB) survey highlighting reduced discretionary spending amid tariff uncertainty, and investor sentiment deteriorated sharply as the Sentix index fell to -9.2 from -3.7. Inflation edged higher to 2.2% from 2.0% in August, largely reflecting a slower decline in energy costs, while core trends remained stable. With growth subdued but inflation near target, the ECB held rates at 2.0%, signaling that policy is “in a good place” and further cuts in 2025 are unlikely.

Germany, though still underperforming, showed pockets of resilience. Business activity accelerated on

the strength of services, but exports contracted 0.6% in July, dragged down by a 7.9% slump in US demand. Meanwhile, insolvencies rose 12.2% in the first half of 2025. The Ifo index declined to 87.7 in September from 88.9, reflecting weak sentiment despite upward revisions to 2025 GDP growth to 0.2% from 0.1%, supported by fiscal stimulus in infrastructure and defense.

France, meanwhile, faces heightened political and fiscal instability. Parliament ousted Prime Minister Bayrou in September, amplifying risks ahead of Fitch’s rating review. Fitch and S&P already flagged debt ratios above 110% of GDP and persistent budget deficits.

Looking ahead, Eurozone inflation is expected to hover near 2%, while growth remains fragile amid trade headwinds and fiscal uncertainty. With risks tilted downward, the ECB is likely to hold rates steady through 2025, balancing modest recovery against elevated political and external risks.

UK: Inflation Nears Peak as BoE Balances Growth Risks and Sticky Price Pressures

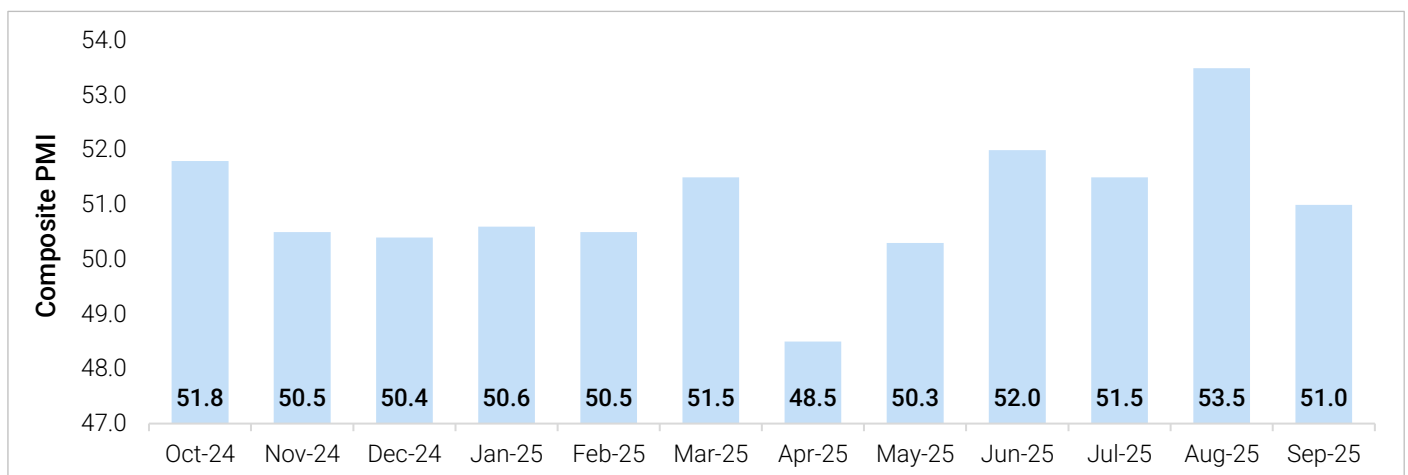
The UK economy showed signs of cooling through 3Q25, with GDP recording zero growth in July after a 0.3% expansion in 2Q25, down from 0.7% in 1Q25. Manufacturing output fell 1.3% in July, though resilience in services helped offset deeper weakness. Business surveys indicate a waning momentum, as the Composite PMI declined to 51.0 in September from 53.5 in August, with optimism reaching its lowest level since June. Firms also reported their sharpest employment cuts since 2021, while job vacancies remain subdued, underscoring a loosening labor market.

Inflation pressures, however, remain elevated. The headline CPI stood at 3.8% in August, the highest

among G7 economies, and is forecast to peak at 4% in September, double the Bank of England (BoE) target, before gradually easing. Food prices remain a key driver, while longer-term inflation expectations edged up to 4.1%. Although wage growth is normalizing, policymakers remain divided, with some highlighting the disinflationary impact of labor market slack, while others warn that risks to the inflation outlook are skewed upward.

Looking ahead, markets expect one further BoE rate cut by year-end, but the pace of easing will hinge on the persistence of inflation and the durability of growth. Policy thus remains firmly data-dependent, balancing weakening activity against stubborn price pressures.

UK Composite PMI declined in September



Source: S&P Global, SGA Research

Global Macroeconomic Development

Asia: Resilience Tested by External Headwinds



Japan: Hawkish Momentum Builds Despite Fragile Domestic Demand

The Bank of Japan (BoJ)'s September meeting reinforced a hawkish tilt, even as the policy rate was held at 0.5%. Two board members dissented in favor of a hike to 0.75%, and the decision to unwind ETF and REIT holdings signaled a gradual retreat from ultra-easy policy. Policymakers cited mounting inflationary pressures, with core CPI rising 2.7% in August, while even traditionally dovish members acknowledged that upside risks to prices now outweigh downside risks.

Meanwhile, the growth backdrop remains mixed. The revised 2Q25 GDP showed a stronger annualized

expansion of 2.2%, driven by private consumption and inventory accumulation. Yet, August industrial output contracted by 1.2% and retail sales declined for the first time in over three years, underscoring the fragile state of domestic demand.

Looking ahead, markets increasingly expect a 25-bps rate hike in October or 4Q25, though policymakers remain mindful of external headwinds from US tariffs. Inflation is projected to hover near 2–3%, while growth momentum is expected to soften, making the BoJ's normalization path cautious and data-dependent.

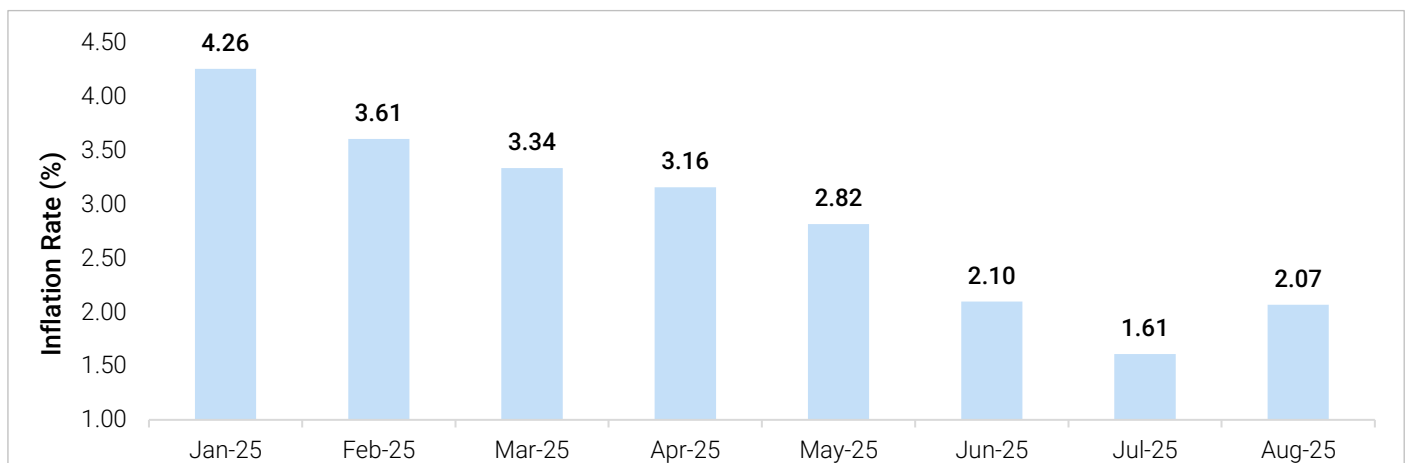
India: Growth Momentum Moderates amid External Pressures

India's economy retained resilience in September, though signs of moderation emerged. HSBC's flash composite PMI eased to 61.9 from August's multi-year high, with both manufacturing and services showing softer expansion. Meanwhile, Fitch raised India's FY26 growth forecast to 6.9% from 6.5%, citing strong consumption and services activity, though it expects a gradual slowdown ahead. On fiscal dynamics, the government maintained its 2H25 borrowing plan at ₹6.8 trillion, while reducing the share of ultra-long bonds to stabilize yields. Additionally, recent GST rate cuts on hundreds of items are expected to ease retail prices

and spur consumption.

Externally, trade negotiations with the US have taken a constructive turn, raising hopes for tariff relief and progress on H-1B visa concerns. However, merchandise exports weakened, with shipments to the US sliding in August. Inflation edged up to 2.1% in August from 1.6% but remained within the Reserve Bank of India's (RBI) tolerance band, leaving space for further easing. The central bank is widely expected to deliver a dovish pause in October, striking a balance between benign inflation and external risks.

India inflation rate edged up in September



Source: Ministry of Statistics and Programme Implementation (MoSPI), SGA Research

China: Fragile Recovery amid Persistent Structural Headwinds

September 2025 data signaled continued fragility in China's recovery, as industrial output growth slowed to 5.2% y/y in August, while retail sales eased to 3.4%, their weakest pace since late 2024. Unemployment rose to 5.3%, while new home prices continued to fall, highlighting ongoing stress in the property sector.

Policy support remained measured. The People's Bank of China (PBoC) left benchmark lending rates unchanged in September, maintaining the one-year Loan Prime Rate at 3.0% and the five-year at 3.5%, while

pledging closer coordination between fiscal and monetary measures. New bank loans rebounded modestly in August to 590 billion yuan, though still below expectations, reflecting tepid credit demand.

Looking ahead, inflationary pressures remain subdued, with the CPI falling 0.4% y/y in August and the PPI deflation easing. Growth momentum will hinge on household confidence, property stabilization, and external demand, resulting in a cautiously accommodative policy stance.

Latin America: Growth Strains and Policy Crossroads

The economic narrative across Latin America (LatAm) in September was characterized by persistent monetary divergence and deteriorating growth signals, as central banks navigated stubborn inflation amid weakening activity. Brazil's economy slowed sharply in 2Q25, with GDP growing just 0.4% q/q and 2.2% y/y, driven by resilient services but weighed down by a 2.2% decline in investment. The Finance Ministry cut its growth forecast to 2.3% from 2.5%. Economic indicators deteriorated further, with industrial output declining 0.2% m/m in July (fourth consecutive month of stagnation), retail sales falling 0.3% m/m (fourth straight decline), and the IBC-Br activity index dropping 0.5% m/m, all reflecting high interest rate pressures.

The Central Bank of Brazil (BCB) held its Selic rate at 15% on September 17, 2025, entering a "new stage" of prolonged stability while evaluating whether current levels ensure convergence to the 3.0% inflation target. Minutes acknowledged that the scenario aligns with its monetary stance, with activity indicating a gradual moderation. Policymakers vowed vigilance on service inflation and readiness to resume hiking if necessary. August inflation turned negative at 0.11% m/m, from 0.26%, although the 12-month rate of 5.13% remained above target. Inflation rebounded to 5.32% in mid-September, underscoring the persistence of price pressures. Economists expect the Selic to hold at 15% through year-end, with cuts beginning in January 2026.

Diverging from Brazil, Banco de México (Banxico) cut its benchmark rate by 25-bps to 7.50% on September 25, 2025, the eleventh consecutive reduction supporting a sluggish economy struggling with sticky inflation and US tariffs. The non-unanimous decision, with deputy

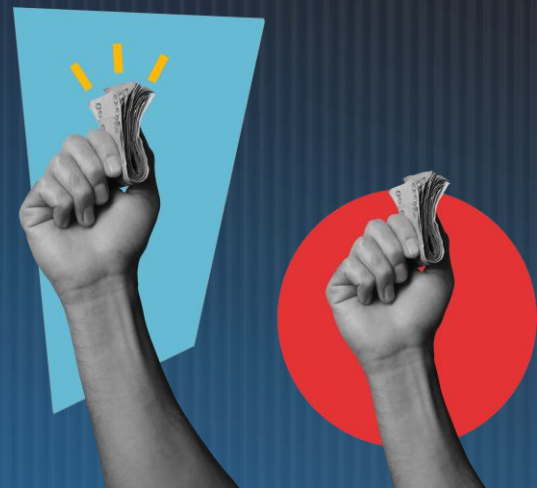
governor Jonathan Heath dissenting, reflected internal disagreement over prioritizing weak activity versus inflation risks. The bank raised its year-end core inflation forecast to 4.0% from 3.7%. August headline inflation accelerated to 3.57% y/y from 3.51% y/y but remained within target. The International Monetary Fund (IMF) projected Mexico's GDP growth at 1.0% in 2025 from 1.4% in 2024, before recovering to 1.5% in 2026, warning that trade tensions and fiscal vulnerabilities cloud the outlook.

Argentina's reform-driven recovery maintained momentum, with 2Q25 GDP expanding 6.3% y/y, the third consecutive quarterly gain. Growth was propelled by surging investment (gross fixed capital formation up 32.1% y/y) and strong finance, tourism, and construction performance. However, monthly GDP contracted 0.1% q/q, and July's activity decelerated sharply to 3.3% y/y from 6.4%, signaling mounting difficulties. Monthly inflation rose 2.0% in August, with the 12-month rate falling to 33.8% from 36.6%, the lowest since July 2018. The government logged its eighth consecutive primary surplus, underscoring continued fiscal discipline.

Elsewhere, Peru's central bank raised its 2025 growth forecast to 3.2% from 3.1%, citing stronger non-primary activity, while projecting year-end inflation at 1.7%. Colombia held rates at 9.25% for the fifth consecutive month amid inflationary pressures and fiscal concerns. Chile's annual inflation eased to 4.0% in August from 4.3%, reaching the target range's upper bound and strengthening expectations for continued monetary easing.

Fixed Income

Global Bond Yields Shift Amid Central Bank Moves and Inflation Trends

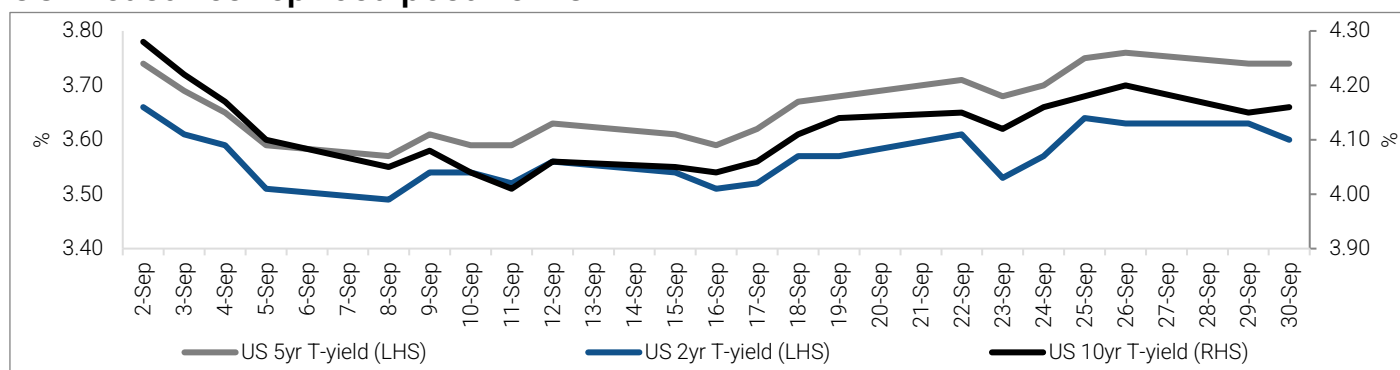


Inflection Point: US Treasury Yields Reprice Around Fed Pivot

In September 2025, the US Treasury yields across the curve exhibited a distinct two-phase dynamic. In the days leading to the FOMC meeting, yields compressed sharply as traders priced in a near 100% probability of a 25-bps cut at the September meeting. The 10-year yield fell from 4.26% at the beginning of the month to around 4.15% in September end, while the 2-year yield slightly declined from 3.65% to 3.62% as soft August employment data reinforced market conviction that the Fed will reduce interest rates. Meanwhile, the 5-year yield (the belly of the curve) lagged only slightly, caught between front-end steepening pressure and a modest pull lower from anchored long-term rate expectations. Following the FOMC decision, the 10-year, 5-year, and 2-year yields rose around 5-bps amid recalibration of term

premia and some disappointment that the statement was more cautious than anticipated. We view September as the inflection point in the rate cycle, with forward indicators signaling continued policy easing. Elevated real yields, moderate inflation, and rising political uncertainty improve the risk-reward profile for duration. Accordingly, we maintain a positive view on Treasuries, favoring intermediate maturities (5Y) for their carry and roll-down appeal, while remaining tactically constructive on the long end. In credit, we continue to prefer short-term investment-grade (IG) assets for defensive purposes, but we see selective value emerging in longer-term IG as rate volatility recedes.

US Treasuries repriced post FOMC



Source: FRED, SGA Research

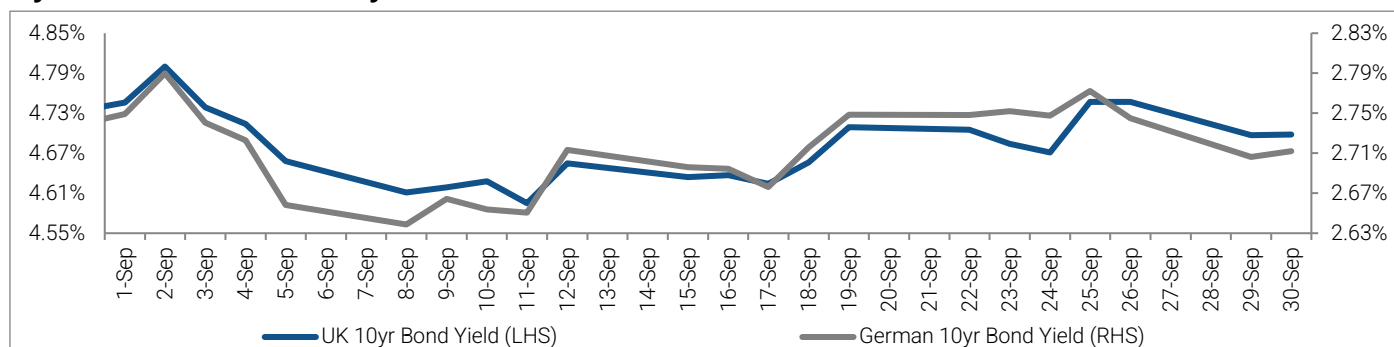
Inflation Data And Policy Cues Stir European Rates

European bond markets experienced sharp volatility in early September, driven by a hotter-than-expected inflation print in the Eurozone that sparked concerns about prolonged monetary tightening. This led to a spike in 10-year yields and a broad sell-off, though the trend reversed ahead of the FOMC meeting. German 10-year Bund yields peaked at 2.79%, dropped to 2.64%, and settled at 2.71%, supported by fiscal expansion and elevated issuance. Meanwhile, the 30-year Bund yield rose to 3.33% amid concerns over weak auction coverage and long-term demand. French 10-year yields also edged higher, from 3.51% to 3.57%.

In the UK, the BoE held its policy rate at 4.00% and slowed quantitative tightening, reducing annual bond sales from £100 billion to £70 billion to avoid market disruption. UK 10-year gilt yields rose to 4.80% before stabilizing at 4.70% by month-end.

Looking ahead, cautious ECB rate cuts amid moderating inflation may support European 10-year bonds, keeping yields stable. However, geopolitical and trade risks remain. In the UK, expected BoE easing could lower gilt yields, but political uncertainty and fiscal pressures may drive volatility. We maintain a neutral stance on European and UK government bonds, while holding a positive view on corporate bonds.

Synchronized volatility in UK and German bond markets



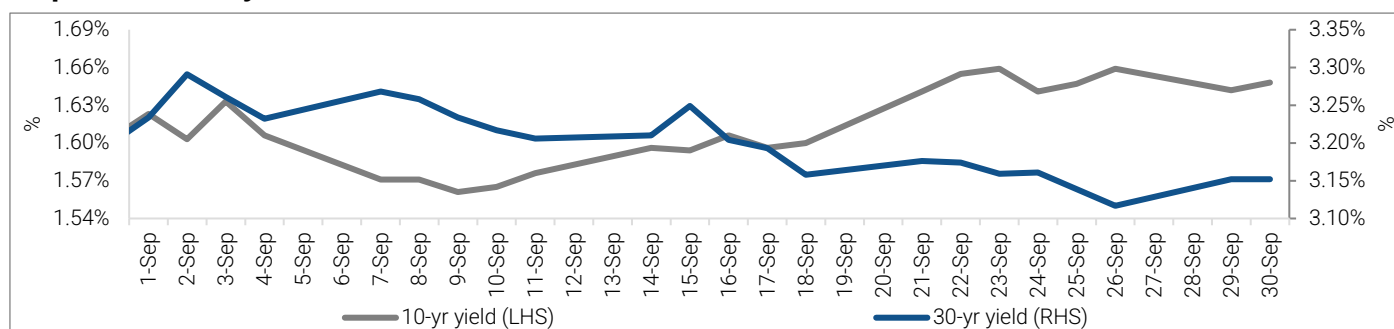
Source: Investing.com, SGA Research

Shift in Demand and Policy Expectations Flatten Japan's Bond Curve

The Japanese government bond (JGB) market experienced a pronounced flattening in September, with short-term yields rising amid growing expectations of BoJ policy normalization, while ultra-long yields softened due to weaker domestic demand and adjustments in supply. Following weak demand at the September 4 auction, the Ministry of Finance cut super-long bond issuance from ¥350 billion to ¥250 billion per auction, contributing to a decline in the 30-year yield to 3.15% from 3.20%. After briefly falling due to technical repositioning, the 10-year yield reversed course and

rose to 1.65%, a new post-2008 high, driven by persistent concerns about inflation. Foreign investors increased their participation at the long end, drawn by elevated yields and a stable curve. With core inflation still above 2.0% and wage growth accelerating, the market narrative has shifted from steepening to flattening, reflecting diverging pressures across the curve. Looking ahead, the yield curve is likely to remain under pressure as the BoJ's tightening collides with evolving supply dynamics and investor positioning.

Japan's bond yield flattens



Source: Investing.com, SGA Research

Mixed Signals in EM Bonds: Policy Uncertainty in Asia vs. Stability in GCC

In the emerging markets segment, speculation that China's central bank would cut its Reserve Requirement Ratio drove intense bond buying, pushing the 10-year government bond yield down to a low of approximately 1.77% by September 5. This optimism quickly reversed when the anticipated policy easing failed to happen, triggering a sharp sell-off in the market. As a result, yields began a sustained climb, a trend solidified later in the month by the PBoC holding its key lending rates steady, ultimately sending the 10-year yield to a near six-month high of around 1.92%. India's 10-year government bond yield rose from 6.59% to 6.55% due to

persistent inflation and a hawkish stance from the RBI. This sell-off in bonds reflects growing investor anxiety that the RBI will keep interest rates higher for longer to meet its inflation target. Supported by firm global oil prices, Gulf Cooperation Council (GCC) bond markets were strong and stable in September, highlighted by a record-breaking SAR 64 billion sukuk issuance from Saudi Arabia. High investor confidence kept yields attractive, with Saudi Arabia's 10-year bond yield ending the month steady at approximately 4.65%, demonstrating a healthy appetite for regional debt.

Currencies

Currency Markets Shift on Fed Policy, Economic Data, Regional Events

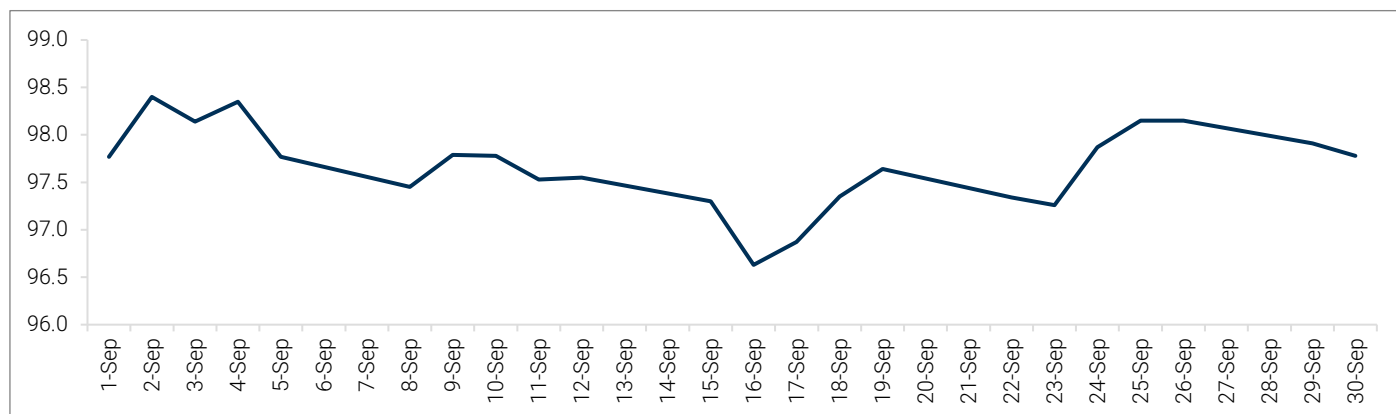


US Dollar Momentum Stabilizes As Policy and Data Diverge

The US dollar experienced a volatile trajectory but ultimately regained strength by the end of the month. The index began at around 97.8 and declined steadily, reaching a low of nearly 96.6 by mid-September. This early weakness was driven by the August labor report, which revealed a sharp slowdown in hiring to just 22k, well below expectations. The data reinforced market expectations of monetary easing, pushing the dollar lower ahead of the Federal Reserve's policy meeting on September 17. While the Fed delivered a widely anticipated 25-bps rate cut, the move was widely interpreted as a "hawkish cut." This shift in narrative helped spark a rebound in the dollar. The recovery accelerated in the final week, as strong economic data,

particularly the upward revision of 2Q GDP growth to 3.8%, helped reverse earlier losses. By September 25, the dollar had climbed back to approximately 98.2 but ended at 97.8 on September 30. Looking ahead to October, the US dollar is likely to remain volatile as markets weigh signs of a slowing labor market against stronger growth data, with the upcoming economic data set to play a key role in determining whether the dollar continues its rebound or resumes a downward trend. We have revised our outlook on the US dollar from negative to neutral, reflecting recent signs of resilience in economic data and a more balanced risk environment.

DXY index stabilizes



Source: Investing.com, SGA Research

Mixed Signals in Currency Markets as Central Banks Hold Rates Steady

The Euro (EUR) attained a new high of \$1.1868 on September 16 before weakening to \$1.1733 on September 30, as broad-based US dollar strength overshadowed the ECB's decision to hold interest rates steady at 2.0% earlier in the month. However, this was a reversal of the wider trend for the year, as the dollar had weakened significantly in 1H25, leaving the EUR still up nearly 13.3% YTD.

The ECB maintained a data-dependent stance, noting resilient domestic demand and a strong labor market,

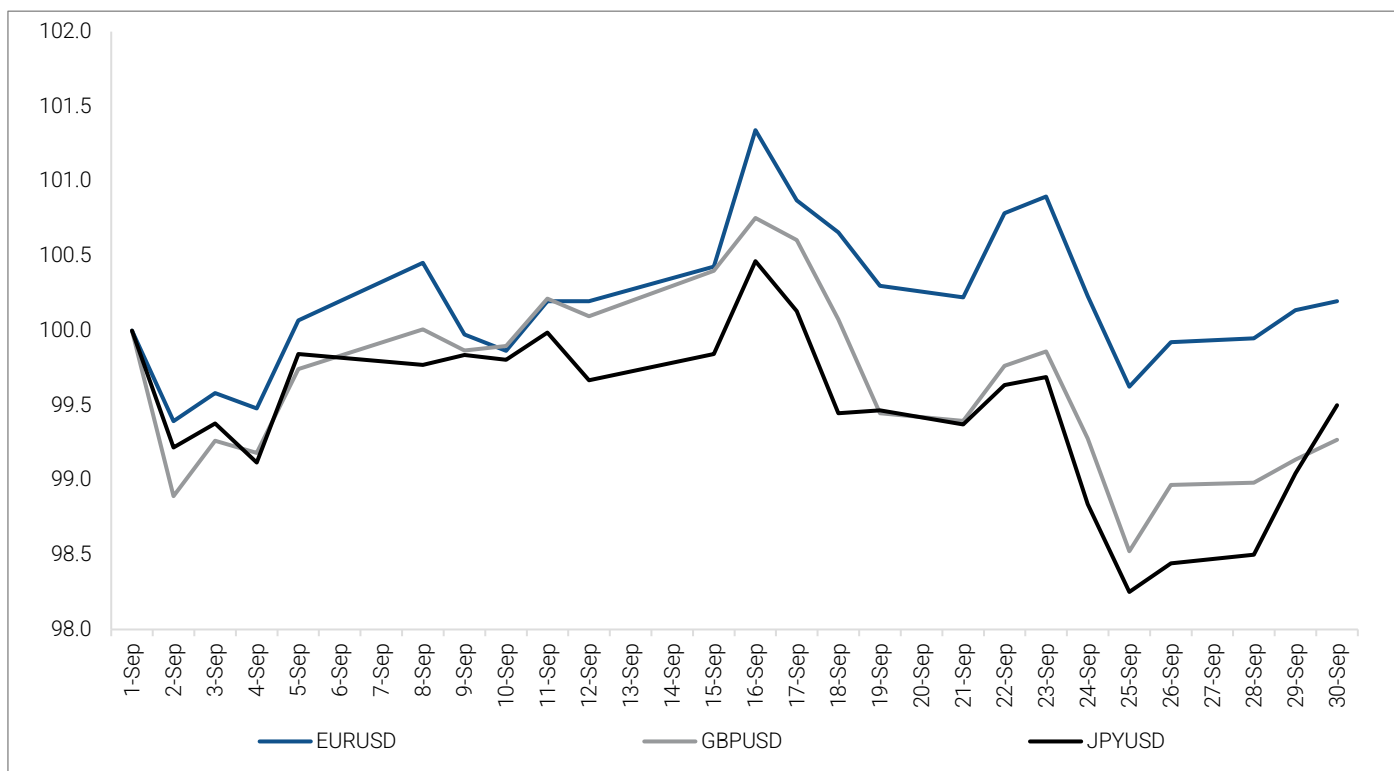
despite mixed PMI data and political uncertainty in France, presenting headwinds.

The British pound (GBP) fell to \$1.3441 on September 30, 2025, pressured by the strength of the US dollar and persistent concerns about domestic inflation. The BoE held its key interest rate at 4.0% on September 18, but a divided vote revealed growing concerns over subdued economic growth, despite the UK being expected to have the highest inflation among G7 nations this year.

Meanwhile, the Japanese yen (JPY) weakened on September 26, 2025, with USD/JPY at 149.9/USD as surging US yields overshadowed domestic developments and strengthen slightly to \$147.9 as on September 30. The BoJ held its policy rate at 0.5% on September 19, but a hawkish dissent from two board

members signaled growing momentum for future rate hikes amid resilient GDP growth and rising inflation expectations. For October, we are reiterating our stance on the euro to positive, revising our neutral stance on the pound to negative, and revising our neutral stance on the yen to positive.

Euro strength tested, pound and yen under pressure



Source: Investing.com, SGA Research

Emerging Markets Gain Ground as Fed Kicks off Easing Cycle

Emerging market (EM) currencies delivered a strong performance in September 2025, capitalizing on a broad-based weakening of the US dollar after the Federal Reserve initiated its easing cycle with a pivotal 25-bps rate cut. The Chinese yuan continued its managed appreciation, reaching a month-high of 7.1003/USD, its highest since November last year, as the PBoC maintained a supportive policy stance to counterbalance persistent trade frictions and ensure domestic stability. Conversely, the Indian rupee depreciated to a record low of 88.80/USD, pressured by substantial foreign portfolio outflows and concerns over US tariffs, prompting active but ultimately defensive intervention from the RBI.

The Turkish lira extended its quick decline, reaching 41.57/USD after the central bank delivered another unexpectedly large rate cut, further cementing concerns

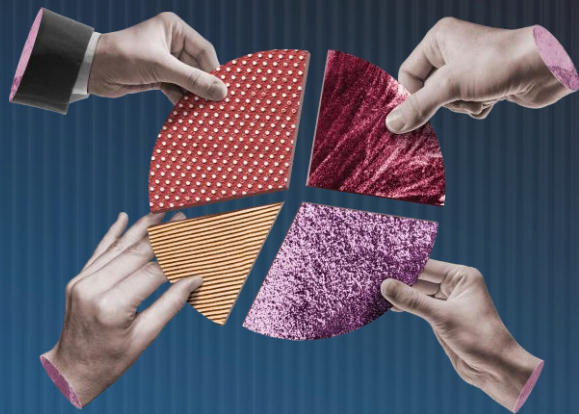
over its unorthodox policy amid rampant inflation. In a starkly different trajectory, the South African rand (ZAR) was a standout performer, rallying to 17.2586/USD on the back of a historic surge in gold prices and the South African Reserve Bank's (SARB) credible decision to hold interest rates steady.

The Brazilian real (BRL) also posted robust gains, with the USD/BRL falling to 5.34, as the central bank's hawkish hold at 15.00% amplified the currency's appeal for carry trades in the new lower-yield global environment.

Looking ahead, the momentum for EM FX is poised to continue, particularly for currencies supported by strong commodity tailwinds and attractive yield differentials. However, the landscape remains fraught with distinctive risks from domestic policy and global trade tensions.

Equities

Tech Retains Equity Leadership as Regional Divergence Deepens before Q4

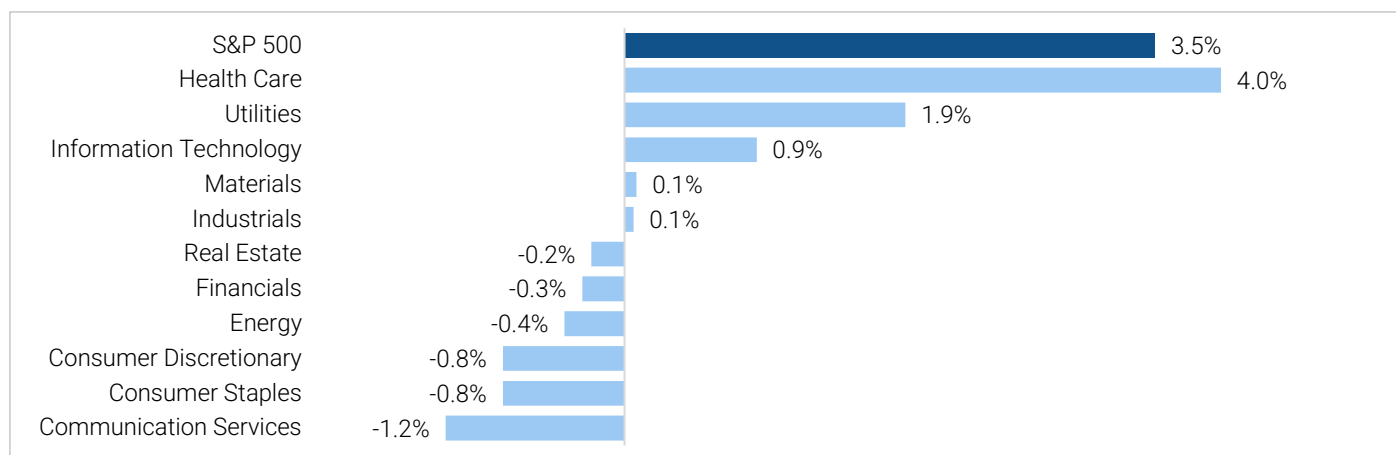


US Shutdown Risks Cloud Outlook Amid Fragile Labor Market

In September 2025, the S&P 500 gained 3.5% m/m, led by a rebound in growth-oriented sectors as investors rotated into defensives amid moderating inflation and firm expectations of a Fed rate cut later in the year. Health Care (+4.0%), Utilities (+1.9%), and Information Technology (+0.9%) outperformed, benefiting from resilient earnings and lower bond yields. In contrast, cyclicals such as Energy (-0.4%), Consumer Discretionary (-0.8%), and Communication Services (-1.2%) lagged on weaker data and fading optimism around consumer spending. Among major movers, Warner Bros Discovery (+67.8%) led gains on renewed optimism in the streaming and media space, while strong AI demand lifted AppLovin (+50.1%), Western Digital (+49.4%), Seagate (+41.0%), and Micron (+40.6%). On the downside, CarMax (-26.9%) fell on weak used-car demand, FactSet (-23.3%) declined amid softer buy-side spending, Kenvue (-21.6%) faced pricing pressure, while Synopsys (-18.2%) and Constellation Brands (-16.8%) retreated on valuation and margin concerns.

The S&P 500 outlook for the rest of 2025 is generally positive but uneven across sectors. Technology and Communication Services are expected to lead, supported by investments in AI, cloud adoption, and strong digital advertising, while Consumer Discretionary may benefit from steady wage growth and robust demand. Utilities could attract interest as a defensive and energy-transition play. Conversely, Materials may remain pressured due to weak industrial demand, particularly from China, and Consumer Staples could face margin constraints from rising input costs. Healthcare may confront policy challenges, and rate-sensitive sectors like Financials and Real Estate could struggle if interest rates remain elevated. Key drivers will include Federal Reserve policy, inflation trends, earnings from mega-cap tech companies, and global growth or geopolitical developments. Overall, leadership should remain in the tech and consumer sectors, with cyclicals and rate-linked defensives likely to lag behind. Overall, we maintain our neutral stance on US Equities.

US equity rally driven by growth sectors, cyclicals lag



Source: Investing.com, SGA Research

Europe Balances Earnings Strength with Trade Frictions

September 2025 saw mixed returns across European indices. The STOXX Europe 600 rose 1.5% m/m, France's CAC 40 gained 2.5%, and the UK's FTSE 100 edged up 1.8%. German DAX and MDAX marginally fell 0.1% m/m. Strength in large-cap domestic names and

defensive sectors supported regional indices, while German large- and mid-cap stocks were weighed down by softer industrial demand, commodity headwinds, and a stronger euro, resulting in a broadly mixed sectoral picture.

The outlook for European equities for the remainder of 2025 remains cautiously optimistic, supported by expectations of an accelerating domestic recovery driven by potential fiscal spending – particularly in Germany – and rising corporate investment. In the UK, sentiment is improving as moderating inflation and potential rate cuts by the Bank of England bolster consumption and business confidence. However, a

stronger euro and pound versus the US dollar could weigh on earnings for internationally exposed firms. Investors are focusing on value opportunities in cyclically sensitive sectors such as Banks and Industrials, along with areas benefiting from defense spending and the energy transition, while remaining watchful of political risks and global trade developments.

Regional Markets Diverge as Q4 Approaches

In September, Asia delivered a mixed performance across major markets. Japan's Nikkei 225 led regional gains with a 5.2% m/m rise, supported by strong corporate earnings, a weaker yen boosting exporters, and expectations of accommodative monetary policy. India's Nifty 50 edged up 0.8%, underpinned by resilient domestic growth and steady foreign inflows. China's Shanghai Composite gained a modest 0.6%, as recent policy easing provided some support despite lingering property sector concerns.

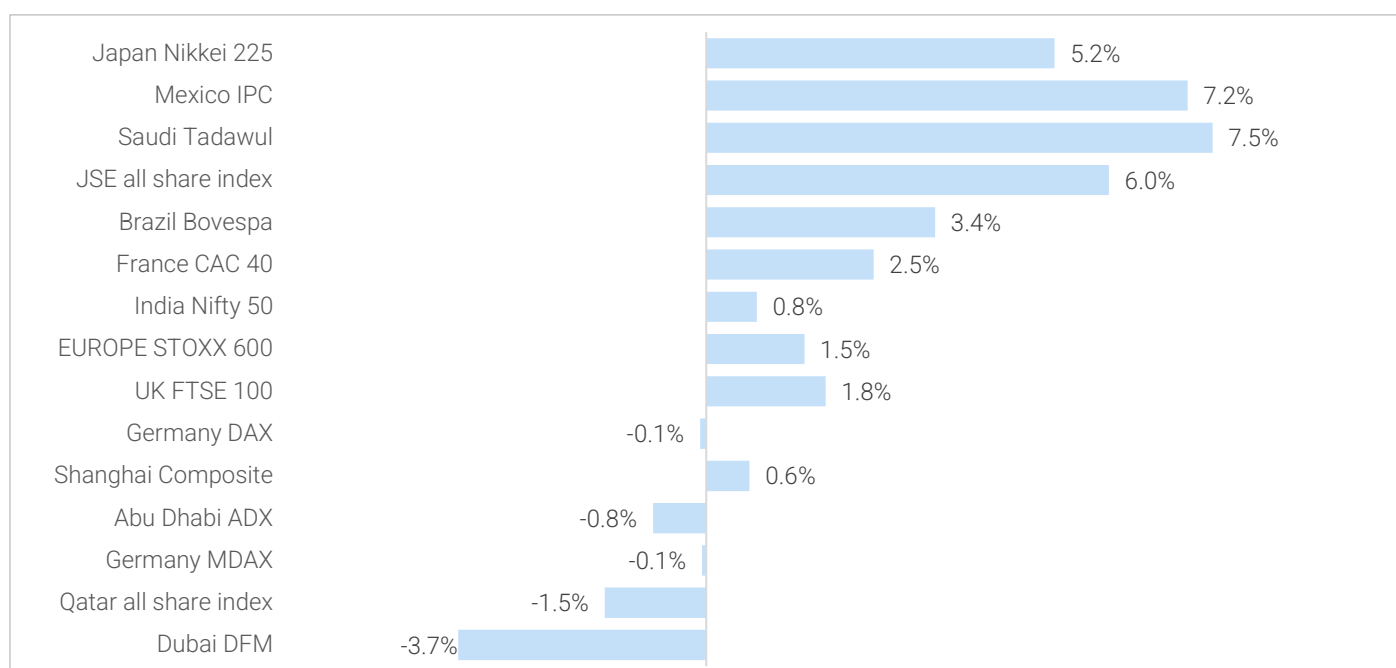
In the GCC, performances diverged. Saudi Arabia's Tadawul climbed 7.2%, driven by strength in energy and banking stocks. By contrast, Dubai's DFM dropped 3.7%, and Abu Dhabi's ADX slipped 0.8%, both weighed down by profit-taking and softer real estate sentiment. Qatar's all-share index also retreated 1.5% amid muted liquidity.

Emerging markets posted broad-based gains. Mexico's IPC surged 7.2%, buoyed by robust economic data and

resilient demand. South Africa's JSE all share index advanced 6.0%, supported by mining gains and improved global risk appetite. Brazil's Bovespa rose 3.4%, aided by commodity strength and easing inflation pressures.

Looking ahead to the last quarter of 2025, the Asia-Pacific region is expected to maintain moderate growth, supported by robust technology exports and domestic demand, though China's fragile recovery could temper sentiment. In the Middle East, diversification efforts, infrastructure spending, and stable oil prices provide a constructive backdrop, with financials and construction likely to benefit. Emerging markets may continue to see selective strength, supported by resilient commodities and global liquidity, though currency volatility, financing pressures, and geopolitical uncertainties may cap upside, prompting investors to favor quality and cyclically resilient exposures.

Japan and Mexico lead September gains; GCC, Germany and China lag



Source: Investing.com, SGA Research

Commodities

Global Shifts

Fuel Commodity Momentum



Silver Extends Momentum. At Touching Distance From All-Time Highs

Silver extended its strong performance in September, rising approximately 17.6% m/m after reaching a 14-year high in August. The Fed's initial rate cut of the year fueled expectations of further easing, enhancing investor appetite for non-yielding assets, such as precious metals. Additionally, safe-haven demand was supported by concerns over a potential US government shutdown. While the traditional bullish factors, such as a softer US dollar and robust industrial demand from solar, EVs, and electronics, remain intact, the recent

rally is largely driven by silver's relative undervaluation to gold. The Gold/Silver ratio stands at 81.5, well above its long-term average of 68.2, positioning silver as a more attractive alternative. As gold surged, silver followed, propelled by technical momentum and value-driven investor interest. Silver prices are now at touching distance from the all-time high of around \$49 and the psychological \$50 level, where it may face strong resistance.

Silver eyes all-time highs



Crude Oil Faces Headwinds Amid Supply Surges

Crude oil prices declined slightly m/m, with Brent crude closing near \$67.00 per barrel and WTI around \$62.40. The drop was driven by increased output from OPEC+ members, notably Iraq and Kuwait, as they aimed to meet their fiscal targets. Simultaneously, weakening demand, especially from major Asian economies, and rising global inventories have added downward pressure. Although geopolitical tensions in Eastern Europe and the Middle East introduced volatility, they

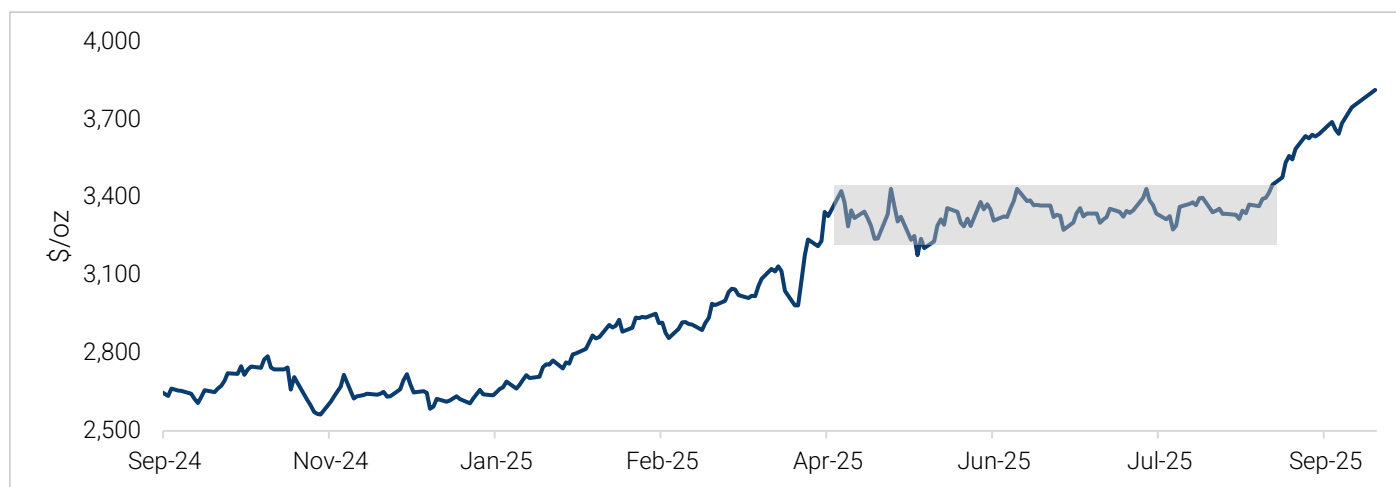
failed to offset the broader supply-demand imbalance. The market outlook remains negative, with concerns about oversupply persisting and demand recovery appearing sluggish. Unless there's a significant shift in fundamentals or geopolitical disruptions, crude prices are likely to continue trending lower in the near term.

Gold Breaks Out To Record Highs

Gold surged by around 11.9% m/m in September 2025, breaking out of a narrow four-month range of \$3,260–\$3,450 per ounce to reach an all-time high of approximately \$3,860/oz. The breakout was largely driven by the Fed cut, reinforcing expectations of further easing by year-end. Escalating geopolitical tensions in Eastern Europe and the Middle East heightened demand for gold as a safe-haven asset, while a softer

US dollar increased its attractiveness for international buyers. Persistent inflation concerns further supported gold's role as a hedge, and seasonal demand in Asia—particularly during India's festive period, along with robust inflows into gold-backed ETFs, added to the momentum. These factors collectively fueled a decisive rally, positioning gold for potential continued gains into year-end.

Gold breakouts from 4-month consolidation



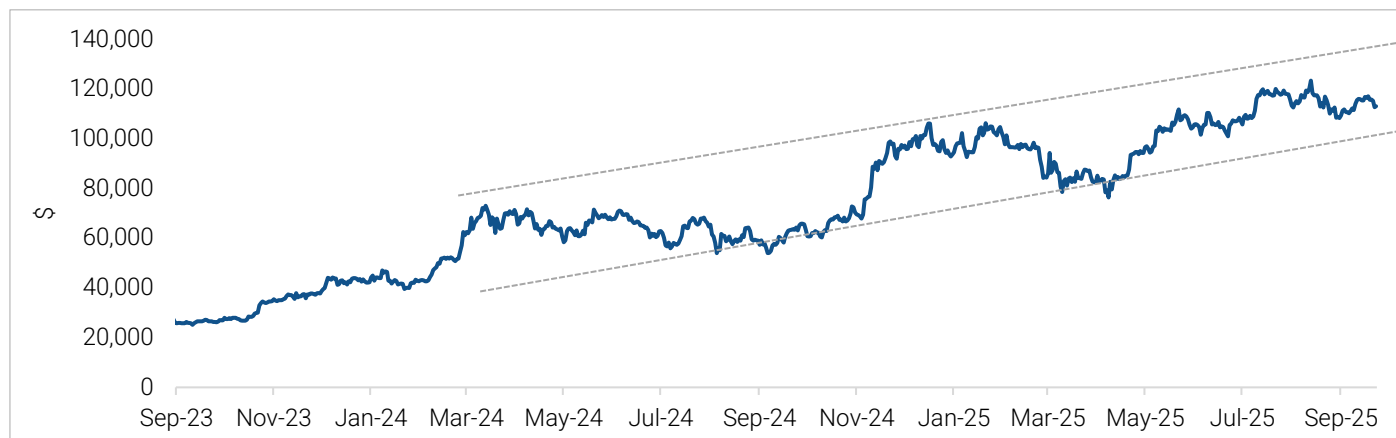
Source: Macrotrends.net, SGA Research

Institutional Flows Support Bitcoin

Bitcoin gained around 5.1% m/m. The rally was underpinned by robust institutional inflows, particularly from US-based investors, as well as increased demand through spot ETFs, signaling growing market confidence. Despite low volatility and price consolidation within the \$110,000–\$114,000 range, Bitcoin maintained a bullish technical structure. Global

economic factors, like expectations of interest rate cuts and ongoing geopolitical tensions, created some uncertainty in the market, but they were not enough to offset bullish sentiment on Bitcoin. Overall, Bitcoin's resilience in September sets a constructive tone for 4Q, traditionally its strongest quarter, with year-end targets ranging between \$130,000 and \$150,000.

Bitcoin remains in uptrend



Source: Macrotrends.net, SGA Research

The Turning Point: Easing Rates, Shifting Flows, Emerging Resilience



Global CRE Finds Its Footing in Stable Rate Environment

As the global economy transitions toward a more accommodative monetary environment, the commercial real estate (CRE) is finding renewed stability. With central banks beginning to ease policy, liquidity conditions are improving and supporting a gradual recovery in valuations.

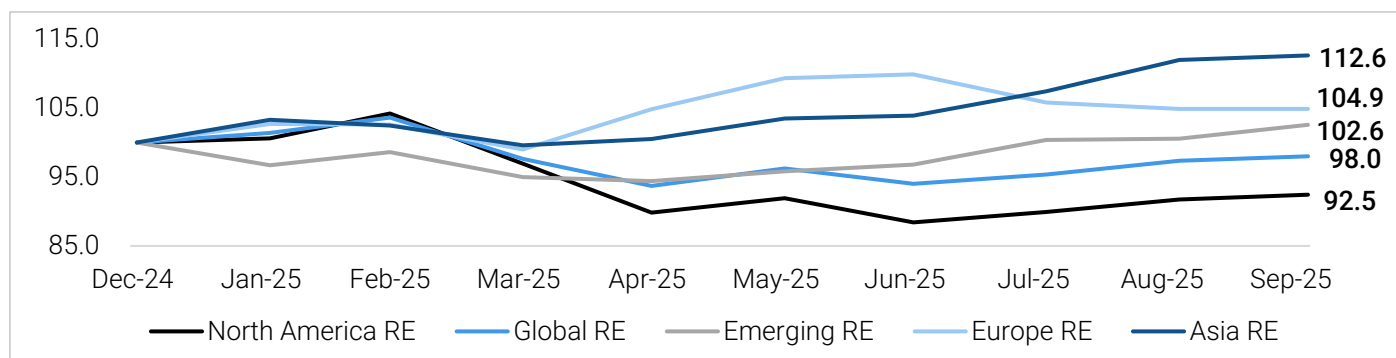
In September, Fed's pivot towards easing labor market has improved system-wide liquidity, aided affordability for the first time buyers who were on the sidelines waiting for the mortgage rates to cool down. Further, lower borrowing costs have also revived refinancing activity for commercial assets, enabling investors to reduce debt servicing burdens and redeploy capital into acquisitions and redevelopment. This rate shift has also benefitted builders & developers who uses short-term financing for construction activities. Across global urban centers-from Los Angeles and New York to London and Singapore-valuations are showing early

signs of stabilization, supported by persistent rental demand and diversified capital inflows. Investors are increasingly seeking resilience through diversification across geographies and asset classes, particularly industrial, mixed-use, and retail sectors.

Global CRE is likely to witness tentative but accelerating transaction activity in Q4 with expectation of narrowing bid-ask spread on the back of stable interest rate outlook. Despite geopolitical tensions will continue to remain an overarching risk, growing participation of sizable assets and portfolio in the markets is likely to aid institutional investor conviction.

The global RE indices were down 1.9% YTD September 2025. Among the regional indices, the North America RE detracted the most, with a decline of 7.6% YTD, while the Asia RE grew 12.7%, highest among all regions. Europe RE expanded at a moderate rate of 4.8% on YTD basis whereas Emerging RE was up 2.7%.

Global CRE performance – YTD September 2025



Source: EPRA, Global RE Represented by FTSE EPRA Nareit Global Index, Regional RE Indices Are Subsectors of Broader Index, SGA Research

Fed's Pivot to Further Ease Affordability and Boost CRE Activity

The US housing market continued its slow rebalancing through late summer. Residential inventory expanded for the 23rd consecutive month, up 17% y/y in September. Despite the increase in supply, homes are taking longer to sell, averaging 62 days on the market, one week longer than during the same period last year. Markets such as Florida and Las Vegas are experiencing the sharpest slowdowns, while price trends remain mixed across regions.(source: Realtor).

The national median list price remained stable y/y at \$425,000; however, regional disparities are evident. The South and West are now above pre-pandemic inventory, while the Northeast and Midwest remain deeply undersupplied. ~20% of listings saw price reductions in September, concentrated among homes priced between \$350,000 and \$500,000, while luxury segments remained comparatively insulated.

As a result of the Fed's pivot, US mortgage rates trended downward with average 30-year fixed rate mortgage was at 6.13% to 6.33% in late September, a decline from the rates seen earlier, resulting in an increase mortgage applications. This cut has immediately lowered the floating rate debt for commercial owners and made new borrowing favorable for all sectors. Though outlook for CRE remain cautiously optimistic as gap between sellers' and buyers' price expectation narrows with transaction

volumes expected to pick-up in near future. Capital values are anticipated to remain supported from rental performance over aggressive cap rate compression.

Industrial / Logistics would continue to remain market's favorite while affordable & workforce housing are likely to maintain resilient demand. However, "flight to quality" trend is expected to keep prime office properties demand at elevated levels, whereas sub-prime office inventory continue to offer good bargains & deep discounts for opportunistic investors.

European CRE Shows Cautious Optimism with Modest Year-to-Date Growth

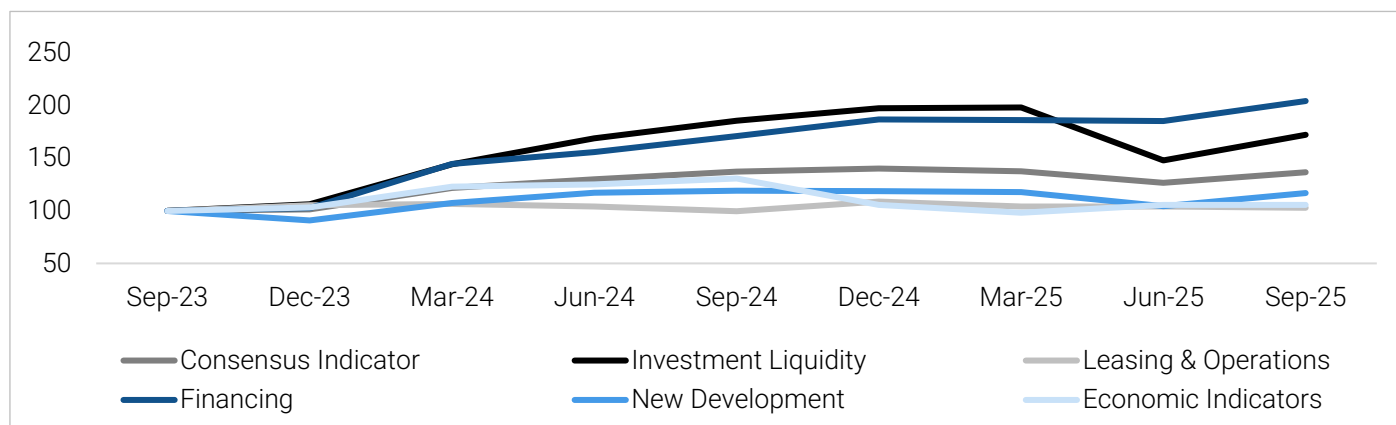
Geopolitical uncertainties and typical seasonal weakness weighed on investment activity in Q3 2025, with transaction volume remain largely flat at ~ €37 billion on y/y. Nonetheless, demand for certain high performing sectors aided the steady recovery in investment volume, with total investments modestly grew at 1.5% for the cumulative first nine months to reach €130 billion (source: Savills).

Looking ahead, stable financial condition after ECB's rate cuts in 2024 & early 2025 and return of sizable assets & portfolio to market offer continued recovery in transaction activity as price points become clearer.

Nordics and South European markets are likely to be the primary growth drivers for the region. In terms of asset classes, retail, office, logistics and hospitality are expected to witness healthy demand.

INREV's Consensus Indicator for September 2025 registered its first increase in three quarters. The investment liquidity sub-indicator demonstrated the most notable rebound, while financing remained the leading sub-indicator. Leasing and operations softened slightly but continued to rank second highest among the five sub-indicators.

European private CRE sentiment analysis



Source: INREV Consensus Indicator, SGA Research

APAC Real Estate Continue to Hold Firm Despite Current Geopolitical Situation

APAC CRE continue to depict complex picture with two forces at play, geopolitical issues & divergent domestic economic growth. Investment activity continue to remain focused on high-growth niche sectors - core assets in stable markets. India & Japan remain the stand out for growth and stability while China and Hong Kong continue to struggle with high vacancy.

In India, Office leasing for top nine cities grew 2% for the 9M 2025 while the Industrial & logistics recorded strongest quarter in Q3; cumulative absorption on YTD basis grew 23.4%.

In Japan, robust tenant demand and limited new supply continue to push demand for Grade A properties. While rising prices and decline in housing starts amplifying the attractiveness of the multifamily.

Overall, strong divergence between markets & sectors will continue to attract investor capital in the APAC region. In Q4, the transaction volumes are expected to uplift significantly as several APAC markets are anticipated to benefit from positive yield spreads, aiding to its appeal for the global institutional investors.

Currencies

Currencies	Sep-end	▲ 1-Month	YTD	YoY
DXI Index	97.7750	0.0%	-9.9%	-3.0%
EUR/USD	1.1733	0.4%	13.3%	5.4%
GBP/USD	1.3441	-0.5%	7.4%	0.5%
USD/CHF	0.7961	-0.5%	-12.2%	-5.8%
USD/CAD	1.3920	1.3%	-3.2%	2.9%
USD/AUD	1.5126	1.1%	6.9%	-4.4%
USD/AED	3.6729	0.0%	0.0%	0.0%
USD/INR	88.8110	0.8%	3.8%	6.0%
USD/CNY	7.1190	0.2%	-2.5%	1.4%
USD/JPY	147.9000	-0.6%	-5.9%	3.0%
Bitcoin	114,640.81	5.1%	22.3%	79.7%

Commodities

Commodities	Sep-end	1-Month	YTD	YoY
WTI Crude (\$/barrel)	62.4	-2.6%	-13.0%	-8.5%
Brent Oil (\$/barrel)	67.0	-1.6%	-10.2%	-6.6%
Natural Gas (\$/mmBtu)	3.3	10.2%	-9.1%	13.0%
Gold (\$/oz)	3,858.2	11.9%	47.0%	46.4%
Silver (\$/oz)	46.7	17.6%	61.6%	49.8%
Platinum (\$/oz)	1,574.3	15.4%	74.2%	61.3%
Palladium (\$/oz)	970.5	0.8%	6.3%	1.7%
Copper (\$/metric ton)	9,518.8	3.8%	10.0%	12.6%

Fixed Income

Rates	30-Sep-25	31-Aug- 25	31-Dec-24	30-Sep-24
Fed Funds Target	4.3%	4.5%	4.5%	5.0%
ECB Depo Rate	2.0%	2.0%	3.0%	3.5%
US Treasuries 2-year	3.6%	3.6%	4.3%	3.7%
US Treasuries 10-year	4.2%	4.2%	4.6%	3.8%
US Treasury 2–10 Spread (bps)	55	60	33	15
German Bunds 2-year	2.0%	1.9%	2.1%	2.1%
German Bunds 10-year	2.7%	2.7%	2.4%	2.1%
UK Gilts 10-year	4.7%	4.7%	4.6%	4.0%
Japanese Govt Bonds 10-year	1.6%	1.6%	1.1%	0.9%
Swiss Govt Bonds 10-year	0.3%	0.3%	0.3%	0.4%
China 10-year	1.9%	1.8%	1.7%	2.2%
India 10-year	6.6%	6.6%	6.8%	6.8%
Australia 10-year	4.3%	4.3%	4.4%	4.0%

Source: investing.com, September-end data as of 30 September 2025, SGA Research

Global Equity Markets

Country	Index	Sep-end	▲ 1-Month	▲ YTD	▲ YoY
US	S&P 500 (\$)	6,688.46	3.5%	13.7%	16.1%
	DJ Industrial Average (\$)	46,397.89	1.9%	9.1%	9.6%
	Nasdaq 100 (\$)	24,679.99	5.4%	17.5%	23.0%
Europe	STOXX Europe 600 (€)	558.18	1.5%	10.0%	6.7%
	STOXX Europe 50 (€)	5,529.96	3.3%	12.9%	10.6%
	UK FTSE 100 (£)	9,350.43	1.8%	14.4%	13.5%
	Germany DAX (€)	23,880.72	-0.1%	19.9%	23.6%
	France CAC 40 (€)	7,895.94	2.5%	7.0%	3.4%
	SWISS MKT (CHF)	12,109.42	-0.6%	4.4%	-0.5%
APAC	Japan Nikkei 225 (JPY)	44,932.63	5.2%	12.6%	18.5%
	SHANGHAI COMPOSITE (CNY)	3,882.78	0.6%	15.8%	16.4%
	Hang Seng (HKD)	26,855.56	7.1%	33.9%	27.1%
	Australia S&P/ ASX 200 (AUD)	8,848.80	-1.4%	8.5%	7.0%
	India Nifty 50 (INR)	24,611.10	0.8%	4.1%	-4.6%
MENAT	UAE ADX (AED)	10,014.60	-0.8%	6.3%	6.3%
	Dubai DFMGI (AED)	5,839.64	-3.7%	13.2%	29.7%
	Qatar DSM (QAR)	11,052.82	-1.6%	4.6%	4.1%
	Saudi Arabia Tadawul (SAR)	11,502.97	7.2%	-4.4%	-5.9%
	Kuwait BK Main 50 (KWD)	8,507.06	6.4%	25.0%	38.2%
	Muscat MSM30 (OMR)	5,181.62	2.3%	13.2%	10.0%
	Bahrain All Share (BHD)	1,948.17	1.0%	-1.9%	-3.2%
	Egypt EGX 30 (EGP)	36,670.08	2.6%	23.3%	16.1%
	Turkey N100 (TRY)	11,012.12	-2.4%	12.0%	13.9%

Source: investing.com, September-end data as of 30 September 2025, SGA Research

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