Monthly Market Snapshot

September 2025

The Monthly Market Snapshot publication provides commentary on the global economy and the performance of financial markets

Frontier Advisors

Market commentary

Global investment markets delivered broadly positive returns in September, supported by resilient economic data, no major escalations in trade tensions, and renewed optimism around artificial intelligence. However, the backdrop remains complex, with inflationary pressures, diverging regional growth trajectories, and ongoing geopolitical uncertainty. The US Federal Reserve's decision to cut interest rates for the first time in 2025 added momentum to risk assets.

Global equities posted strong gains in September, led by US technology stocks and emerging markets. US equities were buoyed by solid earnings results and expectations of further monetary easing following the Fed's rate cut. Technology stocks were particularly strong, driven by continued enthusiasm around AI. Japanese equities also delivered solid positive returns, supported by a weaker yen, and ongoing corporate governance reforms. European equities were more mixed, with political uncertainty and budgetary pressures weighing on investors. The UK posted modest gains, while Germany lagged on the back of weak industrial data. Returns in France were positive despite political instability.

Australian equities declined in September, with a general rotation out of the market. Strength in Resources helped offset some of the downturn, supported by a sharp rise in gold prices and an increase in industrial commodity prices. However, the Energy sector posted material negative returns as the oil price weakened further.

Emerging market equities were the standout performers in September, with the MSCI Emerging Markets index recording its strongest monthly gain in nearly two years. Chinese equities led the rally, supported by policy stimulus, strong foreign inflows, and optimism around domestic technology firms. In contrast, India only produced moderate returns, with foreign investors reducing allocations amid valuation concerns and weaker earnings momentum.

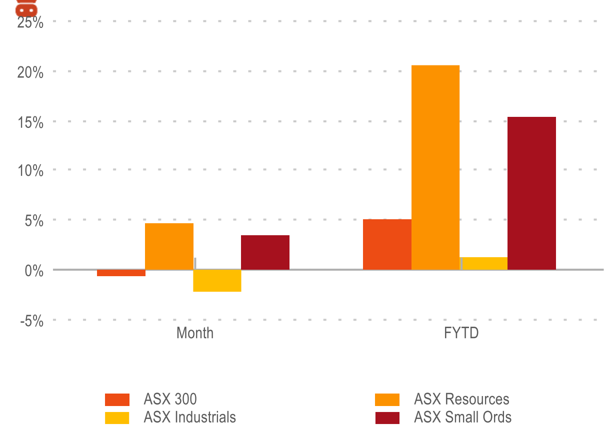
Bond markets were volatile, reflecting shifting expectations around monetary policy and fiscal sustainability. However, the change over the month was fairly moderate. US yields rose sharply early in the month but eased heading into the Fed's policy meeting as expectations on the likelihood of a cut increased. European and UK government bonds were broadly flat over the month. Japanese government bond yields rose, impacted by a hawkish interpretation of signals from the Bank of Japan. Australian bond returns were minimal over the month.

Currency markets reflected diverging monetary policy paths and economic conditions. The Australian dollar appreciated modestly against major currencies, supported by commodity price strength. The Fed's rate cut, and softening US labour data, contributed to US dollar weakness. The Yen remained under pressure amid political instability in Japan following the Prime Minister's announced intention to resign.

Australian listed property and infrastructure posted negative returns, impacted by the broad weakness in Australian equities. Global listed infrastructure delivered a positive return, supported by strength in digital infrastructure and power transmission companies. Global listed property delivered a small positive return, with concerns around inflation and interest rate uncertainty weighing on returns.

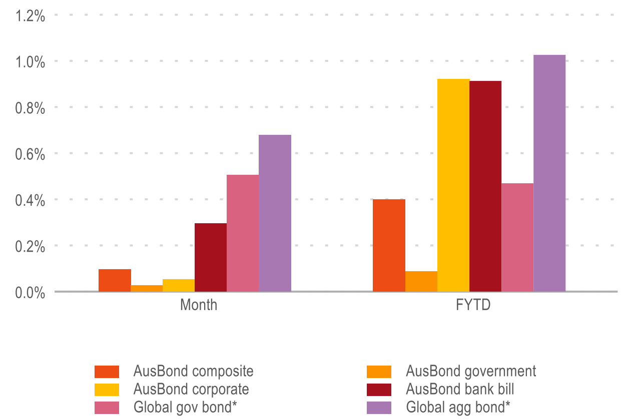
September 2025

Australian equities



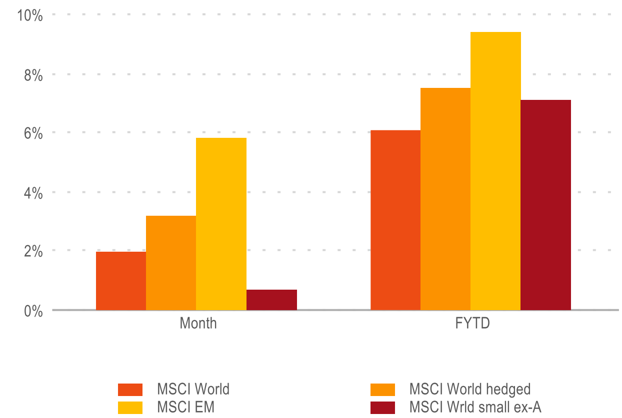
Source: LSEG Datastream

Fixed income



Source: LSEG Datastream

International equities ($A)



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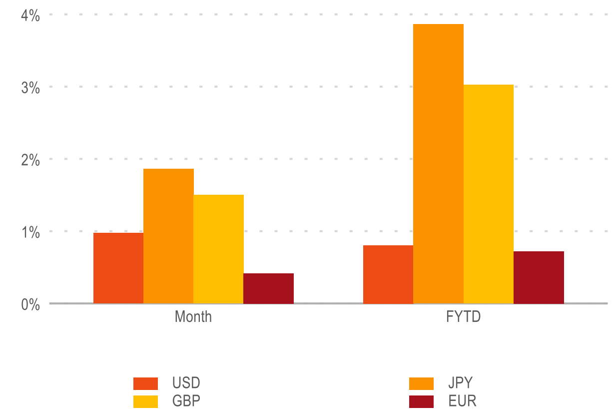
Australian dollar



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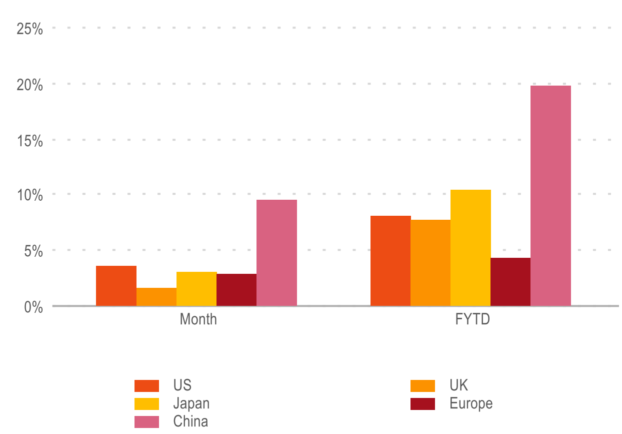
International equities



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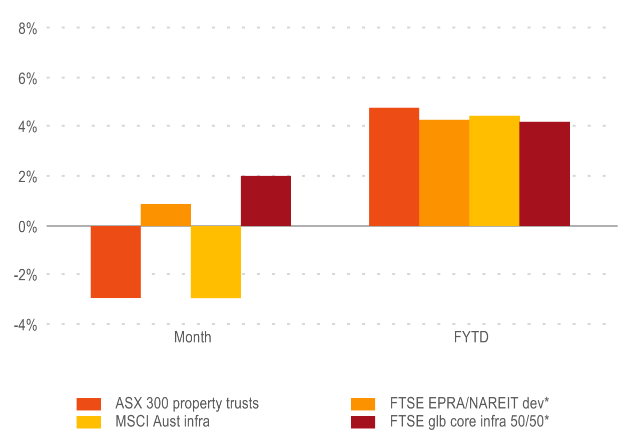
Real assets



Source: LSEG Datastream *Hedged A$

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