Monthly Market Snapshot

October 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 positive returns in October, supported by a further easing of trade tensions, strong corporate earnings, and accommodative monetary policy. The meeting at the end of the month between US President Donald Trump and Chinese President Xi Jinping, which culminated in an announcement of reduced tariffs, the lifting of restrictions on critical exports and purchases of agricultural products, helped support investor sentiment.

Equity markets posted strong gains across most regions. US equities were driven by robust earnings and optimism around artificial intelligence, with positive results from Amazon and semiconductor companies Nvidia and AMD rallying technology stocks. European equities also advanced, supported by chip-maker ASML and large-cap outperformance.

Japan was a standout performer, with equities surging on the back of fiscal stimulus expectations following the appointment of Prime Minister Sanae Takaichi. Her pro-growth stance and commitment to infrastructure and defence spending boosted domestic sectors and improved investor sentiment.

Australian equities posted a small positive return. CSL saw a sharp sell-off, with its price declining due to weak US influenza vaccine demand. The share price of technology company WiseTech also fell sharply after the Australian Federal Police (AFP) and the Australian Securities and Investments Commission (ASIC) executed a search warrant as part of an ongoing investigation into irregular share trading. Meanwhile, resource stocks were strong as commodity prices increased. Copper and gold prices rose materially, while crude oil declined modestly.

Emerging market equities delivered strong returns, led by Korea and Taiwan, which benefited from the AI theme. However, Chinese equities declined, reflecting weak domestic demand and disappointing manufacturing data, but follows strong year-to-date performance.

The US Federal Reserve cut rates at the end of October, and it announced it would end its balance sheet reduction program in December. It remains cautious on signalling a set path ahead given the challenges that the government shutdown presents for assessing economic activity.

The European Central Bank (ECB) held rates steady, and the Bank of Japan also kept rates unchanged. It suggested a possible hike in December if wage momentum continues but also highlighted the risks to the outlook. In Australia, inflation data came in higher than expected, which caused a reassessment of interest rate expectations and the Reserve Bank of Australia to pause its easing cycle.

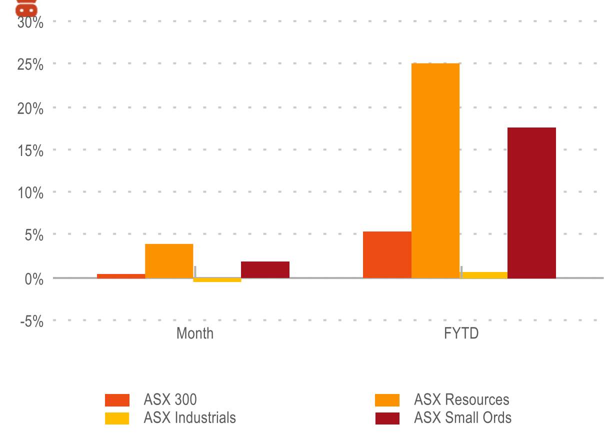
Bonds posted moderate gains globally as yields declined slightly in response to central banks largely maintaining or easing policy stances. UK government bond yields fell more sharply, as markets become more comfortable with the fiscal risk as the government moves towards budget reform.

Currency markets were impacted by divergent economic outlooks. The US dollar strengthened on relative economic strength, while the Japanese yen performed poorly, impacted by the political agenda, and the British pound weakened alongside the Euro. The Australian dollar depreciated against the US dollar but appreciated against other major currencies on commodity strength.

Australian listed infrastructure and property posted small positive returns, supported by resilient domestic demand, while global listed property and infrastructure declined slightly.

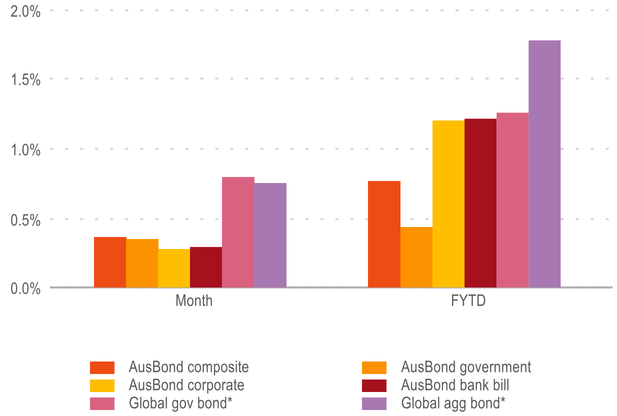
October 2025

Australian equities



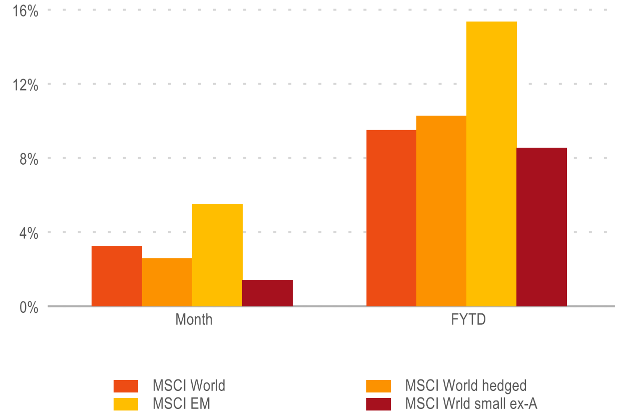
Source: LSEG Datastream

Fixed income



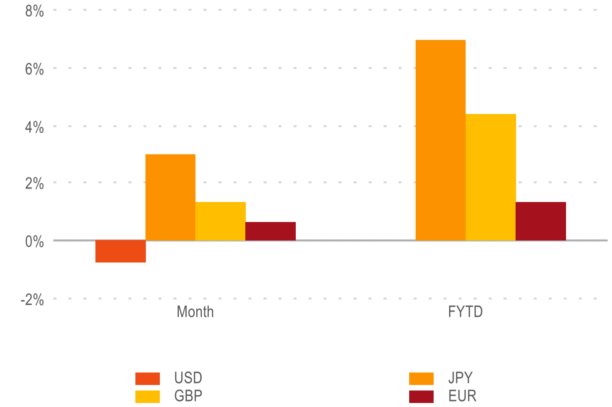
Source: LSEG Datastream

International equities ($A)



Source: LSEG Datastream

Australian dollar



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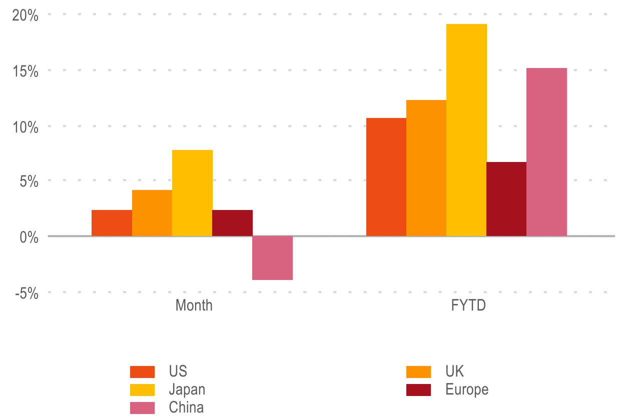
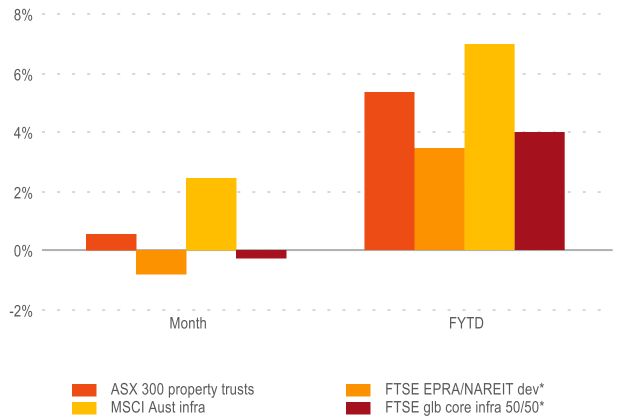
International equities



Source: LSEG Datastream

Real assets



Source: LSEG Datastream *Hedged A$

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