



October Monthly Economic Market Wrap

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General advice warning:

The information in this update is of a general advice nature only and has been prepared without taking into account your personal objectives, financial situation or needs. Because of that, you should, before acting on the advice, consider the appropriateness of the advice, having regard to those things. Past performance is not a reliable indicator of future performance and should not be relied upon.



US equities climbed higher through September, extending solid gains for the year. There were some ups and downs, but the march forward continued with the Dow Jones gaining roughly 1% over the last month.



And over 9% for the year to date.



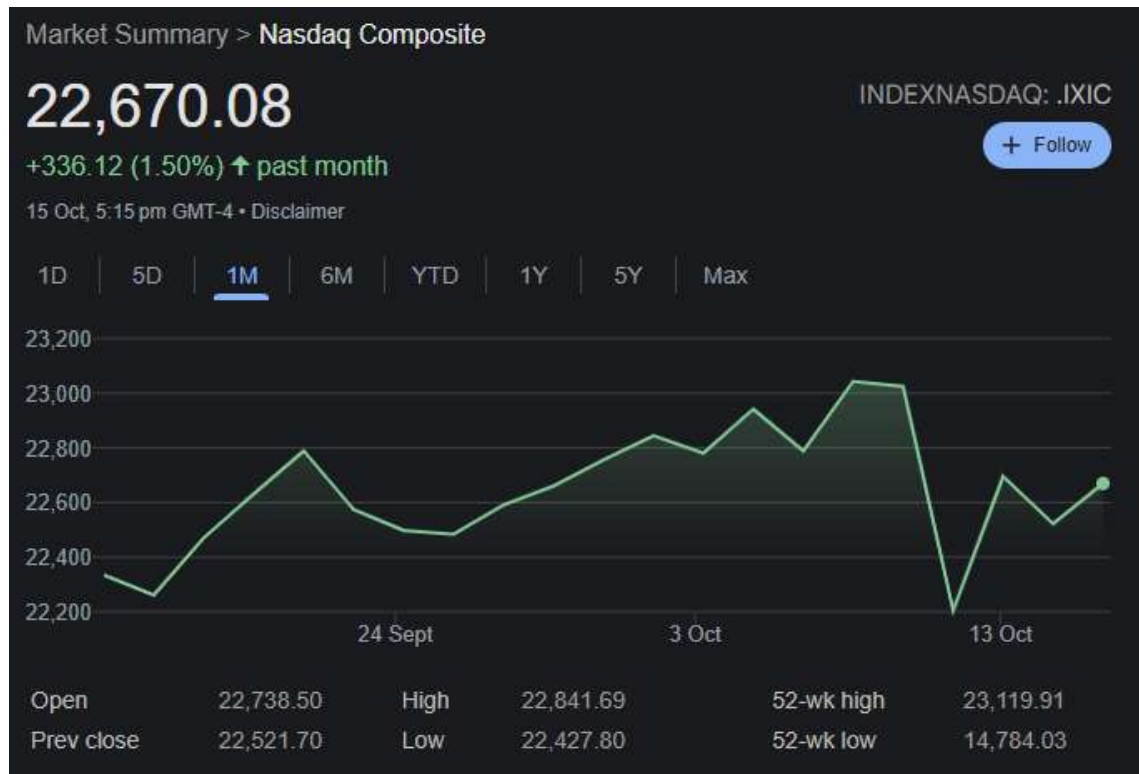
The S&P 500 also climbed close to 1% over the last month...



and is currently tracking at close to 14% for the calendar year to date.



The NASDAQ, led by the magnificent seven and, ever increasingly, Nvidia, has been turbulent but strong again for the month, gaining 1.50%.



And an eye-watering 23.43% year to date so far.

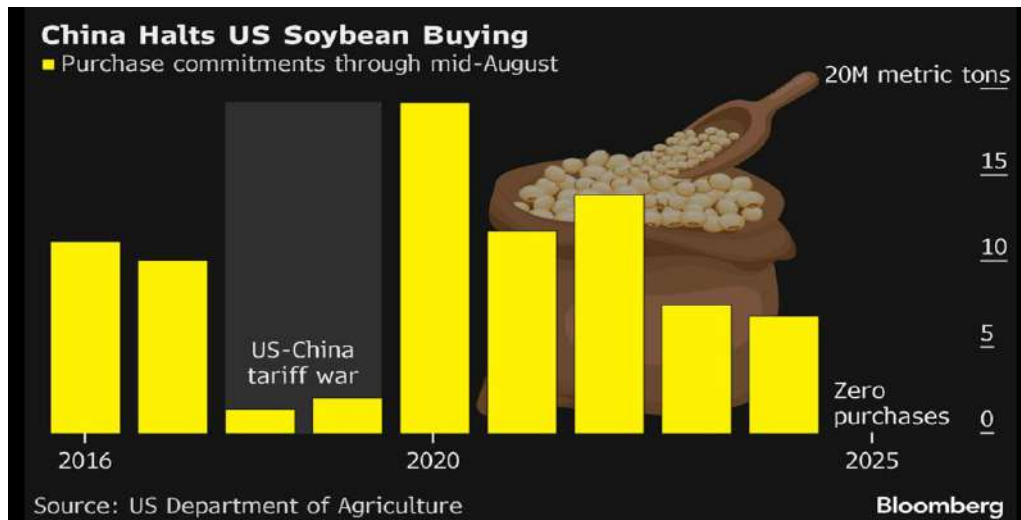


There have been more tariff trade dramas. Trump threatened to slap 100% tariffs on China if they didn't play nice and share their rare earth metals, many of which are used for AI and defence.

China appears reluctant to back down, and as they showed last time around, are willing to work with other markets and abandon the US.



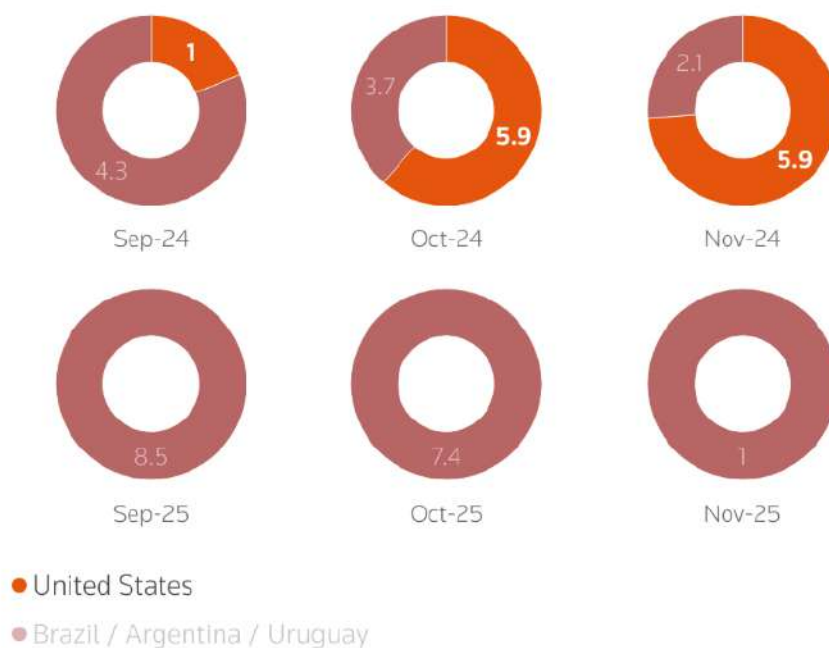
A large point of contention has been China's halt on the US soybean imports.



The move was retaliation for US tariffs and was not helped by a reciprocal tariff of 23% put on US imports, driving the prices higher than those of South American producers, who are now filling the gap left by the US.

China Ditches U.S. Soybeans Amid Trade Stalemate

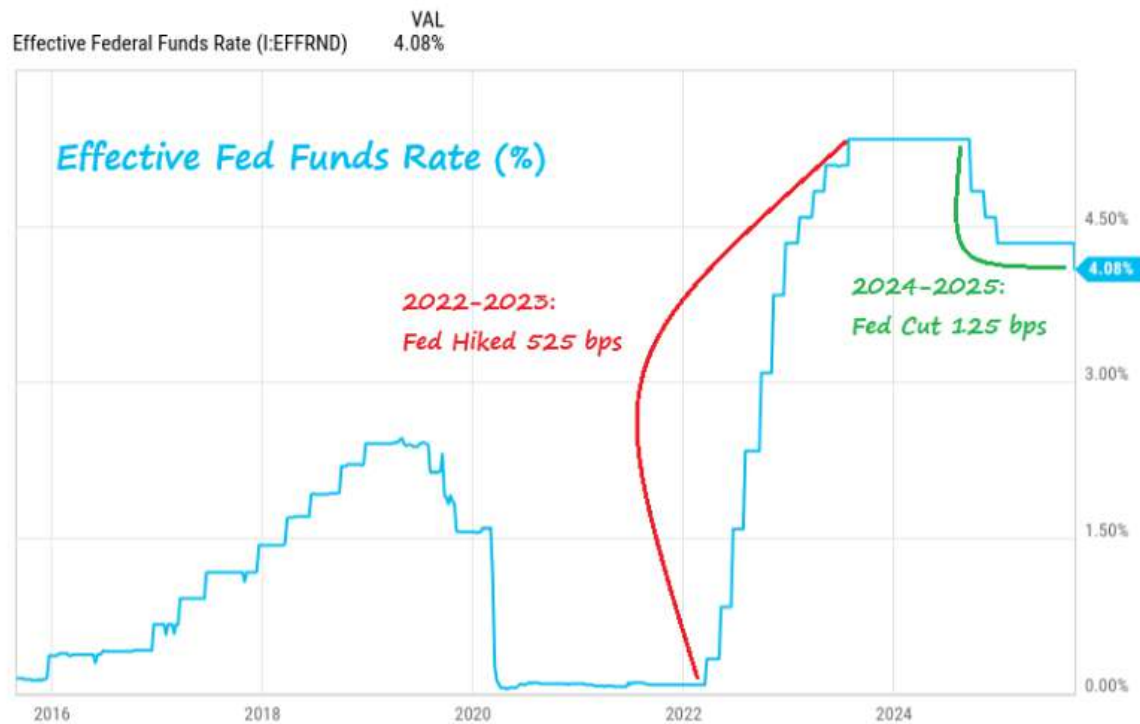
Chinese soybean purchases for Sept-Nov shipments from the U.S. and South America (million metric tons)



Source: Traders

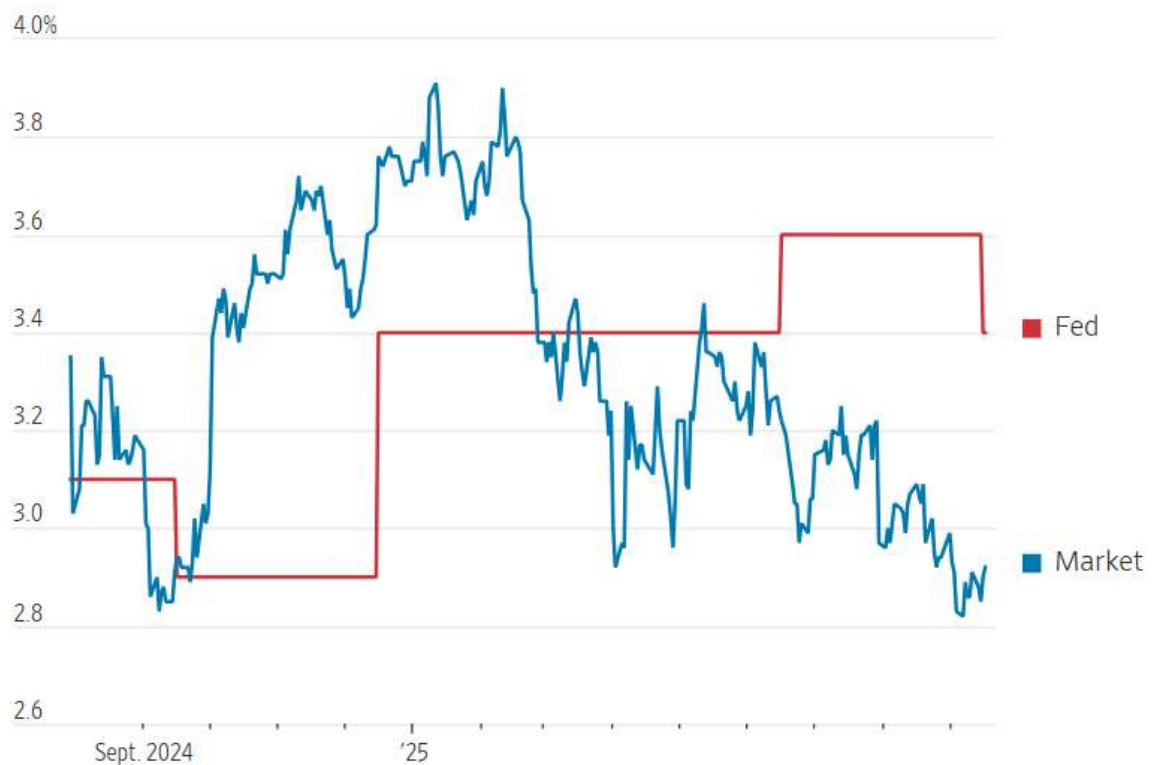
This image shows China's soybean purchases from the U.S. and South America for shipments from September to November in 2024 and 2025. All figures are in million metric tons.

The US Federal Reserve is back in easing mode, cutting rates by 25 basis point (bps) in September, down to 4.00-4.25%. They have now lowered rates by 125 bps since September 2024, after one of the most aggressive rate-hiking cycles in history (525 bps increase in 2022-2023).



However, the market and the Fed are not on the same page when forecasting how low interest rates will go in the near future, with the markets forecasting a lower terminal cash rate.

Fed-funds forecast for year-end 2026



Note: Market forecast is based on federal funds futures. Fed forecast reflects median forecast of Fed officials at meetings with economic projections.

Sources: LSEG (market); Federal Reserve (Fed)

The momentum in equity markets continued after the Fed's rate cut, with the S&P 500 recording its 28th all-time high of the year.

S&P 500 Index: Number of All-Time Highs (1929 - 2025)									
Year	# ATH	Year	# ATH	Year	# ATH	Year	# ATH	Year	# ATH
1929	45	1949	0	1969	0	1989	13	2009	0
1930	0	1950	0	1970	0	1990	6	2010	0
1931	0	1951	0	1971	0	1991	22	2011	0
1932	0	1952	0	1972	32	1992	18	2012	0
1933	0	1953	0	1973	3	1993	16	2013	45
1934	0	1954	27	1974	0	1994	5	2014	53
1935	0	1955	49	1975	0	1995	77	2015	10
1936	0	1956	14	1976	0	1996	39	2016	18
1937	0	1957	0	1977	0	1997	45	2017	62
1938	0	1958	24	1978	0	1998	47	2018	19
1939	0	1959	27	1979	0	1999	35	2019	36
1940	0	1960	0	1980	24	2000	4	2020	33
1941	0	1961	53	1981	0	2001	0	2021	70
1942	0	1962	0	1982	2	2002	0	2022	1
1943	0	1963	12	1983	30	2003	0	2023	0
1944	0	1964	65	1984	0	2004	0	2024	57
1945	0	1965	37	1985	43	2005	0	2025	28
1946	0	1966	9	1986	31	2006	0		
1947	0	1967	14	1987	47	2007	9		
1948	0	1968	34	1988	0	2008	0		

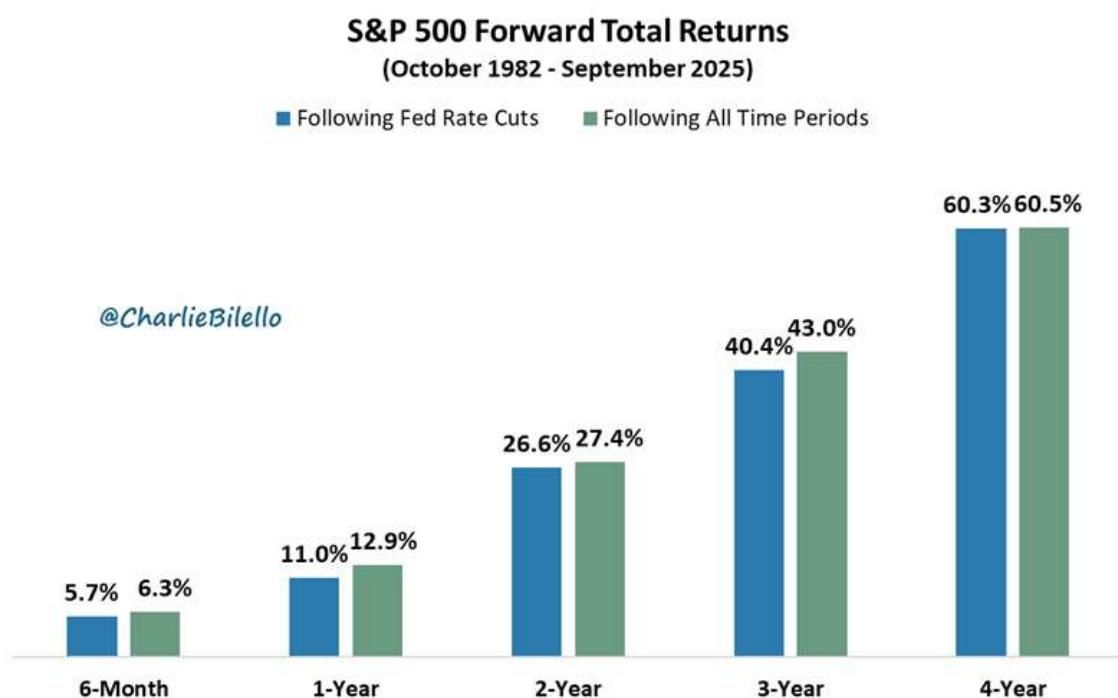
Note: Closing Prices as of 9/22/25. Data Sources: S&P Dow Jones, YCharts

There's a lot of excitement around the Fed cutting interest rates, with the implication that stocks do better when the Fed is in easing mode.

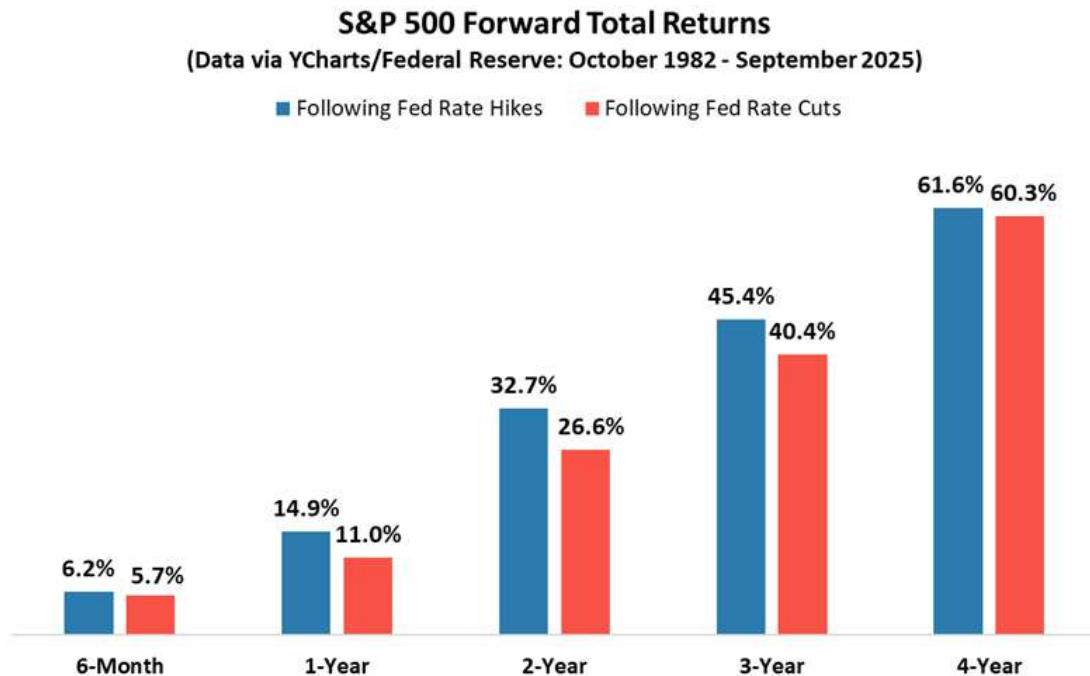
But is that actually the case?

Not according to the data.

If we look at the data from 6 months through to 4 years, the S&P 500 has posted slightly below average returns following rate cuts versus any random day.

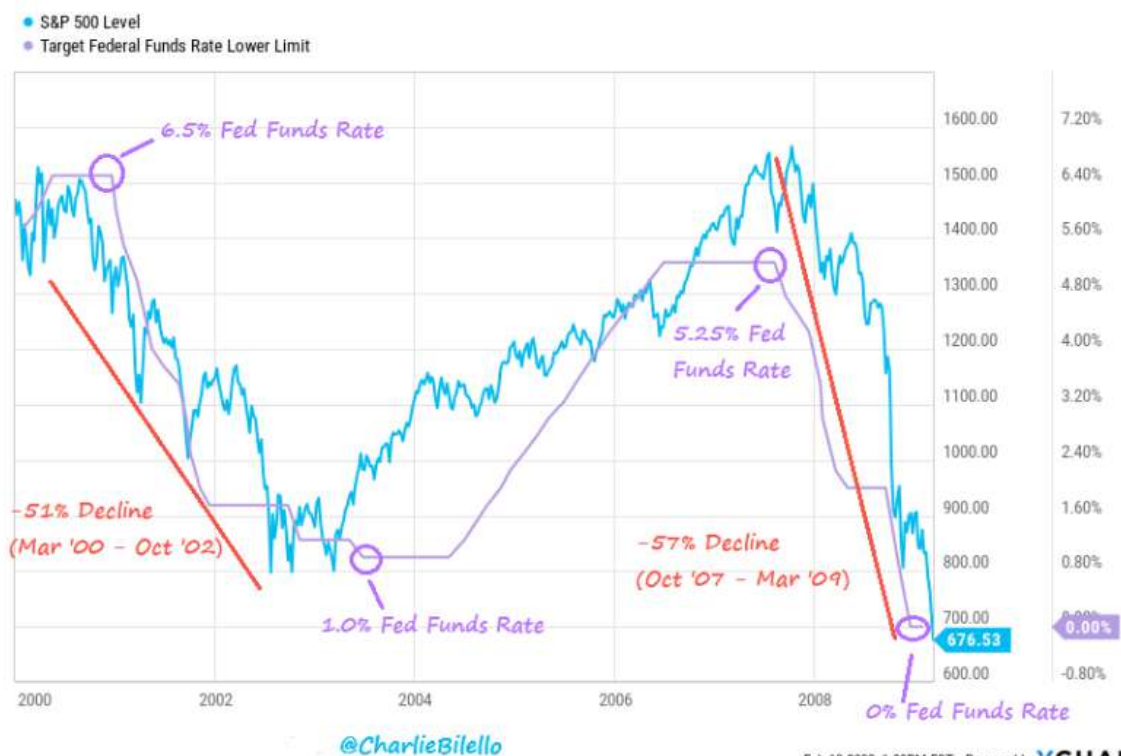


And here's the real shocker: stocks have performed better on average following rate *hikes* rather than rate *cuts*.

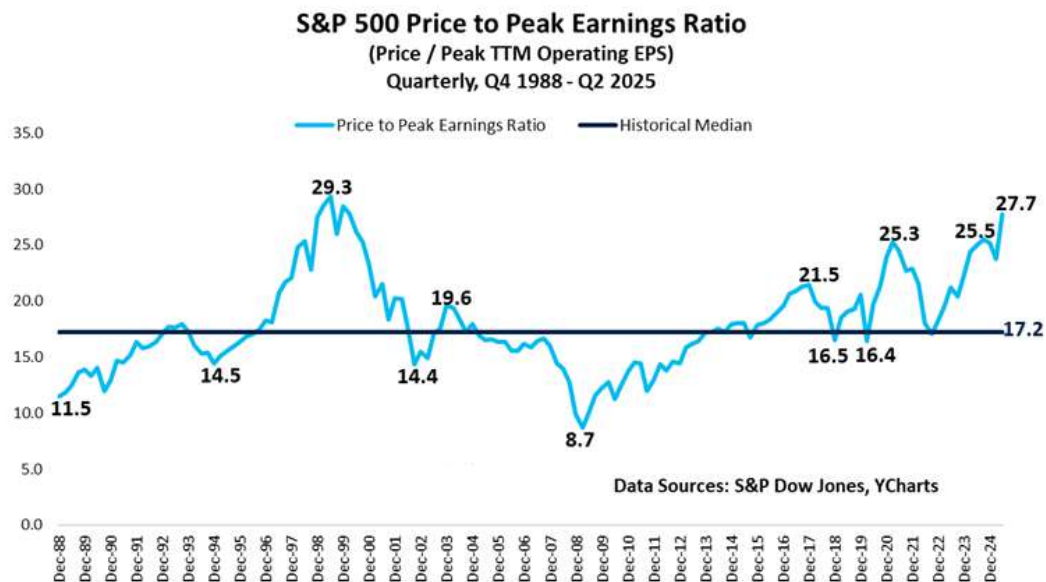


Why would that be the case?

Because sometimes the Fed is cutting rates in response to economic weakness, as we saw in 2001 and 2007. And those initial cuts back then were followed by two of the worst bear markets in history, bringing down the historical returns.



We've also got a price to peak earnings rate of 27.7 for the S&P 500, which is the highest we've seen since 2000 and more than 60% above the historical median.

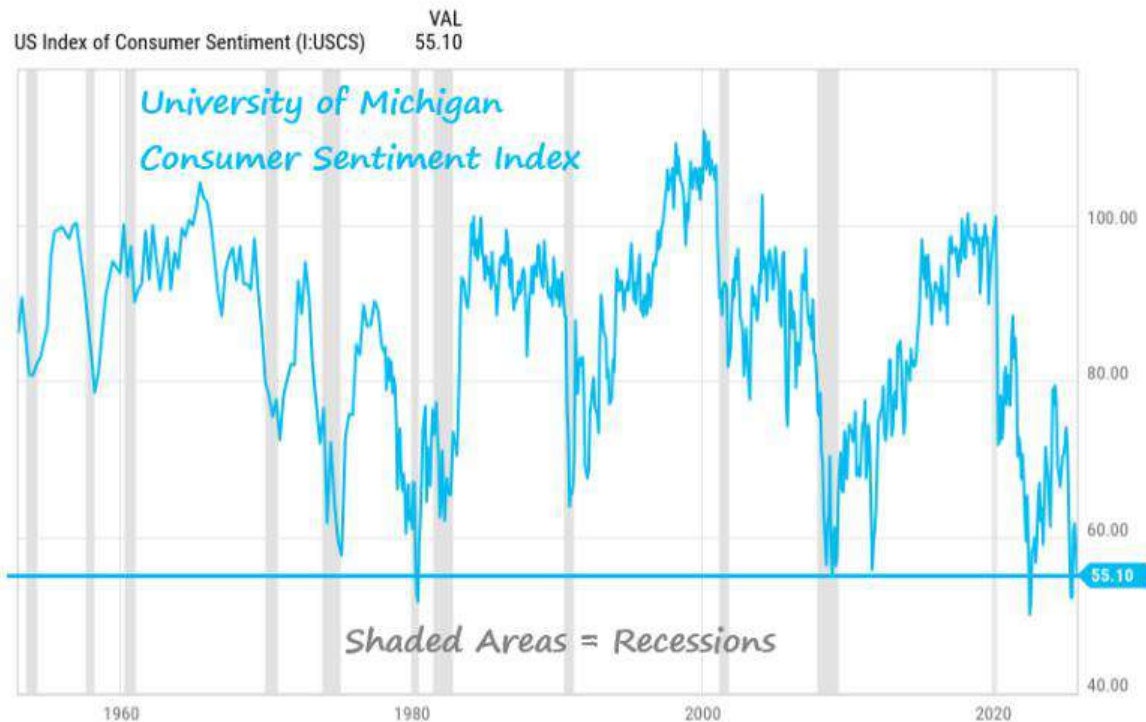


The ratio of the US Stock Market's Value to GDP (aka the "Buffett Indicator") has moved up to a new record high at 217%. That's now more than 2 standard deviations above the long-term trendline.



We've never seen a disconnect this wide between what the US consumer is saying and what they are doing.

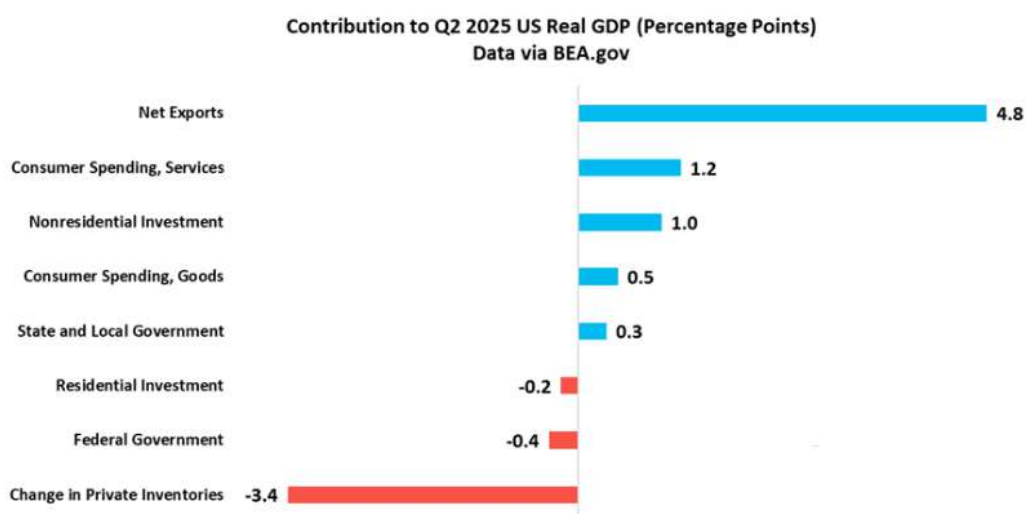
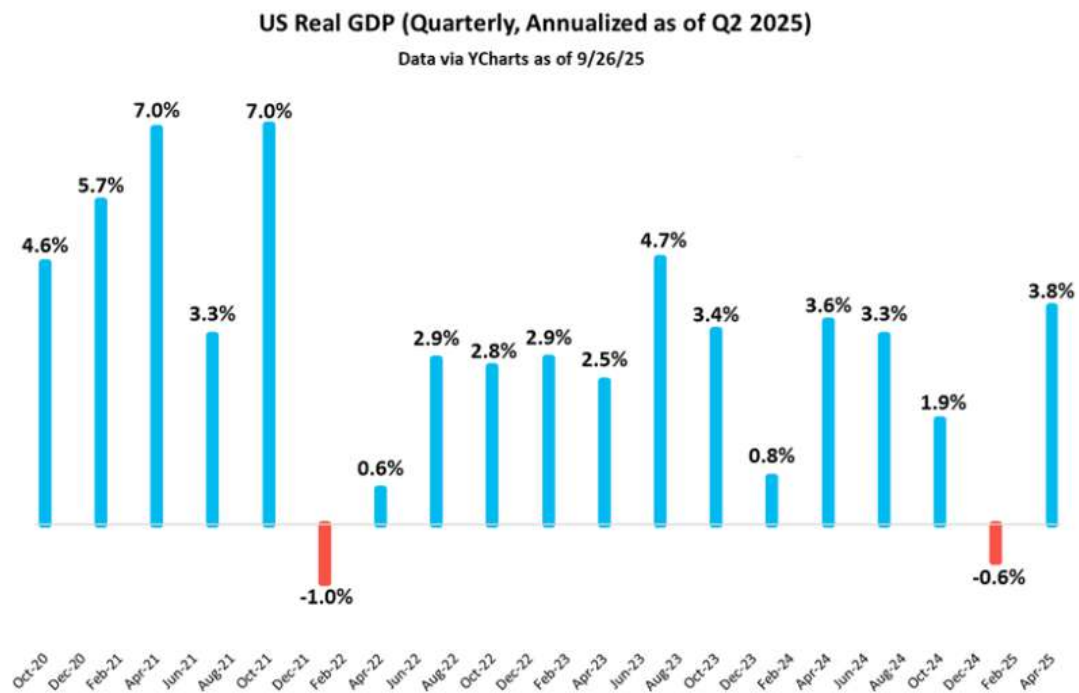
The University of Michigan Consumer Sentiment index has moved down to 55, a reading below 99% of historical data points going back to 1952.



But at the same time, retail sales grew 4.8% over the last year, outpacing inflation by 1.8%.

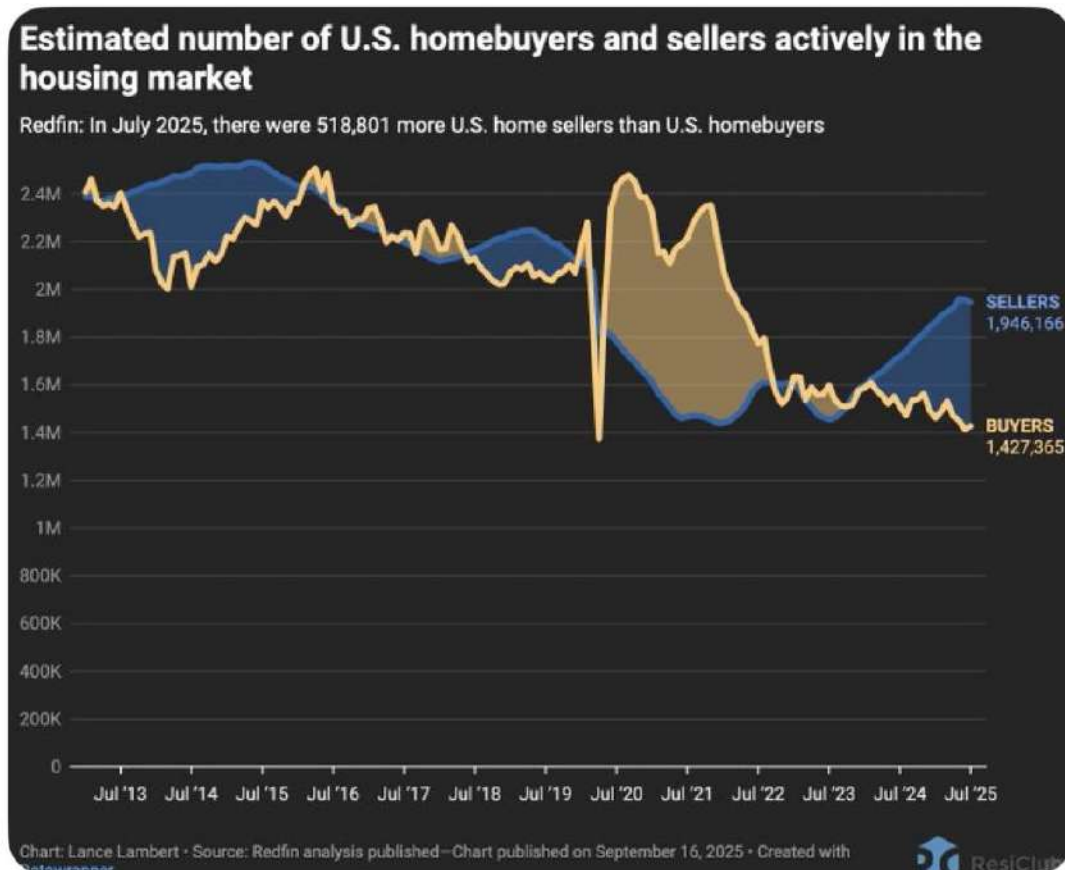


And second quarter real Gross Domestic Product (GDP) was revised higher to 3.8%, due in large part to continued strength in consumer spending (contributing 1.7%).

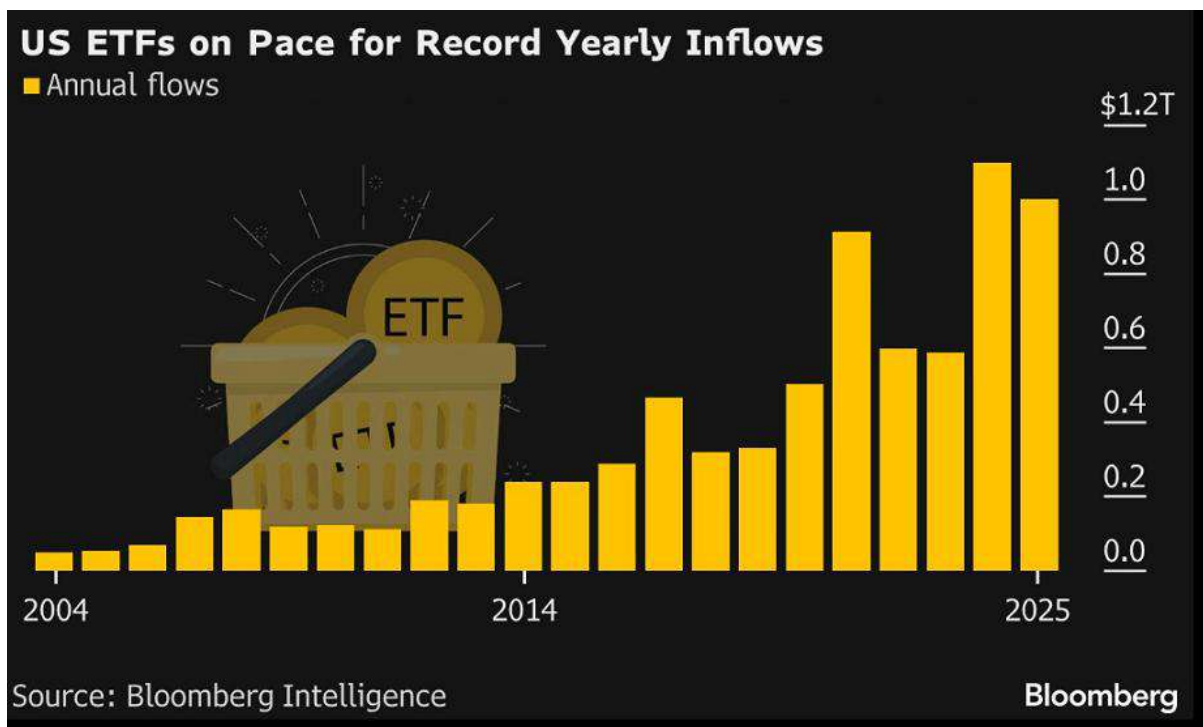


The US housing market now has 518,801 more home sellers than homebuyers.

That's the most that home sellers have outmatched buyers in over a decade.



And record amounts of investment are pouring into the US through ETFs, with 2025 on pace to be the largest annual inflow.



Major market indicators

	30-Sep-25	31-Aug-25	31-Jul-25	Quarter change	1 year change
Interest Rates (at close of period)					
Aus 90 day Bank Bills	3.58%	3.61%	3.68%	-11.0	-84.0
Aus 10yr Bond	4.31%	4.28%	4.29%	+10.4	+39.0
US 90 day T Bill	3.86%	4.05%	4.24%	-38.0	-66.0
US 10 yr Bond	4.15%	4.22%	4.36%	-8.2	+35.8
Currency (against the AUD)					
US Dollar	0.663	0.655	0.644	1.13%	-4.47%
British Pound	0.492	0.484	0.488	3.02%	-5.06%
Euro	0.563	0.560	0.566	0.72%	-9.38%
Japanese Yen	97.81	96.20	96.85	3.26%	-1.52%
Trade-Weighted Index	61.30	60.50	60.30	2.00%	-2.39%
Equity Markets					
Australian All Ordinaries	-0.5%	3.2%	2.6%	5.3%	10.5%
MSCI Australia Value (AUD)	-1.6%	4.4%	2.9%	5.7%	10.1%
MSCI Australia Growth (AUD)	-2.0%	-2.9%	1.0%	-3.9%	5.4%
S&P 500 (USD)	3.6%	2.0%	2.2%	8.1%	17.6%
MSCI US Value (USD)	1.8%	2.8%	0.5%	5.2%	8.5%
MSCI US Growth (USD)	5.3%	1.3%	3.9%	10.8%	27.6%
MSCI World (USD)	3.3%	2.6%	1.3%	7.4%	17.7%
Nikkei (YEN)	5.9%	4.1%	1.4%	11.8%	20.8%
CSI 300 (CNY)	3.3%	10.5%	4.3%	19.1%	18.6%
FTSE 100 (GBP)	1.8%	1.2%	4.3%	7.5%	17.5%
DAX (EUR)	-0.1%	-0.7%	0.7%	-0.1%	23.6%
Euro 100 (EUR)	4.4%	0.6%	1.0%	6.1%	15.5%
MSCI Emerging Markets (USD)	7.2%	1.5%	2.0%	10.9%	18.2%
Commodities					
Iron Ore (USD)	-0.7%	3.6%	6.5%	9.6%	-7.9%
Crude Oil WTI U\$/BBL	-1.8%	-8.5%	6.1%	-4.7%	-8.1%
Gold Bullion \$/t oz	11.4%	4.4%	0.4%	16.7%	45.6%

Source: Quilla, Refinitiv
Datastream

Welcome to the Australian Bureau of Statistics

Population

27,536,874

31 March 2025

Consumer price index

2.1%

Annual change June 2025
quarter

Gross domestic product

0.6%

Quarterly change Jun 2025

Average weekly earnings

\$2,010.00

May 2025

Unemployment rate

4.5%

September 2025

Despite the modest 15,000 gain in employment during September, the highlight of the most recent jobs report was the surprise jump in the unemployment rate to 4.5%.

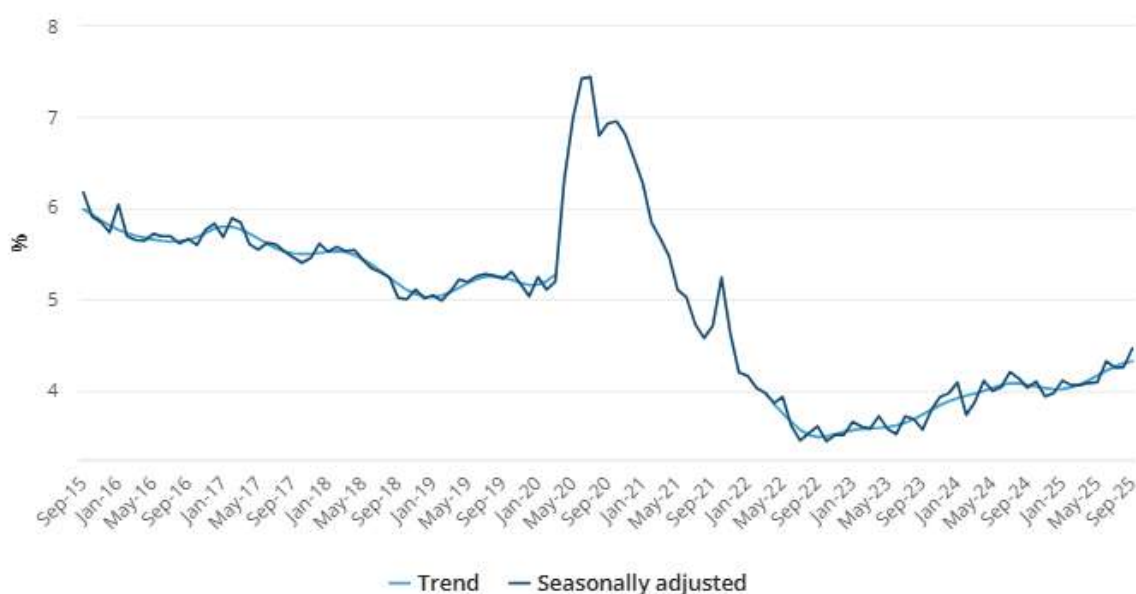
In turn, this reflected an increase in people seeking employment — a rise in labour force participation — although many of these job seekers were unable to find work and therefore classified themselves as unemployed.

Unemployment rate

Graph

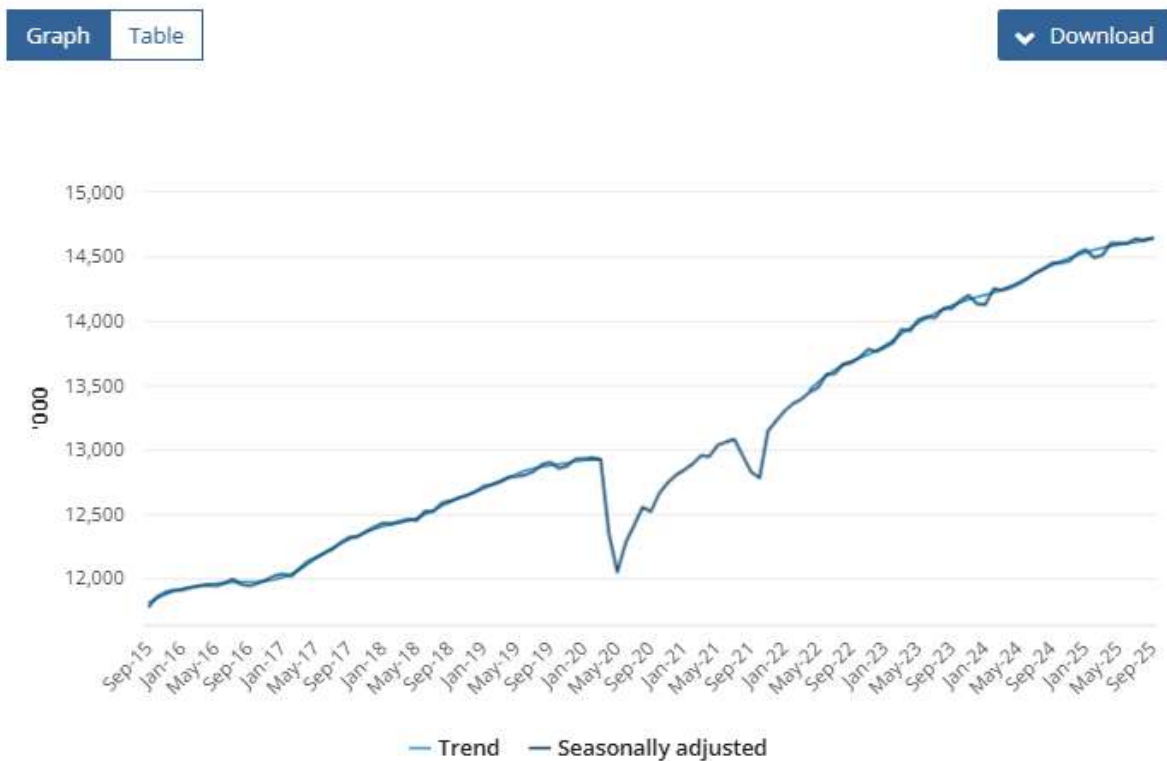
Table

Download



Even allowing for monthly volatility, it's clear that the pace of employment demand has slowed in recent months. At the same time, underpinned by solid immigration and the desire of more local residents to find work (older Australian's delaying retirement and cost-of-living pressures reducing the ability of many households to rely on one income) the supply of workers remains high.

Employed people



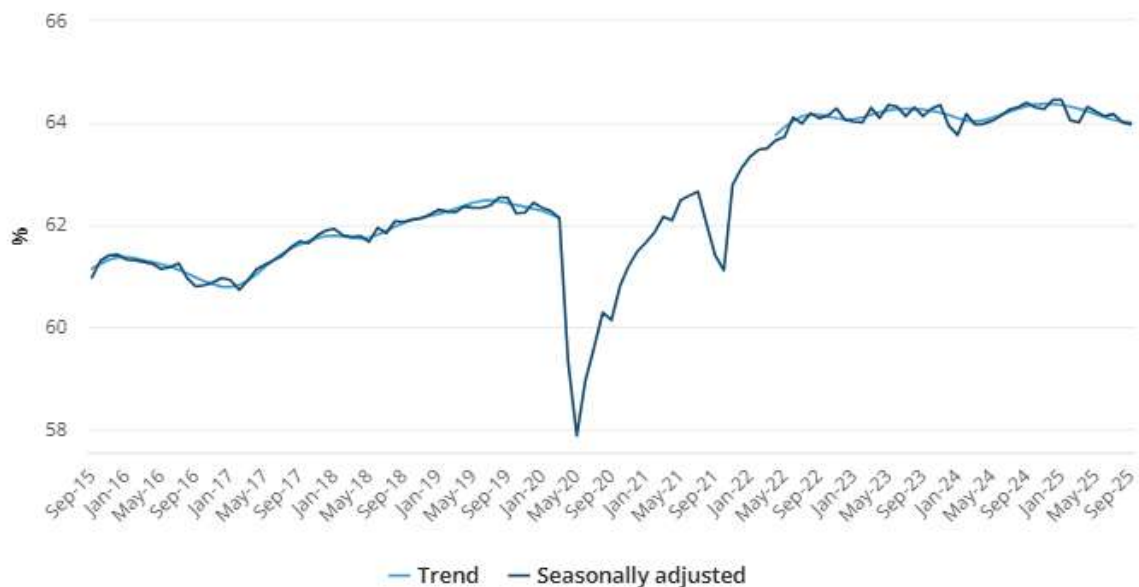
It's becoming evident that the labour market can no longer provide jobs for everyone who wants one, resulting in a further rise in the unemployment rate to 4.5%. This rate aligns with the Reserve Bank's baseline estimate of full employment in Australia, meaning the bank can no longer describe the labour market as 'tight' from today onward.

Employment-to-population ratio

Graph

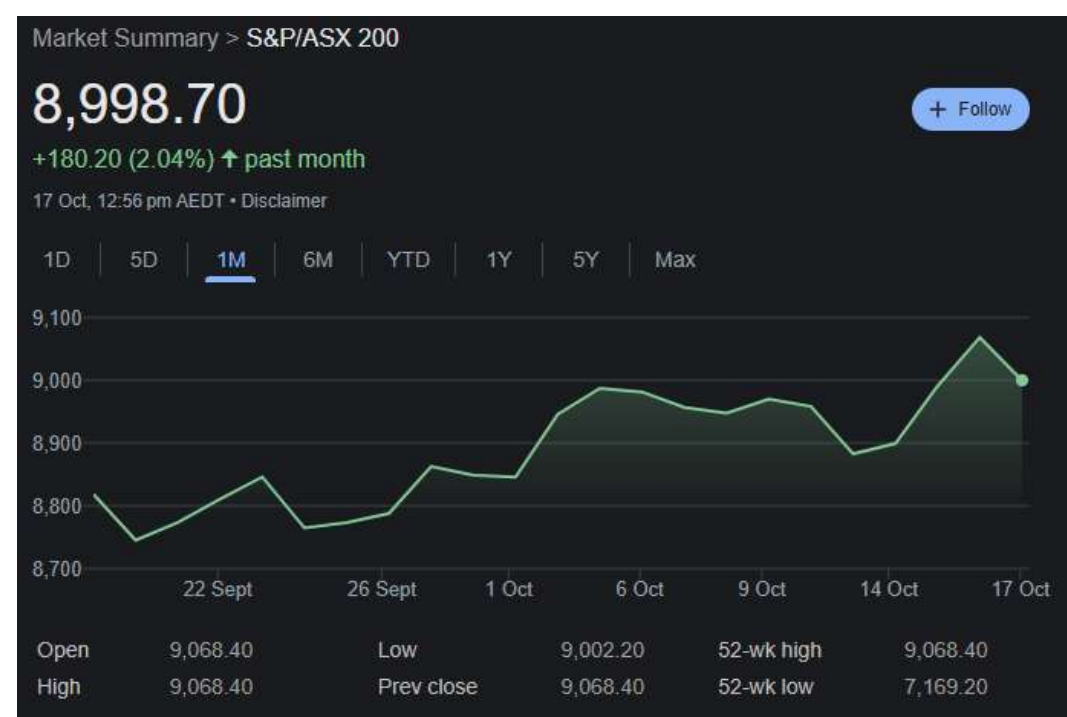
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The Australian equity market experienced a moderate pullback in September, retreating from August’s record high. Weakness was broad-based across sectors, led by the energy sector, which declined by 10%. Financials also weighed in on performance, with the big four banks declining amid ongoing concerns around interest rates, consumer sentiment, and valuations. In contrast, gold producers outperformed strongly on the back of record-high gold prices.

The ASX 200 is up roughly 2% for the past month.



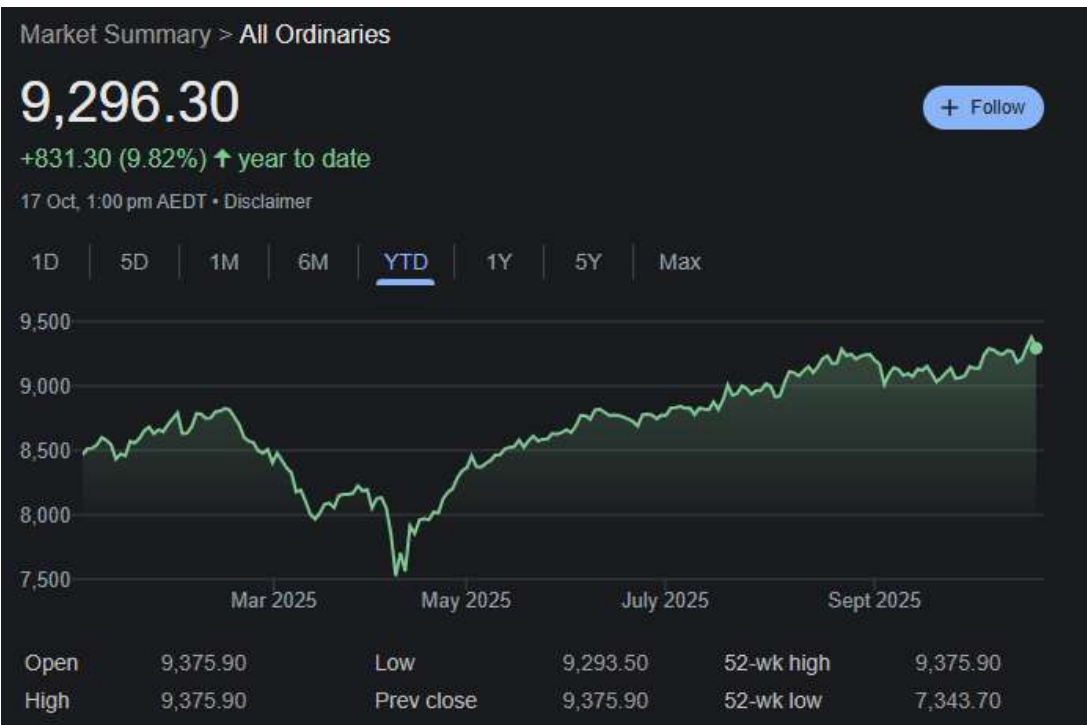
And nearly 10% year to date.



The All Ordinaries is also up over 2% for the last month.



And nearly 10% year to date.

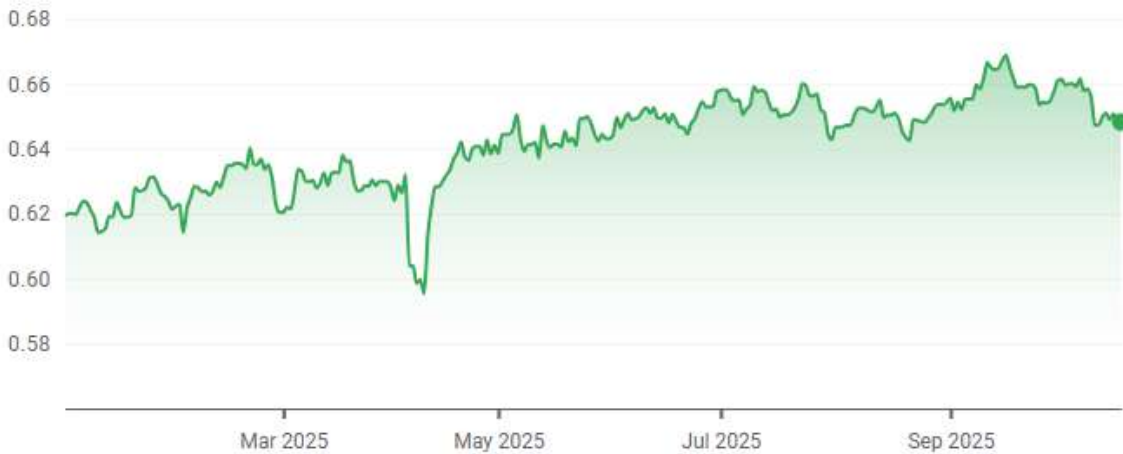


Australian Dollar to United States Dollar

0.6471 ↑4.47% +0.0277 YTD

Oct 17, 2:22:18 AM UTC · Disclaimer

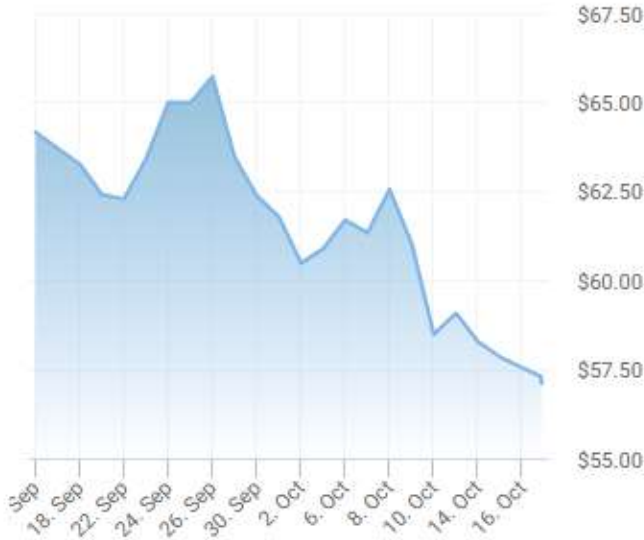
1D 5D 1M 6M YTD 1Y 5Y MAX



21:11 pm CDT 16/10/2025

Technicals

WTI Crude (November Contract)
57.10 -0.56%



1D | 1WK | 1M | 1YR | Max

Copy

Share



QLD clearance rate*

Updated Wed 15 Oct 11:30 PM AEDT

Based on **279** auction results available

SOLD

94

Sold at auction

32

Sold prior to auction

4

Sold after auction

NOT SOLD

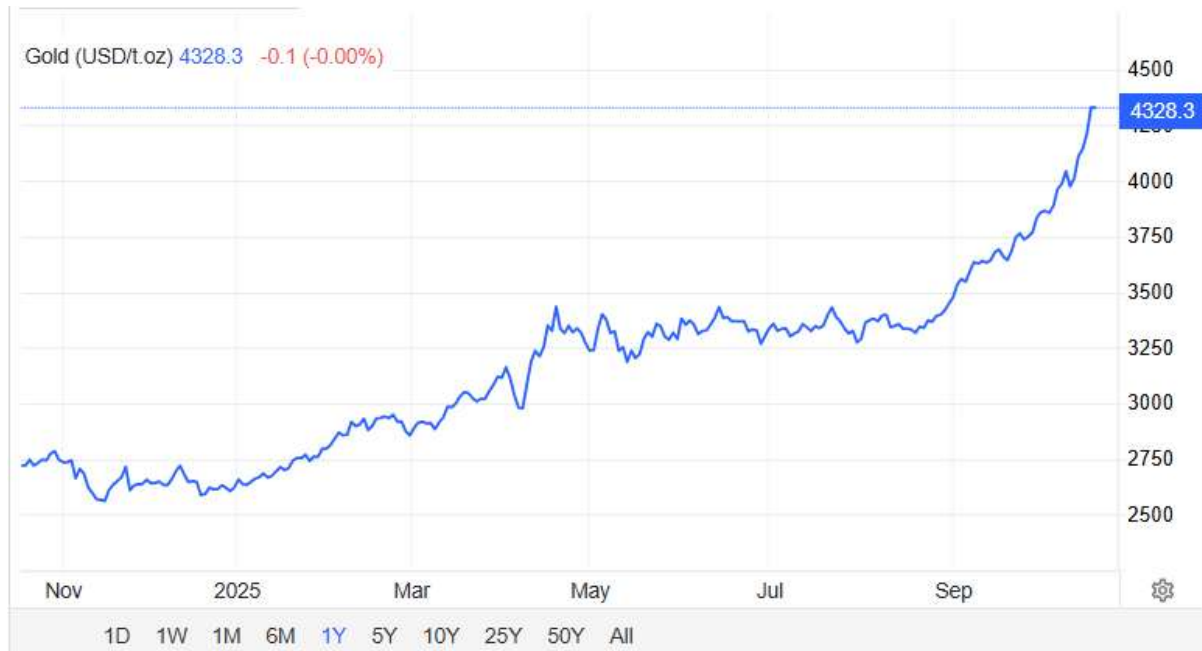
29

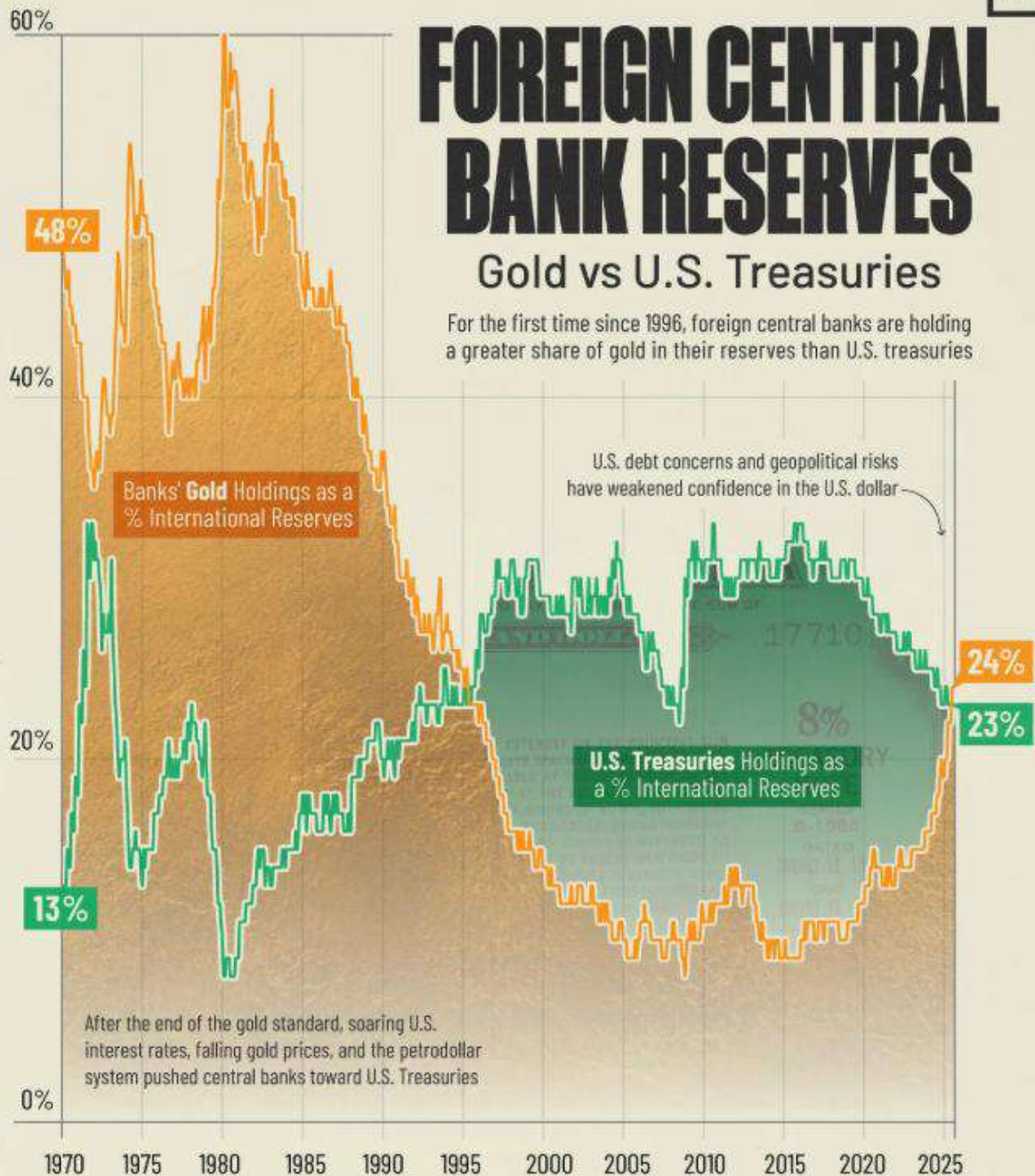
Withdrawn

120

Passed in

310 auctions scheduled





VISUAL CAPITALIST

As of 8/27/2025. Source: Tavi Costa, Crescat Capital LLC

ELEMENTS

ELEMENTS.VISUALCAPITALIST.COM

The Cost of Energy

Levelized cost of energy generation
by source (in U.S. dollar per MWh)

⚡ Fully depreciated estimate* ⚡ Low estimate ⚡ High estimate



As of June 2025. Excluding U.S. federal tax subsidies

* Assuming facility running beyond lifespan for which building cost was apportioned.
Includes cost of decommissioning

Source: Lazard



statista