

MONTHLY REVIEW

MACRO

The Fed lowered its key interest rate by 25 basis points to 4.00–4.25%. This is the first easing of this cycle, driven by the employment slowdown. The statement highlights increased risks in the labor market and confirms a data-dependent approach. The job market illustrates this decline: in August, only 22,000 job creations were recorded, compared to 75,000 expected. The unemployment rate rose to 4.3%, accompanied by downward revisions for previous months. These signals strengthen expectations of further rate cuts in the coming months.

In Europe, the flash PMIs for September show a mixed evolution. Services remain in slight expansion (51.4). Manufacturing industry falls back into contraction territory (49.5). New orders are declining and business confidence is weakening. Also noteworthy is the rise in inflation in Germany for three months, an indicator to watch carefully.

On a global scale, the economy approaches the end of the year with increased visibility on U.S. tariffs, but these now remain higher than before summer. In this context, volatility remains low, while equity markets hit new highs during the month.

OUTLOOK

The market remains resilient, and the signal sent by Jerome Powell opens the way for monetary easing from September, which constitutes a catalyst for risky assets, particularly stocks. From a tactical and short-term perspective, we adopt a neutral position on stocks at the beginning of October, in order to make some profits. In the medium term, catalysts are still solid and beneficial for markets.

On U.S. equities, we add on pronounced pullbacks. In Europe and Switzerland, the approach remains sectoral and selective, with a focus on pockets of quality and visibility.

Overall, the 2025 risk mapping highlights robust markets but exposed to episodes of rapid readjustment in case of surprise on inflation, U.S. trade policy or the geopolitical context, which argues for active beta management on stocks.

EQUITY MARKETS

In September, equity markets defied usual seasonality, supported by the progress of megacaps, particularly the "Magnificent 7". The bullish momentum remained driven by the technology sector, which recorded a 7% increase. Also noteworthy is the rally of "non-profitable" techs for 3 months. Consumer discretionary goods and utilities also progressed by 4% each. In contrast, consumer staples and materials declined by 3%. At the sub-sector level, the best performances go to semiconductors and mining companies, which show a notable progression of 13% for the month. On the stock side, we note the solid performance of Oracle and especially Intel, supported by Nvidia's entry into its share capital at 5%.

August performance: CAC40 2.49% (YTD 6.98%), SMI -0.64% (YTD 4.38%), Stoxx600 1.46% (YTD 9.96%), Nasdaq 5.40% (YTD 17.34%), S&P500 3.53% (YTD 13.72%), Hang Seng 7.09% (YTD 33.88%), Topix 2.03% (YTD 12.66%).



FOREIGN EXCHANGE MARKET

In September, the dollar experienced high volatility, mainly due to Fed speeches and the publication of macroeconomic indicators. With each new data point, the market adjusts its expectations, using these figures as a barometer to assess the probability of three rate cuts, or fewer, in the coming months. These adjustments directly influence expectations regarding monetary policy and, consequently, the dollar's strength.



The Swiss currency has maintained its safe-haven status in the face of geopolitical tensions and global economic uncertainties, supporting CHF appreciation in 2025 despite a 0% rate environment in Switzerland.



BOND MARKET

The 10-year U.S. Treasury yield relaxed toward 4.14% at month-end, declining in September. The curve mainly reacted to the Fed's rate cut and signs of labor market cooling.

The ECB, for its part, kept its rates unchanged during its mid-September meeting. The growth forecast for 2025 was raised to 1.2%. Furthermore, inflation has returned to Europe, with a continuous rise for three months, mainly driven by services, which pushes Lagarde even more not to lower key rates.

It becomes clear that divergence is intensifying between the Fed and the ECB. The U.S. central bank is entering a rate-cutting cycle, while the ECB opts for an extended pause. This should reduce the gap between U.S. and European deposit rates, with potential impact on exchange rates in the coming months.

The SNB maintained its key rate at 0% on September 25. Inflation slightly progressed in August (+0.2%), but remains in the price stability zone. Its projections are set at 0.2% in 2025, 0.5% in 2026 and 0.7% in 2027. The bank's communication highlights low inflation, a persistent rate differential vis-à-vis major central banks and external risks, notably linked to U.S. tariffs, weighing on exports. The possibility of new easing is not excluded in case of economic momentum slowdown.



COMMODITIES

Gold signed a historic month in September 2025, with a peak at \$3,851.98 per ounce and an increase of over 40% since January. The movement was driven by strong renewed interest in safe-haven assets, in a context of poorly perceived public deficits and increased appetite for capital protection. Central banks supported the momentum by buying 166 tons in the second quarter, and a striking fact emerged: in their reserves, gold now exceeds U.S. Treasury bonds in value, a first since 1995. This shift symbolizes the search for diversification in the face of budgetary and market risks, and helps anchor the bullish trend.



On the oil side, Brent evolved in a narrow range between \$65 and \$70 per barrel before finishing the month around \$66. OPEC+ continued its offensive strategy on supply, with an increase of 547 kb/d in September and an additional 137 kb/d announced for October, which mechanically weighs on prices in the market share reconquest phase. Conversely, geopolitical tensions provided occasional price support, notably through export disruptions linked to attacks on Russian infrastructure. The market thus remains caught between supply surplus and risk shocks, characterized by fragile balance and contained volatility in an average price zone.



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