

## Month Overview

September 2025 was marked by renewed policy shifts, uneven global growth, and rising political uncertainty. The U.S. Federal Reserve (Fed) delivered its first rate cut in nearly a year, while the European Central Bank (ECB) held steady. Economic data signaled cooling momentum as manufacturing softened across major economies, inflation eased modestly in Europe, and U.S. services activity remained near the breakeven line. Financial markets rallied despite macro headwinds, with global equities gaining on rate-cut optimism, gold reaching record highs, and bond yields falling. The month ended with a U.S. government shutdown that added uncertainty to the global outlook, setting the stage for a fourth quarter defined by monetary easing, fragile growth, and lingering political risks.

## Economic Environment

After months of anticipation, the Fed cut its policy rate by 25 basis points to a range of 4.00–4.25%, marking its first move of 2025. The decision reflected weakening labor market data rather than political pressure and signaled a shift in focus from inflation control toward supporting employment. Policymakers suggested that two additional cuts could follow before year-end if conditions warrant. Toward month-end, the risk of a U.S. government shutdown increased. While such disruptions hinder operations, they are not unprecedented; the longest, lasting 35 days, occurred during President Trump's first term over border-wall funding.

In Europe, the ECB left rates unchanged, judging that inflation was easing but still above target. It paused to assess the impact of past tightening while continuing to reduce its balance sheet through maturing bond runoff and maintaining stable liquidity via short-term bank lending. Inflation unexpectedly rose in Germany and other member states, while soft labor and PMI data underscored a fragile recovery. The Swiss National Bank also held its rate at 0%, citing subdued inflation, weaker growth prospects from U.S. tariffs, and a desire to maintain supportive conditions without returning to negative rates. Moreover, the Bank of England kept its Bank Rate at 4%, balancing softer inflation against persistent wage pressures. It continued quantitative tightening, while increased demand for short-term funding late in the month signaled tighter sterling liquidity. The Bank of Japan maintained its policy rate near 0.5%, noting uncertain wage momentum despite stable inflation. Policymakers discussed a possible rate hike but chose to remain cautious pending stronger wage growth.

Among emerging markets, India remained relatively resilient though momentum softened. Manufacturing slowed and input costs rose, but domestic demand continued to support activity. In China, manufacturing contracted for a sixth consecutive month as the property sector remained weak, with modest

gains in new-home prices offset by declines in resale values, reflecting fragile confidence and an uneven recovery

In Latin America, major economies showed mixed performances. Mexico and Brazil faced slower growth and persistent inflation amid tighter financial conditions, while Argentina's reform agenda encountered headwinds as quarterly output fell and consumption weakened, despite solid year-on-year growth.

## Equity

Global equities rallied strongly in September, led by the United States, where the S&P 500 rose about 3.7% and the Nasdaq gained 5.7%. European markets advanced on improved sentiment and policy stability, while emerging markets outperformed developed peers, with the MSCI EM Index up roughly 7.2%. China, Brazil, and Mexico were among the top performers, supported by a weaker U.S. dollar, renewed optimism over trade and tariff developments, and expectations that Chinese policy measures may help stabilize domestic activity despite continued manufacturing weakness.

## Fixed Income

After the Fed cut rates by 25 bp and signaled further easing, the U.S. Treasury yield curve steepened, with short-term yields falling more than long rates. Some of that steepness is due to inflation risk and fiscal pressures. With rates unchanged in the Eurozone, yields across maturities didn't move dramatically, though the curve remained modestly upward-sloping. The Swiss curve shifted downward reflecting perhaps rising uncertainties.

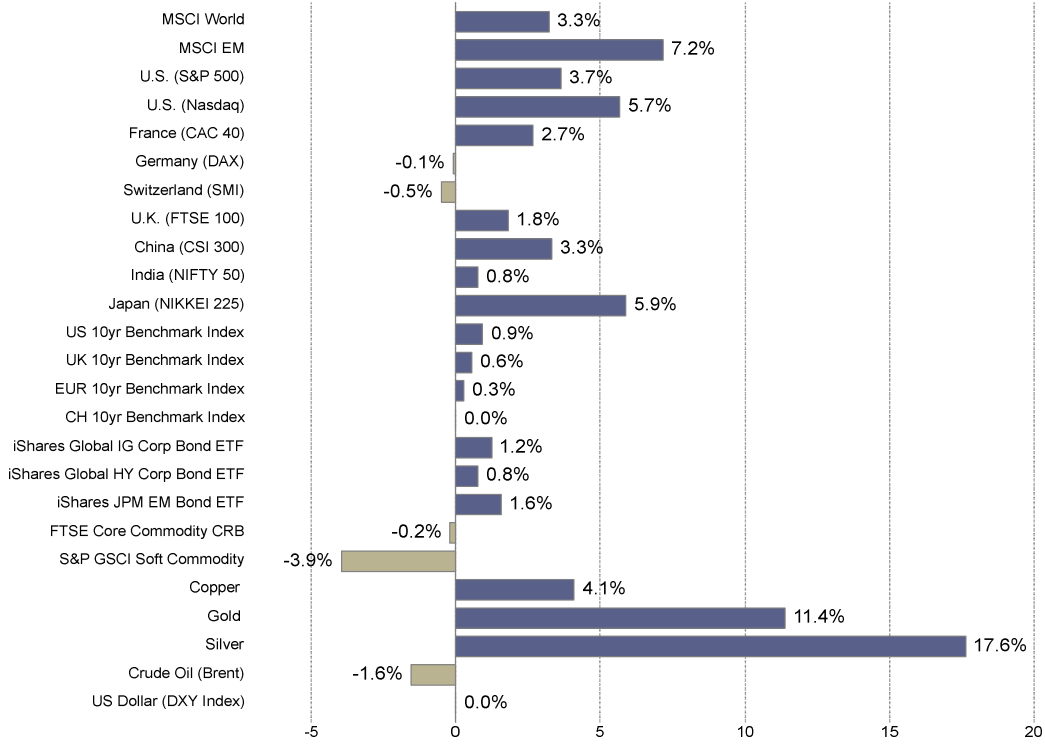
## Commodity

Gold surged 11.4% to a new record high near \$3,858 per ounce at the end of September, driven by safe-haven demand, expectations of further U.S. rate cuts, and renewed fiscal uncertainty. Silver outpaced gold, finishing the month just below \$47 per ounce. Oil markets remained volatile, with Brent crude briefly reaching a seven-week high following an unexpected U.S. inventory draw, but prices settled in the high-\$60 range, below the month's opening level, as rising OPEC+ supply and softer demand limited gains.

## Currency

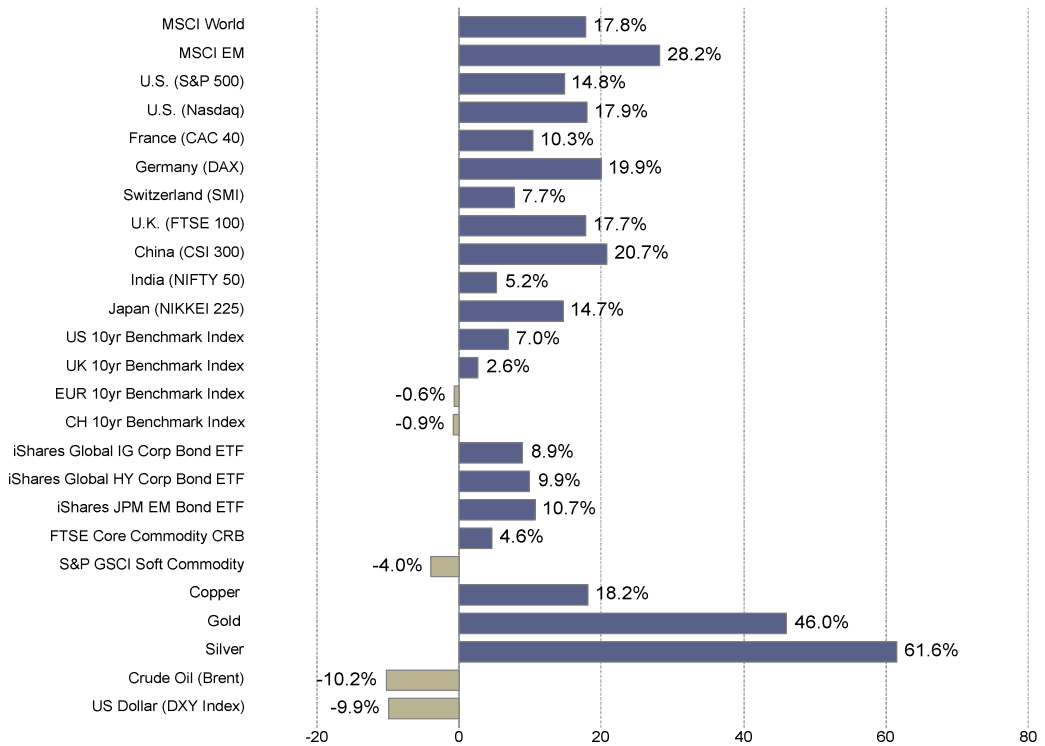
The U.S. Dollar Index (DXY) remained flat in September as expectations of further Fed rate cuts and fiscal uncertainty ahead of a potential government shutdown weighed on the currency. The Euro held steady after the ECB left policy unchanged and inflation stayed elevated, while emerging-market currencies saw little change.

September 2025 Performance



Source: LSEG Datastream, Anarosa Asset Management AG

Year-To-Date Performance (until 30.09.2025)



Source: LSEG Datastream, Anarosa Asset Management AG

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