WEEKLY BULLETIN

September 2025: Issue #2

Quote of the Week.

"The big money is not in the buying or selling, but in the waiting" – Charles Munger

Under careful observation, the following evolving changes happen over the past days that are likely to move markets in the coming days

a. Fed rate-cut expectation run ahead of reality
   - Market fully priced-in a 25bps cut at the coming FOMC meeting, plus 2 more by year-end.
   - Multiple Fed officials continue to call for patience, citing sticky inflation, labor-market volatility, and fiscal pressures.
   - Risks now skew to the downside, as Chair Powell maintains inflation concerns. The delayed impact of Trump's tariffs — muddled by successive roll-backs — has yet to fully hit U.S. consumers..

b. Valuation stretch and narrow leadership
   - Recent gains have been concentrated in a handful of technology, semiconductor, and AI-linked names such as Broadcom and Oracle.
   - Narrow leadership heightens vulnerability should these leaders falter.
   - Oracle trades at 65.8x as of 12th Sep 2025, which is significantly higher than its 10-year average of 27.6x (FullRatio report)
   - Broadcom current PE is 91.9x as of 12th Sep 2025 verses its 10-year average of 49.9x (FullRatio)

c. Macroeconomic and inflation uncertainties.
   - Inflation remains above the Fed's target; housing and food costs are still elevated.
   - The labour market is showing signs of weakening (rising jobless claims, slower hiring) even as some data remain resilient; mixed signals increase the odds of policy missteps.
   - There is some risk of "stagflationary" pressures—slower growth plus sticky inflation—which would be a difficult backdrop for equities, especially growth / expensive multiple sectors.

d. Clash of the economic titans – US/China trade talk
   - Trade talk between US and China has never been easy. If not because of special material and rare earth for semi-conductor production, there will never be truce. I believe US tariff on many countries will be a lot worst than current. India defect loyalties from US to China will be critical. I suspect we may not get any final outcome on China tariff in this Spain meeting.

Conclusion & Action Plan

With valuations stretched across the U.S., Japan, Australia, and Singapore, the prudent approach is patience. Rather than chasing markets at record highs, waiting for a healthy correction will offer better entry points for long-term investors.

Last Week 's Notable Events.

US Economy/Politics

- 10th Sep US PPI 2.8% vs exp 3.5%.
- 11th Sep US August CPI y/y 2.9% vs exp 2.9%; Core CPI 3.1% vs exp 3.1%.
- 12th Sep Michigan Consumer Sentiment Index 55.4 vs exp 58.
- 14th Sep Trump calls for bigger interest rate cut ahead of Fed meeting.
- 15th Sep US Democrats press Trump for a trade deal that curbs China's production.
- 15TH Sep Trump is pressuring Republicans to vote for a 'clean' short-term stopgap funding plan to fund government through late November.

Europe Economy/Politics

- 11th Sep ECB kept rates unchanged and within market expectation.
- 11th Sep Trump pressure Europe to slap 100% tariffs on India and China raises eyebrows.
- 15th Sep France's borrowing costs rise after Fitch downgrade.

Asia Pacific Economy/Equity

- 10th Sep China August CPI -0.4% vs exp -0.2%
- 11th Sep RBNZ Hawkesby reiterates cash rate seen at 2.5% by year ends.
- 12th Sep China's bond drop is luring large global funds back into market.

Weekly Data Monitor

Weekly chart:

- Global equities gained +1.74% his week, led by MSCI Asia Pacific, pushing year-to-date returns of +10.76%
- Gold surged +2.3% weekly, and remains the strongest performance; USD slide -0.22% for the week

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

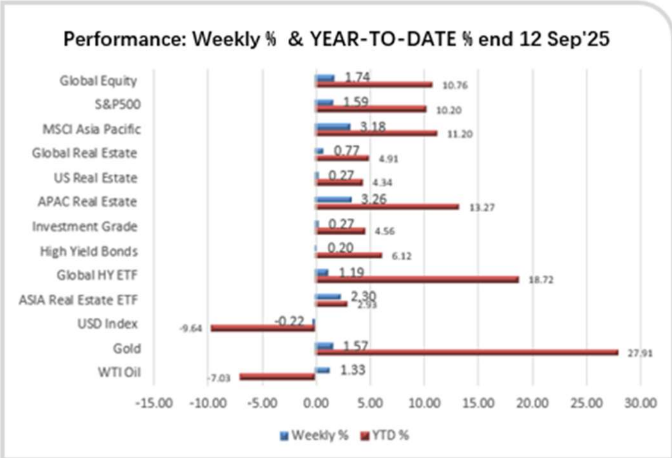
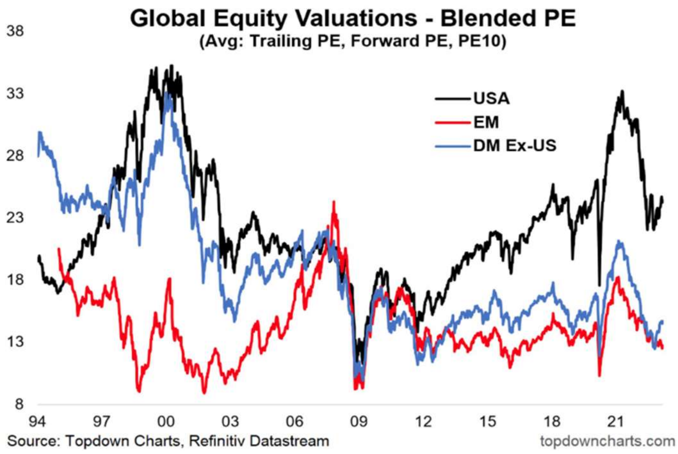


Chart of the Week

Global equity valuations remain elevated, with the U.S. leading at historically high blended P/E ratios, while Emerging Markets and Developed ex-US trade at more moderate levels. This valuation gap highlights both the risks of stretched multiples in mature markets and the relative opportunity in select regions where earnings growth is supported by domestic demand and structural reforms.



Action Plan:

- Caution in over-valued markets
  Trim exposure to markets (e.g., U.S.) where valuations are pricing in perfection and margin for error is low. Focus on high-quality companies only.

- Rotate into relative value
  Increase allocation toward Emerging Markets like India where long-term consumption and infrastructure themes support earnings growth, even if short-term volatility persists.

- Diversify across regions
  Balance portfolios with select opportunities in Japan, Singapore, and Australia — where valuations are less stretched and cyclical recovery provides upside.
- Build Optionality
  Keep dry powder (cash/flexible liquidity) to take advantage of pullbacks in expensive markets, allowing entry into quality names at more attractive levels.