

WEEKLY BULLETIN

September 2025: Issue #3

Quote of the Week.

The markets are constantly in a state of uncertainty and flux, and money is made by discounting the obvious and betting on the unexpected." – George Soros

Weekly Highlight: The Three Rotations Driving AI — and the Hidden China Risk

1. Earnings Rotation
 - Mega AI techs (Nvidia, Microsoft, Alphabet) delivered blockbuster results.
 - Strong earnings momentum pulled indices to new highs.
 - AI confirmed as the dominant market theme.
2. Geopolitics & Capex Push
 - Trump's tariffs arm-twisted Japan, Vietnam, and South Korea to invest in America.
 - Projects like SoftBank's Stargate initiative showcase redirected capital inflows.
 - Elevated the AI capex story, adding fuel to the S&P500 and Nasdaq rally.
3. Intra-Sector Capital Recycling
 - Mega techs reinvesting into smaller peers (e.g., Nvidia into Intel) trend.
 - Boosts supply chain strength and lifts broader tech valuations.
 - Creates a self-reinforcing cycle, keeping AI momentum alive.

Hidden Risk: What If China Turns Off the US Chip Tap?

- Trump's Reaction Matters: Tweets and tariffs drive short-term swings, but US remains structurally dependent on Chinese supply chains (EV batteries, rare earths, medical supplies).
- China Breaking Free: Accelerating localization, tech independence, and partnerships (RCEP, BRICS+).
- The Irony Shift: Tariffs meant to isolate China are instead speeding its diversification — US corporates are struggling to decouple.
- Market Impact: US chipmakers (Nvidia, Qualcomm, Micron) face real earnings risk if China achieves self-reliance and .

Conclusion & Action Plan

- Ride the US AI upside → momentum is still strong across earnings, capex, and intra-sector support.
- Hedge the structural risk → use pullbacks from tariff headlines to accumulate select Chinese industrial, tech, and supply chain leaders.
- Balance portfolios between short-term AI strength and long-term China resilience

Last Week 's Notable Events.

US Economy/Politics

- 17th Sep Fed cuts rates by 25bps to 4.25%, future policy depends on data.
- 19th Sep Gold price action confirms Institutional buy zone at \$3,634 - \$36365.
- 20th Sep Trump and Xi make progress on TikTok deal, plan to meet in South Korea

Europe Economy/Politics

- 19th Sep France is at risk of becoming the new sick man of Europe.
- 20th Sep Pound slides after UK government borrowing jumps in August and insolvencies rise.
- 21st Sep Wealth tax would be deadly for French economy, says Europe's richest man.

Asia Pacific Economy/Equity

- 15th Sep China August Industrial Production +5.2% vs exp 5.8%, Retail Sales 3.4% vs exp 3.8%.
- 21st Sep Trump's \$100,000 visa threatens millions of Indian IT talents seeking jobs in US industries.
- 21st Sep Thousands take to streets as Philippines protests flood control fraud.

Weekly Data Monitor

Weekly chart:

- Global real estate sell-off despite Fed rate cuts, reflecting different policy outlook as Wall Street.
- Gold makes record high after Fed cut rates by 25bps

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

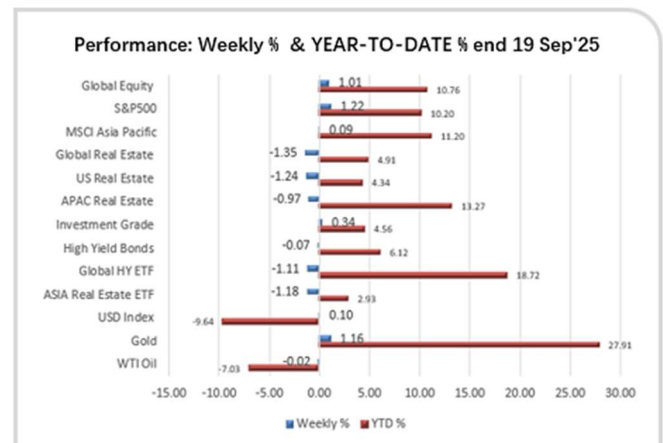


Chart of the Week: Aussie Shorts Slashed.

The chart highlights the aggressive short AUD positioning built up before late August on expectations of further RBA rate cuts. In September, after the RBA held rates unchanged at 3.60% and signaled only gradual easing ahead, speculators made a sharp turnaround, unwinding shorts aggressively.

With the RBA also warning of rising cost-of-living pressures, a prolonged on-hold stance looks likely — which could trigger further unwinding of bearish bets.

Action: Stay alert for a tactical long opportunity in AUD/USD — positioning reset suggests limited downside, while any positive catalyst could spark a squeeze higher.

