

**10 Charts
to Remember:
Q3 2025**



Image AI generated

The third quarter of 2025 saw most asset classes make gains

Here are 10 charts that highlight the third quarter of 2025.

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The third quarter of 2025 saw most asset classes make gains pushed by easing trade tensions, AI euphoria, and the first but most likely not last rate cut of the year by the Federal Reserve. Equities delivered a strong performance with Asian markets in the lead. On the credit side Emerging Market debt was the strongest performer and France's political turmoil continued to weigh on Europe. On the macro side, the focus is now on the cooling US labour market as payroll figures were revised downwards, and job creation declined.

Chart #1

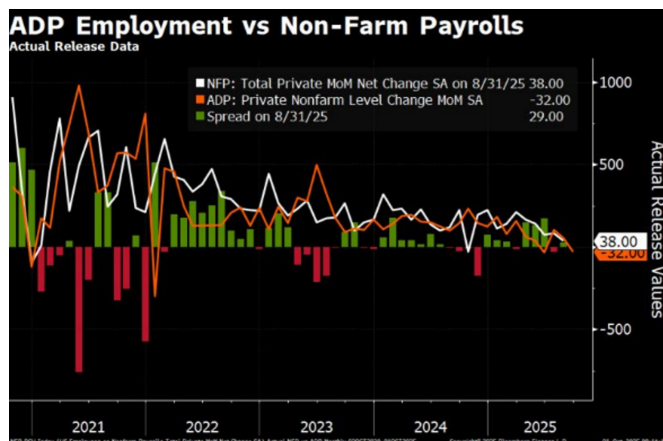
Softening labour market shifts focus from inflation to growth

US headline inflation edged up from 2.7% to 2.9% in August, yet tariff passthrough proved milder than feared. As a result, market focus shifted from upside inflation risks to growing concerns over economic slowdown. While overall activity data remained solid, labour market conditions softened. In the three months to August, job creation averaged just 29,000 per month, compared with 99,000 in the prior three-month period. The Bureau of Labor Statistics also revised payroll figures down by 911,000 for the year to March 2025, suggesting the economy was less robust than previously thought.

Despite these headwinds, underlying growth remained resilient. Revised GDP data showed the US economy expanding at an annualised rate of 3.8% in Q2, supported by steady consumer spending and contained core inflation.

In the Eurozone, the services sector expanded in Germany, Italy, and Spain, while France continued to lag amid political uncertainty. External demand stayed weak, with export orders falling for the 28th consecutive month.

UK inflation persisted at 3.8% in August, driven by higher food, energy, and utility costs.



Source: Bloomberg

Chart #2

The Fed's "risk-management cut"

The Fed delivered its first rate cut since the end of last year, lowering its benchmark rate from 4.25-4.50% to 4.00-4.25%. Surprisingly, the decision passed with broad consensus, with only new Fed governor Miran, a President Trump nominee, dissenting in favour of a larger, half-point cut. The Fed's latest projections show a median forecast of 2 additional cuts this year.

The updated economic projections led to some confusion: median inflation expectations for 2026 and 2027 were revised higher, while unemployment forecasts for the next two years were lowered. Ordinarily, that would suggest fewer rate cuts. Yet the new FOMC outlook shows more cuts ahead. Powell described the move as a 'risk management cut', citing new data that points to a higher risk of a faster-than-expected weakening in the labour market.

Overseas, the ECB kept its key interest rate unchanged at 2% in both July and September after seven consecutive cuts. The Bank of England cut rates for the first time since 2020, from 4.25% to 4.0%.

Finally, in Japan, the BoJ held rates at 0.5% despite an inflation level now well above its 2% target and an upward revision of its own inflation forecasts.

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425
10/29/2025	0.00 %	0.00 %	0.00 %	0.00 %	92.47 %	7.53 %
12/10/2025	0.00 %	0.00 %	0.00 %	78.50 %	21.50 %	0.00 %
1/28/2026	0.00 %	0.00 %	19.47 %	80.53 %	0.00 %	0.00 %
3/18/2026	0.00 %	0.00 %	63.71 %	36.29 %	0.00 %	0.00 %
4/29/2026	0.00 %	0.00 %	86.47 %	13.53 %	0.00 %	0.00 %
6/17/2026	0.00 %	40.53 %	59.47 %	0.00 %	0.00 %	0.00 %
7/29/2026	0.00 %	70.47 %	29.53 %	0.00 %	0.00 %	0.00 %
9/16/2026	3.07 %	96.93 %	0.00 %	0.00 %	0.00 %	0.00 %
10/28/2026	17.47 %	82.53 %	0.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	32.87 %	67.13 %	0.00 %	0.00 %	0.00 %	0.00 %
1/27/2027	37.47 %	62.53 %	0.00 %	0.00 %	0.00 %	0.00 %
3/17/2027	38.68 %	61.32 %	0.00 %	0.00 %	0.00 %	0.00 %
4/28/2027	35.47 %	64.53 %	0.00 %	0.00 %	0.00 %	0.00 %
6/9/2027	20.89 %	79.11 %	0.00 %	0.00 %	0.00 %	0.00 %
7/28/2027	0.00 %	85.47 %	14.53 %	0.00 %	0.00 %	0.00 %
9/15/2027	0.00 %	85.47 %	14.53 %	0.00 %	0.00 %	0.00 %

Source: CME Fedwatch Tool

Chart #3

US equities: a straight line higher

After April's tariff-driven selloff, markets traced an almost unbroken upward path. The S&P500 rose 8.1%, defying the historically weak September effect.

The rebound was fuelled by easing trade tensions after the US reached agreements with multiple trading partners. Investors grew increasingly confident on the back of solid corporate earnings, signs of economic resilience early in the quarter and growing expectations of Fed rate cuts. Artificial intelligence remained the market's winning theme. Companies continued to unveil substantial AI infrastructure investments, propelling technology stocks higher and reinforcing conviction that the AI boom is far from over.

The Magnificent 7 remained in the lead. Tesla gained nearly 50% over the quarter, driven by a September rush ahead of the \$7,500 EV tax credit expiration. Alphabet (38%), Apple (22%) and Nvidia (22%) also posted strong returns.

The September rate cut and improving risk sentiment created a more supportive environment for smaller companies. The Russell 2000 Index jumped 12.4% over the quarter, nearing its record high from November 2021.

Healthcare and consumer staples sectors lagged the broader market. Despite a 3.8% quarterly gain, the healthcare sector remains the only S&P 500 component in negative territory year-to-date. Ongoing challenges including drug pricing reforms, tariff-related uncertainty, and rising operational costs have compressed earnings expectations. Toward the end of the quarter, sentiment in pharmaceuticals improved slightly after a pricing deal with Pfizer. Surprisingly, energy equities (7.35% over the quarter) performed well despite the decline in oil prices.



Source: Performance comparison of Russell 2000 (IWM), S&P 500 (SPY), and Nasdaq-100 (QQQ), TradingView

Chart #4

A strong quarter for Asian markets

Pushed by the rallying technology sector, the MSCI Asia ex-Japan was the best performing major equity index this quarter, while the MSCI Emerging Markets ranked third. This highlights the outperformance of Emerging Market equities compared to developed markets over the quarter.

The Hang Seng Tech Index gained 22.1% over the quarter, as policy support for domestic chipmakers, alongside an acceleration in AI spend and product rollout from some of China's biggest tech names like Alibaba and Baidu fuelled the rally. This strong performance highlighted the widening disconnect between Chinese equity performance and the country's economic fundamentals.

Thailand, Taiwan, and South Korea also posted gains, with major chipmakers Samsung Electronics and SK Hynix riding the wave of tech enthusiasm. India was the laggard, posting a negative return for the quarter as trade tensions with the US intensified following the introduction of a 50% tariff on key Indian exports.

The Japan TOPIX gained 11%, supported by a weaker yen, a US-Japan deal (lowering US tariffs from 25 to 15%), resilient macro data, and ongoing corporate governance reforms.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	Q3 '25
Japan TOPIX 12.1%	UK FTSE 16.8%	MSCI Asia ex-Japan 42.1%	US S&P 500 -4.4%	US S&P 500 31.5%	MSCI Asia ex-Japan 25.4%	US S&P 500 26.7%	UK FTSE 0.3%	Japan TOPIX 28.3%	US S&P 500 25.0%	MSCI EM 28.2%	MSCI Asia ex-Japan 11.1%
MSCI Europe ex-UK 9.1%	US S&P 500 12.0%	MSCI EM 37.8%	UK FTSE All-Share -9.9%	MSCI Europe ex-UK 27.5%	MSCI EM 18.7%	MSCI Europe ex-UK 24.4%	Japan TOPIX -2.5%	US S&P 500 26.3%	Japan TOPIX 20.5%	MSCI Asia ex-Japan 27.5%	Japan TOPIX 11.0%
US S&P 500 1.4%	MSCI EM 11.6%	Japan TOPIX 22.2%	MSCI Europe ex-UK -10.6%	UK FTSE All-Share 19.2%	US S&P 500 18.4%	UK FTSE All-Share 18.3%	MSCI Europe ex-UK -12.2%	MSCI Asia ex-Japan 17.3%	MSCI Asia ex-Japan 12.5%	UK FTSE All-Share 16.6%	MSCI EM 10.9%
UK FTSE All-Share 1.0%	MSCI Asia ex-Japan 5.8%	US S&P 500 21.8%	MSCI Asia ex-Japan -14.1%	MSCI EM 18.9%	Japan TOPIX 7.4%	Japan TOPIX 12.7%	US S&P 500 -18.1%	MSCI EM 10.3%	UK FTSE All-Share 9.5%	Japan TOPIX 15.3%	US S&P 500 8.1%
MSCI Asia ex-Japan -8.9%	MSCI Europe ex-UK 3.2%	MSCI Europe ex-UK 14.5%	MSCI EM -14.2%	MSCI Asia ex-Japan 16.5%	MSCI Europe ex-UK 2.1%	MSCI EM -2.2%	MSCI Asia ex-Japan -19.4%	UK FTSE All-Share 7.9%	MSCI Europe ex-UK 8.1%	US S&P 500 14.8%	UK FTSE All-Share 6.9%
MSCI EM -14.6%	Japan TOPIX 0.3%	UK FTSE All-Share 13.1%	Japan TOPIX -16.0%	UK FTSE All-Share 18.1%	MSCI Asia ex-Japan -9.8%	MSCI Asia ex-Japan -4.5%	MSCI EM -19.7%	MSCI Asia ex-Japan 6.3%	MSCI EM 8.1%	MSCI Europe ex-UK 13.4%	MSCI Europe ex-UK 2.8%

Source: J.P. Morgan Asset Management

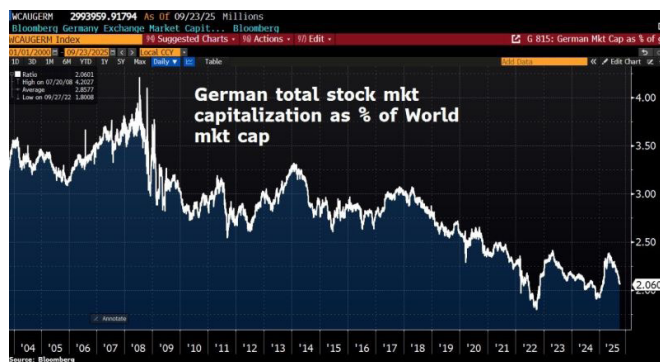
Chart #5

Germany limits Europe's equity performance

European equities posted gains in the third quarter, though they lagged global markets. The region's performance was held back by Germany, where GDP contracted by 0.3% in Q2, worse than expected, raising fears of a potential recession. The weakness was most visible in the auto sector, as profit warnings from Porsche and Volkswagen weighed heavily on sentiment, leaving the DAX as the only major global index to end the quarter in negative territory.

The MSCI Europe ex-UK Index gained 2.8%, dragged down by Germany's 1.2% decline, while French equities advanced 3.3% despite domestic political instability. Within the eurozone, financials and healthcare led the advance, supported by robust bank earnings, while telecoms and communication services underperformed.

In contrast, UK equities outperformed strongly, with the FTSE 100 recording its best quarter since 2022 and surpassing 9,000 for the first time ever, lifted by strong results from healthcare and defence names such as AstraZeneca, GSK, Rolls-Royce, and BAE Systems.



Source: Bloomberg

Chart #6

EM debt drives bond market gains

Bond markets remained volatile through the quarter as fiscal concerns and political uncertainty dominated sentiment. Despite the turbulence, the Bloomberg Global Aggregate Bond Index gained 0.6%, supported by a rally in US Treasuries and tighter credit spreads.

US government bonds advanced 1.5%, with short-term yields declining as investors shifted focus from inflation risks to slowing growth. The yield curve initially steepened, reflecting rate-cut expectations and questions over the Fed's independence.

US investment-grade and high yield spreads tightened to near multi-decade lows. The rally was underpinned by resilient consumer spending, solid corporate earnings, and sustained demand for yield.

Emerging Market debt was the best-performing segment this quarter, rising 4.4% on support from a softer US dollar. In the UK, persistent inflation and fragile government finances ahead of the November budget pushed 30-year Gilt yields in September to their highest level since May 1998.

Japanese government bonds underperformed, falling 1.5%. Political instability following the ruling party's July election loss and Prime Minister Ishiba's resignation, combined with hawkish Bank of Japan signals, drove yields higher and weighed on sentiment.

2017	2018	2019	2020	2021	2022	2023	2024	YTD	Q3 '25
EM Debt 9.3%	Euro Gov. 1.0%	EM Debt 14.4%	Global IL 12.7%	US HY 5.3%	US HY -11.2%	US HY 13.5%	Euro HY 8.6%	EM Debt 10.1%	EM Debt 4.4%
Global IG 9.1%	US Treas. 0.9%	US HY 14.4%	Global IG 10.4%	Euro HY 3.4%	Euro HY -11.7%	Euro HY 11.9%	US HY 8.2%	Global IG 9.5%	US HY 2.4%
Global IL 8.7%	US HY -2.3%	Global IG 11.5%	US Treas. 8.0%	Global IL 2.7%	US Treas. -12.5%	EM Debt 10.5%	EM Debt 5.7%	Global IL 8.3%	Global IG 1.9%
US HY 7.5%	Global IG -3.6%	Euro HY 10.7%	US HY 6.1%	EM Debt -1.5%	EM Debt -16.5%	Global IG 9.6%	Euro Gov. 1.9%	US HY 7.3%	Euro HY 1.9%
Euro HY 6.1%	Euro HY -3.6%	Global IL 8.0%	EM Debt 5.9%	US Treas. -2.3%	Global IG -16.7%	Euro Gov. 7.1%	Global IG 1.1%	US Treas. 5.4%	US Treas. 1.5%
US Treas. 2.3%	Global IL -4.1%	US Treas. 6.9%	Euro Gov. 5.0%	Global IG -2.9%	Euro Gov. -18.5%	Global IL 5.8%	US Treas. 0.6%	Euro HY 4.7%	Global IL 0.0%
Euro Gov. 0.2%	EM Debt -4.6%	Euro Gov. 6.8%	Euro HY 2.7%	Euro Gov. -3.5%	Global IL -22.9%	US Treas. 4.1%	Global IL -3.7%	Euro Gov. 0.3%	Euro Gov. -0.2%

Source: Bloomberg, BofA/Merrill Lynch, J.P. Morgan Economic Research, LSEG Datastream, J.P. Morgan Asset Management. Global IL: Bloomberg Global Inflation-Linked; Euro Gov.: Bloomberg Euro Aggregate - Government; US Treas.: Bloomberg US Aggregate Government - Treasury; Global IG: Bloomberg Global Aggregate - Corporate; US HY: BofA/Merrill Lynch US HY Constrained; Euro HY: BofA/Merrill Lynch Euro Non-Financial HY Constrained; EM Debt: J.P. Morgan EMRG. All indices are total return in local currency, except for EM and global indices, which are in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 30 September 2025.

Source: J.P. Morgan Asset Management

Chart #7

Investors demand a higher risk premium for France

European government bonds slipped 0.2% over the quarter, and France stood out as the main underperformer.

Political instability resurfaced after President Macron appointed his fifth prime minister in less than two years, who resigned last week, fuelling doubts about the country's fiscal direction and its ability to address a 6% budget deficit.

The spread between 10-year OATs and German Bunds widened to its highest level since January. France is increasingly viewed as Europe's new fiscal laggard, with its bond yields now converging toward Italy's. A record number of European companies, including L'Oréal, Airbus and AXA, are borrowing at lower yields than the French state.

Italian and French Yields Are Now in Line

Move reflects demand for Italian bonds, waning appeal of French peers

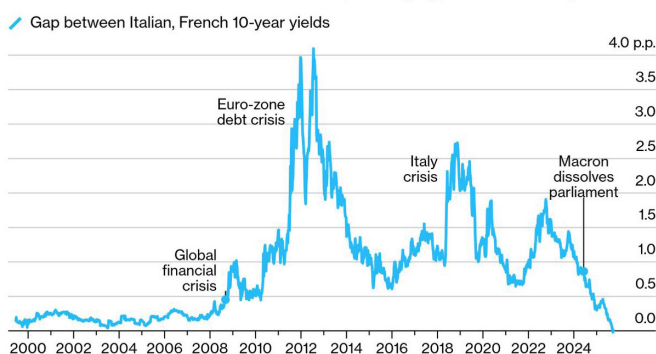


Chart #8

Political shifts fail to lift the dollar

Despite a rebound in US tech stocks and political shifts in Japan, France, and the UK, none of these developments were sufficient to spark a recovery in the oversold dollar.

Meanwhile, Emerging Market currencies were the best performers. Sovereign debt adjustments boosted the Colombian peso, the Turkish lira, the Brazilian real, and the Mexican peso also saw notable gains.

Dollar Falls to New Low of 2025

It has touched its weakest level in over three years



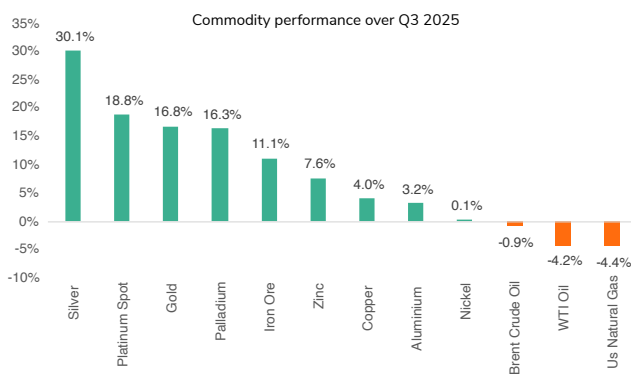
Chart #9

The bull market in gold has also spread to silver, platinum, palladium and even copper

The Broad Bloomberg Commodity Index gained 3.7% for the third quarter. Gold delivered another stellar quarter, surging approximately 16%. For the year, gold is up over 46%, its best performance since 1979. The rally was fuelled by geopolitical tensions, a weaker dollar, falling real yields, and strong demand from both retail investors and central banks. Gold mining equities outperformed the physical metal. The NYSE Arca Gold Miners Index rallied 46% for the quarter and 21% in September alone. The bull market in gold extended to silver (30% over the quarter), platinum (19%), and palladium (16%).

Industrial metals surged over 23% as measured by the MSCI World Metals & Mining Index. Infrastructure stimulus, re-shoring initiatives, and supportive Chinese policy measures drove the rally. Copper climbed 4% in September following supply concerns after a mudslide at Indonesia's Grasberg mine disrupted production.

Energy lagged once more. Oil prices remained muted amid persistent oversupply concerns. Brent crude fell about 1% over the quarter.



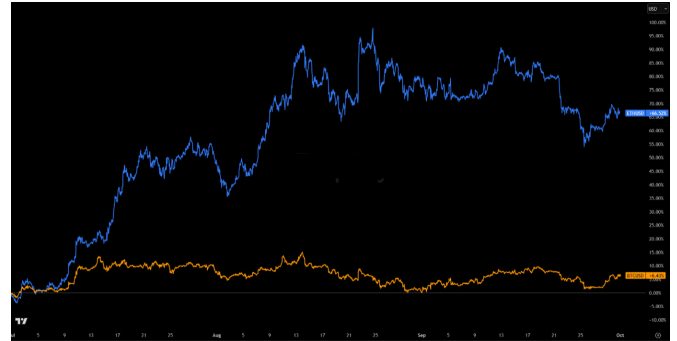
Source: Bloomberg

Chart #10

Ethereum reclaims the spotlight

Digital assets rebounded in Q3 2025, driven by regulatory progress and renewed institutional interest. Ethereum (ETH) was the clear standout, surging 67% over the quarter as its ecosystem of decentralized finance, stablecoins, and tokenised real-world assets accelerated. The passage of the GENIUS Act in July provided long-awaited clarity for stablecoins, strengthening confidence in Ethereum's ecosystem.

Interestingly, Bitcoin's performance remained more modest last quarter. The cryptocurrency rose 7%, reaching an all-time high of 124'500 in August. Concerns around Bitcoin treasury firms and their balance sheet, limited the upside.



Source: TradingView

Welcome to Syzerland®

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