ARGUS Wealth Management

Macro & Market Outlook

as at September 30, 2025

Central Banks

(improved by 1*)

- The Federal Reserve lowered its benchmark interest rate by 0.25 percentage points on October 29th, marking the second consecutive rate cut to support the labour market and economic growth. This reduced the federal funds rate range to 3.75% - 4.0%. Fed Chair Jerome Powell cautioned that a further reduction in the benchmark rate at the December meeting wasn't a certainty citing sharp divisions among Fed officials.
- The Fed position has begun to have more clarity as the labour market has signs of weakening. Inflation prints are elevated but with growth slowing that should help lower the future pressure on inflation. Through this it has allowed the Fed to switch the focus of the dual mandate from inflation to maintaining full employment.
- The European Central Bank is expected to have another rate cut prior to the end of the year, while the Bank of England is not expected to have any more cuts in 2025.

Liquidity & Credit

(unchanged*)

- Credit market volatility has increased, with defaults rising and underwriters lacking full due diligence. Investment bank Jefferies was impacted through private credit due to defaults in auto industry-related companies. Two US regional banks, Zions and Western Alliance, were affected by bad loans to borrowers now facing fraud allegations.[1]
- Major banks experienced minimal impact from these defaults. However, private credit management firms saw stock pressure due to the opaque nature of private credit. With nearly $385 billion in dry powder, the rapid expansion of private credit continues to make it an attractive option.[2]
- As these issues appear to be isolated rather than systemic, we continue to monitor developments but do not foresee major effects.
- According to S&P, their Global Credit Cycle indicator has turned down after rising the last two years. With the global indicator slightly below long-term trend and all regional indicators having negative momentum except for Europe which is stagnant.[3]

Economics

(unchanged*)

- Global growth has been resilient in 2025 with strong AI investment boosting the US economy. Trade headwinds, largely caused by Europe and US not viewing China as a reliable trade partner for key materials, have been a drag on the Chinese economy but positive for domestic investment elsewhere.[4]
- The economic impact of tariffs has not yet been fully felt, as firms and consumers stocked up on necessities ahead of implementation. Many companies have opted to absorb most of the tariff costs in the short term, anticipating future policy revisions.
- Growth is expected to remain positive through the next few years but at a slower rate with US annual real GDP growth falling from 2.8% in 2024 to 1.5% in 2026. Euro area is expected to have more modest real growth rate of around 1% in the next few years, while headline inflation is expected to decline in 2026.[5]
- The US labour market is showing signs of weakening, with private payrolls unexpectedly dropping and wage growth slowing. Employers are cautious about hiring, and job changers saw the lowest pay increase in a year. Consumer confidence has also declined amid recession fears.[6]

Legend:

NEG. NEUTRAL POS.

* Change from the previous 12-month outlook.
** The weights to calculate the Overall rating are determined by Argus Wealth at its discretion.

[1] https://www.cnbc.com/2025/10/16/regional-banks-and-jefferies-shares-tank-as-concerns-grow-on-wall-street-about-sour-loans.html
[2] https://bankersedgeadvisory.com/wp-content/uploads/2025/01/Bankers-Edge-Advisory-2025-Credit-Market-Outlook.pdf
[3] https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101645870
[4] https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-september-2025_67b10c01-en.html
[5] Ibid.
[6] https://www.bloomberg.com/news/newsletters/2025-10-01/more-private-data-points-to-softening-jobs-market-evening-briefing-americas

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Valuations

(unchanged*)

- Overall valuations have stayed relatively steady since last quarter. The US equity market remain on the higher end of their historical range. For reference, the S&P 500's price-to-earnings (P/E) ratio is currently at 25. In comparison, the P/E ratio for the S&P 500 Equal Weight Index Fund is at 18, which falls within its 10-year range of 15 to 25.
- After a rough Q1, growth oriented stocks have continued the trend of outperforming value stocks, with AI themes leading the way.
- International stocks (MSCI EAFE) continued to offer an attractive valuation (P/E at 17) for investors compared to US Equity, however the heavily weighted tech stocks had a strong Q3 earnings quarter boosting the return on US Equity.

Sentiment

(unchanged*)

- The University of Michigan's Consumer Sentiment Index, which tracks US consumer sentiment, is at 55.8 in October 2025. Consumer sentiment remains below long-term average but above the early year lows.[7]
- The October 1st, 2025, American Association of Individual Investors Sentiment Survey showed a bullish split of 42.9% bullish, 39.2% bearish and 17.9% neutral.[8]
- CEO sentiment regarding general economic conditions weakened in Q4 2025, with 37% of CEOs expressing more pessimism than six months ago. However, assessments of their own industries improved from the previous quarter.[9]

Technical

(US Large Cap)[10]

(unchanged*)

- The S&P 500 Index is assessed as positive for the short-, medium- & long-term horizons.
- S&P 500 has broken the floor of the rising trend channel in the medium long term, which indicates a weaker initial rising rate. The signals are mixed and why a hold is indicated in the medium term.
- The index is approaching a resistance level of 6750 which may give a negative reaction. A breakthrough of the resistance level would however be positive.

Overall

(improved by 1*)

Conclusion: Our overall assessment remains neutral, reflecting the ongoing uncertainty in labour markets and broader economic conditions. While central banks have begun easing policy in response to slowing growth and weakening employment data, credit markets remain volatile but not systemically stressed. Valuations are steady, sentiment is mixed, and technical indicators suggest cautious optimism. The resilience in global growth, supported by AI investment and fiscal measures, is offset by trade and property market headwinds. We continue to monitor developments closely, with a balanced outlook across key indicators.

Argus Wealth Management ("AWM") is a wholly owned subsidiary of The Argus Group and was founded in 2005 to provide investment solutions for the pension portfolio of the Argus Group. AWM expanded its investment offering beyond the institutional space to offer its full range of services to high net worth clients, institutions and endowments. AWM is registered under the Investment Business Act 2003 (Bermuda) and licensed to conduct Investment Business by the Bermuda Monetary Authority.

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[7] https://tradingeconomics.com/united-states/consumer-confidence
[8] https://www.aaii.com/sentimentsurvey
[9] https://www.conference-board.org/topics/CEO-Confidence/
[10] https://www.investtech.com/main/market.php?CompanyID=99200005&product=4

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