

Investment report

Market overview

As at 19 November 2025

Global markets show October gains

Markets maintained positive momentum in October, shrugging off concerns about the economic impact of the United States (US) government shutdown and a flare-up in US-China trade tensions. The US S&P 500 index rose 2.3% over the month, while the Eurostoxx 600 rose 2.5%.

Australian shares didn't fare quite so well, with the ASX 200 up just 0.4%. Meanwhile, emerging markets continued to outperform the MSCI Emerging Market Index, rising 4.1% over the month.

Trade tensions cause brief volatility

As has happened several times during 2025, those positive results came despite some jitters caused by trade-related headlines. On 10 October, President Trump responded to Chinese export controls on rare earth minerals by threatening a "massive increase" in US tariffs. Markets tanked on the headline, with the S&P 500 falling by 2.7% on the day. With Presidents Trump and Xi set to meet at the APEC summit at the end of the month, though, most observers saw this escalation as mere posturing, and markets quickly recovered. At the meeting, the two countries did indeed reach an agreement to de-escalate the trade war; a move that was warmly received by markets.

Fed cuts rates amid uncertainty

Meanwhile, the US Federal Reserve cut its policy rate by 0.25 ppts, as expected, at its October meeting. Chair Powell struck a somewhat hawkish tone, however, saying that a third successive cut in December (as had been widely expected by the market) was "not a foregone conclusion", as the central bank faces both downside risks to the labour market and upside risks to inflation.

Making its job even more difficult has been a lack of official economic data during the government shutdown that ran from 1 October to 12 November - the longest shutdown in history. The direct economic effects of the shutdown are expected to be limited, as furloughed workers should receive backpay, but it may play havoc with economic data for some time.

Australian economy faces mixed signals

In Australia, the domestic economic situation has also grown more complicated. Inflation for Q3 was stronger than the Reserve Bank of Australia (RBA) had been expecting, raising the threshold for further rate cuts. At the same time, employment growth in recent months had been soft and the unemployment rate jumped from 4.3% to 4.5% in September (reassuringly, it did fall again in the October data that was released in November). At its October meeting, the RBA kept interest rates on hold and many forecasters now expect no further rate cuts for the time being. This combination of events, in addition to weaker earnings growth than in most overseas markets, weighed on local share prices.

AI investments drive tech surge

The other key theme in markets has been AI and the massive amount of investment being conducted by the large US tech companies. Exuberance spread in October to Asian tech companies as well, with tech-dominated markets in Korea and Taiwan posting strong gains of 23% and 10% respectively (Korean shares were also boosted by the announcement of a trade deal with the US). While AI has been the major catalyst for strong share market returns so far in 2025, it has also driven valuations to high levels. That could leave share prices vulnerable to disappointment should investors start to question the expected returns on all that capital expenditure.

Investment performance

Accumulation investment options as at 31 October 2025

	High Growth	Growth Plus	Growth (MySuper) - Default	Conservative Growth	Conservative	Cash	Australian Shares	Diversified Fixed Interest	Overseas Shares	Indexed Diversified	Property
1 month	1.43%	1.30%	1.19%	0.90%	0.57%	0.29%	0.37%	0.36%	2.79%	1.37%	0.22%
FYTD	5.61%	5.03%	4.46%	3.43%	2.17%	1.17%	4.61%	1.66%	7.49%	5.56%	2.10%
1 year	13.63%	12.64%	11.47%	9.25%	6.68%	3.94%	10.57%	5.72%	20.21%	13.30%	2.58%
3 years p.a.	12.82%	11.42%	10.13%	8.15%	6.10%	3.86%	11.86%	5.08%	18.94%	12.21%	1.92%

The crediting rate is based on investment returns minus investment fees and costs, transaction costs and investment-related taxes. Excludes fees and costs that are deducted directly from members' accounts. Past performance is not a reliable indicator of future performance.