



Global Markets

Global Markets Advance as Fed Delivers First Rate Cut since 2024

Global markets rallied in September as investors welcomed the Federal Reserve's first rate cut in nearly a year, while inflation continued to moderate and corporate earnings remained resilient. The MSCI All-Country World Index climbed 3.4%, supported by broad gains across U.S., European, and Asian markets. The Fed reduced its policy rate by 25bps to 4.00–4.25%, acknowledging that the balance of risks has shifted from inflation to employment, and signaled a cautious path toward further easing later this year. The move boosted investor confidence that monetary conditions will gradually loosen without reigniting inflationary pressures. Global growth remained steady around 3%, though regional divergences persisted, with the U.K. and parts of Europe still facing elevated price pressures.

On the geopolitical front, market sentiment improved as the U.S. and China maintained their trade truce and Beijing stepped up fiscal and monetary stimulus to support domestic demand. However, uncertainty lingered amid fiscal strains in Europe and the ongoing U.S. budget standoff ahead of the October deadline. Commodities reflected these crosscurrents—oil prices slipped toward \$67 per barrel on softer demand expectations, while gold surged 11.9% in September to a record \$3,859 per ounce, underscoring heightened investor demand for safe-haven assets amid a weaker dollar and declining real yields.

Equities Rally Across Regions as Tech and Asia Lead Gains

Equity markets advanced globally, with the U.S. and Asia leading performance. The S&P 500 gained 3.6%, supported by strong corporate results and renewed enthusiasm for AI-driven sectors, while the Nasdaq rose 5.6%. Small-cap stocks continued to benefit from expectations of lower borrowing costs, with the Russell 2000 Index up 2.96% in September. In Asia, the MSCI Asia ex-Japan Index surged 6.6%, driven by a rally in Chinese technology stocks following government incentives for domestic chipmakers. Japan's TOPIX climbed 2.0% as a weaker yen and the U.S.–Japan trade accord boosted export competitiveness. In Europe, the Euro Stoxx 50 advanced 3.3% amid firming PMIs in Germany and Spain, though French markets lagged due to continued political uncertainty.

Sector performance reflected a broad rotation: technology and industrials led gains, while health care rebounded after months of underperformance. Value stocks regained ground against growth as investors favored dividend-yielding companies in a maturing market cycle. Fixed income markets also strengthened, with the Bloomberg Global Aggregate Bond Index rising 0.6% as yields declined following the Fed's policy shift. The U.S. 10-year Treasury yield fell to 4.14% from 4.37%, reflecting investor positioning ahead of further easing.

Energy Volatility and Policy Divergence Shape the Outlook

Energy markets remained a focal point for global investors as shifting trade flows and supply dynamics continued to influence inflation expectations. Despite OPEC+ maintaining production cuts, ample supply from Russia and the U.S. combined with moderating global demand to pressure oil prices lower. India continued to prioritize energy security over U.S. sanctions pressure, while China expanded purchases of discounted Russian crude, underscoring the realignment of global energy trade. Meanwhile, gold's sharp rise highlighted renewed safe-haven demand, signaling investor caution despite broader risk-on sentiment.

Looking ahead, the interplay between monetary policy divergence, fiscal uncertainty, and geopolitical tensions is expected to define market sentiment in the fourth quarter. While the Fed's easing cycle has boosted risk appetite, stretched equity valuations and uneven growth warrant a more selective and diversified approach. With inflation trending lower but not yet subdued, markets will remain sensitive to data and policy surprises, reinforcing the importance of prudent portfolio positioning and active risk management.



Regional Markets

Saudi Market: Broad Rebound Led by Banks and Materials

Saudi Arabia's stock market staged a strong recovery in September, supported by renewed investor confidence and rising foreign participation. The Tadawul All Share Index (TASI) gained 7.5% month-on-month to close at 11,503 points, marking its best monthly performance this year, though it remains down 4.4% year-to-date. Trading activity rebounded sharply, with total value traded surging 40% to SAR 127.4 billion, driven by strength in the Banks and Materials sectors, which together accounted for 35.9% of total turnover. All 21 sectors advanced during the month, led by Diversified Financials (+12.3%), Banks (+10.7%), and Insurance (+10.2%), reflecting broad-based optimism across the market. Foreign investor appetite continued to rise, with qualified foreign investor (QFI) ownership increasing to 11.09% of free float, up from 10.73% in August, while net foreign inflows reached SAR 7.95 billion, offsetting domestic institutional outflows.

Market Activity Accelerates amid Mixed Regional Performance

The rally came as oil prices stabilized near \$67 per barrel for Brent, easing pressure on valuations and supporting sentiment ahead of Q3 earnings releases. Dividend yields also continued to attract income-seeking investors, led by Extra (11.1%), STC (9.4%), and Riyadh Cement (7.0%). Regionally, performance was mixed: Kuwait (+4.5%), Egypt (+2.6%), and Oman (+2.3%) gained, while Dubai (-3.7%), Qatar (-1.6%), and Abu Dhabi (-0.8%) declined, reflecting differing fiscal conditions and sectoral dynamics across the GCC. The improved trading volumes and strong foreign inflows underscore Saudi Arabia’s continued appeal as regional valuations normalize, and global risk appetite improves.



Global Market Indices

Global Data: As End Of:	30-Sep-25
Saudi Market Data: As End Of:	30-Sep-25

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2022 (%)	2023 (%)	2024 (%)
World	DJIM World TR	12,564.77	4.3	15.1	14.4	23.0	22.8	11.9	13.2	(24.2)	27.0	18.0
Developed	DJIDEV TR	7,216.67	4.0	14.6	14.3	23.2	23.5	12.9	13.7	(24.2)	29.4	18.5
Emerging Markets	DJIEMG TR	6,374.31	7.4	21.0	15.2	21.2	16.3	4.0	9.1	(24.2)	6.4	13.3
Saudi	TASI	11,502.97	7.5	(4.4)	(5.9)	2.0	1.0	6.7	4.5	(6.4)	14.2	0.6
NAREIT	All REITS (EM Inc) TR	3,335.15	1.1	11.6	0.9	14.1	10.2	5.7	4.6	(23.6)	9.8	1.6
GSCI	All Commodities	549.98	0.0	0.1	3.2	(5.0)	(3.3)	9.4	4.3	8.7	(12.2)	2.6
Currencies	Euro	1.17	0.4	13.3	5.4	5.3	6.2	0.0	0.5	(5.8)	3.1	(6.2)
	Yen	147.90	(0.6)	6.3	(2.9)	0.5	(0.7)	(6.5)	(2.1)	(12.2)	(7.0)	(10.3)
	GBP	1.34	(0.4)	7.4	0.5	5.0	6.4	2.9	2.0	(10.7)	5.4	(1.7)

IMPORTANT INFORMATION

You should read this

This document is only intended for the persons to whom SEDCO Capital or one of its affiliates ("SEDCO Capital"), or its designated representatives, has given it directly. This document is not to be distributed, published, copied, transmitted or otherwise given in whole or in part to other parties without the express written consent of SEDCO Capital. These materials are not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use is contrary to local law or regulation. Persons into whose possession this document comes are required by SEDCO Capital to inform themselves about and to observe any restrictions as to the offer or sale of the interests described herein under the laws and regulations of any territory in connection with any applications for such interests, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by SEDCO Capital that would permit a placing of the relevant interests in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document.

The information and opinions in this document were prepared by SEDCO Capital. The information herein is believed by SEDCO Capital to be reliable and/or has been obtained from public sources believed to be reliable. SEDCO Capital makes no representation or warranty as to the accuracy or completeness of any of the information contained herein. This document is not exclusive to any recipient and SEDCO Capital may undertake business in respect of any of the concepts represented by this document with other parties other than a particular recipient. SEDCO Capital may also undertake business which is inconsistent with the trading suggestions made in this document. This material has been prepared solely for purposes of illustration and discussion. Under no circumstances should the information contained herein be used or considered as an offer to sell, or solicitation of an offer to buy any security. Any security offering is subject to certain investor eligibility criteria as detailed in the applicable offering documents. The information contained herein is confidential and may not be reproduced or circulated in whole or in part.

Opinions, estimates and projections in this document constitute the current judgment of SEDCO Capital and are subject to change without notice. SEDCO Capital has no obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments also are subject to change without notice.

This document is provided for informational purposes only. It is not to be construed as an offer to buy or the solicitation of an offer to sell any security or to participate in any particular investment strategy in any jurisdiction. Any such investment activity must only be made on the basis of final form offering materials which will only be made available to those who demonstrate the capacity to evaluate the risks and merits of this investment. Under no circumstances should the delivery of this document, irrespective of when it is made, create an implication that there has been no change in the affairs of SEDCO Capital or any of its products since the date of this document. Prospective investors should not treat the contents of this document as advice relating to legal, Shari'ah, taxation, investment or any other matters.

Any financial instruments discussed in this document may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. An investment in certain financial products may only be suitable for certain sophisticated investors who have no need for immediate liquidity in their investment. Income from an investment may fluctuate and the price or value of financial instruments described in this document, either directly or indirectly, may rise or fall and an investor may lose all moneys invested. Furthermore, past performance is not necessarily indicative of future results.

The accompanying documents are produced solely for the specified recipient. By accepting this information, you agree: (i) not to transmit, reproduce or make available to any other person all or any part of the accompanying documents; and (ii) to all of the terms of the foregoing. 25C136