Invesco

Global Monthly Outlook

October 2025 (covering September 2025)

Index	September(%)	YTD (%)
MSCI World	USD 3.3	17.8
S&P 500	USD 3.6	14.8
MSCI Europe	EUR 1.6	13.0
MSCI Asia Pac ex Japan	USD 5.8	25.8
Hong Kong Hang Seng	HKD 7.6	38.2
Hang Seng China Enterprises (H-shares)	HKD 7.3	35.1
Topix	JPY 2.9	15.3

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as of September 30, 2025. YTD refers to year-to-date.

Global Outlook

The US Federal Reserve initiated its first rate cut of the year amid signs of labour market cooling, while the Bank of England and European Central Bank held rates steady.

Equities in most regions advanced, supported by resilient earnings and easing monetary policy, despite ongoing political and economic uncertainties.

Fixed income markets responded positively, with narrowing spreads and solid returns across sovereign and corporate bonds.

Asia Pacific and emerging markets benefited from tech sector strength and supportive policy signals, while political instability in France and Japan, along with trade tensions, added complexity to the global outlook.

United States

- US equities performed strongly, supported by a Federal Reserve rate cut and expectations of further easing.
- Inflation rose slightly to 2.9%, driven by shelter costs, while core inflation remained stable. Q2 GDP was revised up to 3.8%, reflecting robust consumer spending.

Europe (including UK)

- European equities reached new highs, led by technology and industrials, despite mixed economic data and political instability in France.
- The European Central Bank is expected to hold rates steady, and sentiment indicators showed modest improvement.

Asia Pacific (ex Hong Kong ex China ex Japan)

- Taiwan’s market posted a strong rally in August, thanks to gains in the IT sector. Export performance was robust, with a 3.1% m/m rise, driven by a notable 6.3% surge in tech exports.
- Korea market was the best performing market during the market, led by IT sector. On the macro side, Korea’s manufacturing PMI climbed 2.4 points to 50.7 in September, crossing the neutral 50 threshold and indicating expansion—the sharpest monthly increase since July 2020.

Hong Kong and Mainland China (H-shares)

- China’s equity markets experienced a robust upswing over the month, ahead of the October Golden Week. In terms of sector performance, consumer discretionary and materials sectors led the rally.
- Hong Kong equities rose in September, fueled by the Federal Reserve’s rate cut during the month.

Japan

- Japanese equities rose in September after Japanese Prime Minister Shigeru Ishiba announced that he would resign.
- During the month, the Bank of Japan, in a split decision, kept interest rates unchanged.

Fixed Income

- Supported by the outperformance of Treasuries and a narrowing of spreads, US corporate bonds delivered positive returns, with investment-grade gaining 1.42%.
- Corporate bond markets in Europe also performed positively, with euro-denominated investment-grade bonds registering gains of 0.39%.

Emerging Markets

- Emerging markets posted strong gains, especially in Asia Pacific and Latin America. China’s policy support and tech sector strength lifted sentiment.
- Latin America benefited from easing inflation and strong earnings. Eastern Europe saw modest gains, and Middle East markets remained stable, supported by rate cuts and solid corporate performance.

From the perspective of Hong Kong pension investing. All data are sourced from Invesco dated Oct 20, 2025, unless otherwise stated.

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Important Information

All data as of Oct 20, 2025, unless otherwise stated.

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