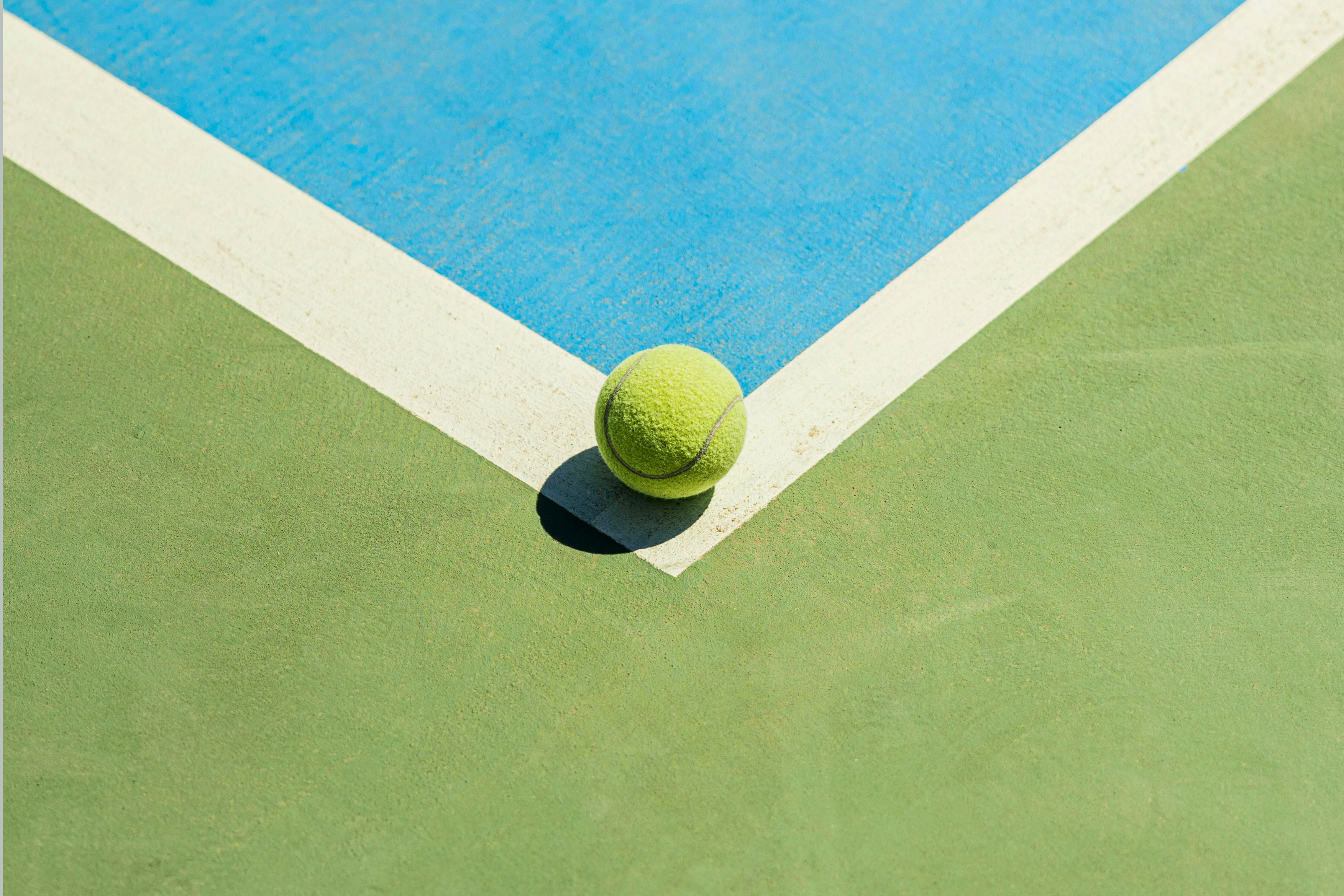


Investment Roundup

17 September 2025

RAFFLES
FAMILY OFFICE

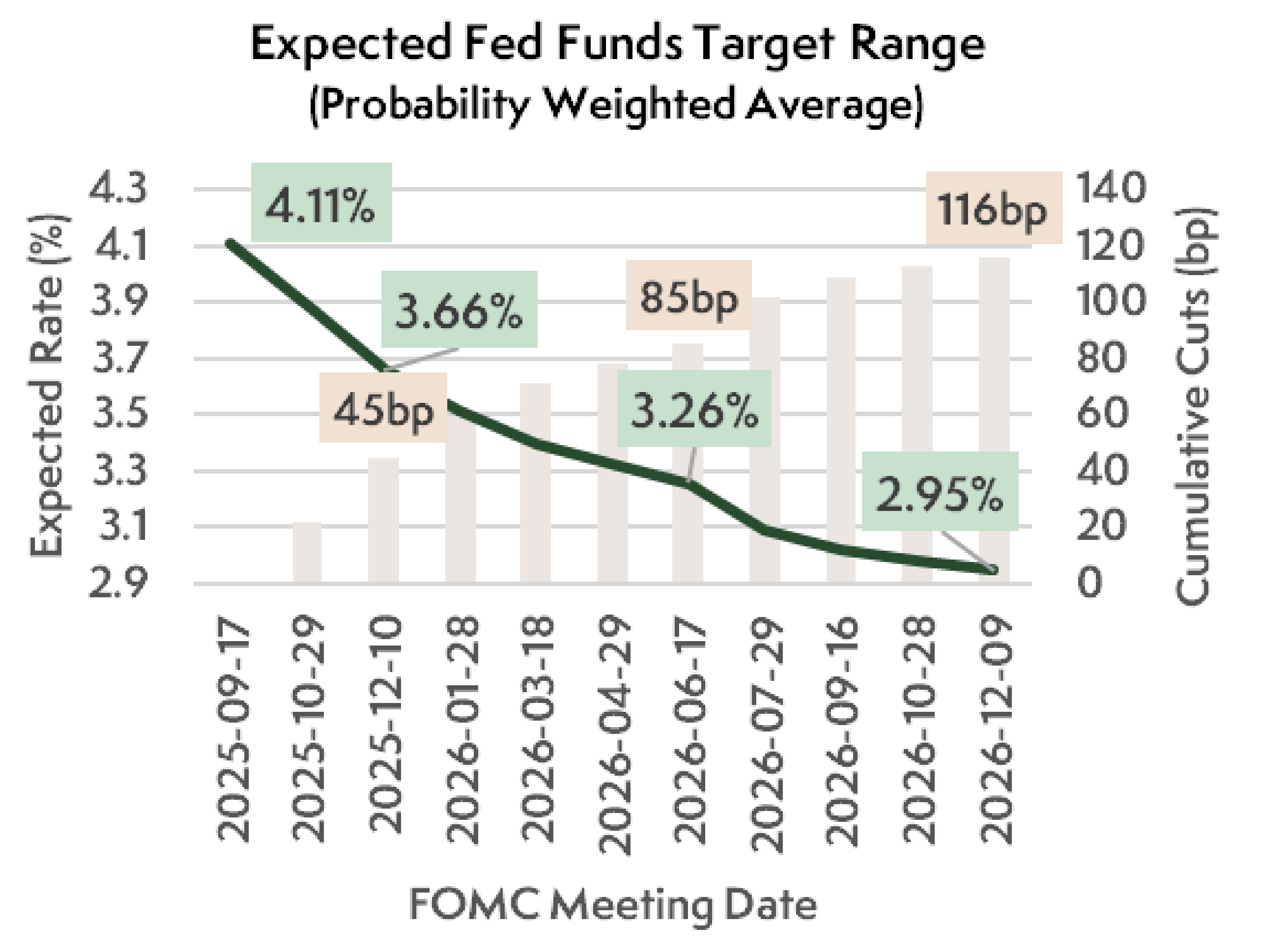
Overall, markets lean toward gradual cuts as the base case, consistent with a controlled disinflationary soft landing. However, investors are hedging against the risk of faster, recession-driven cuts in late 2026 through safe-haven assets such as gold, which benefits from both lower real yields and risk aversion.

The US annual inflation rate accelerated to 2.9% in August 2025, the highest since January, after holding at 2.7% in both June and July, broadly in line with market expectations.

While inflation remains above the Fed's 2% target, it is still considered broadly contained. Attention has shifted toward the labour market, with payrolls, JOLTS, and the unemployment rate serving as key data points to watch.

This focus intensified after the Bureau of Labor Statistics revised down job creation by 911,000 for the 12 months through March, suggesting that employment growth was already stalling even before President Trump's aggressive tariffs on imports.

Expected US Rate Path



Source: Raffles Family Office, FedWatch, as of 12 September, 2025

Markets had anticipated a September 25bp cut, which materialised last week. Attention now turns to the Fed's guidance for the remaining meetings in 2025 and beyond, with futures still implying a gradual easing cycle through 2026.

Following the September move, markets continue to price in around 125–150bps of additional cuts by end-2026. Market consensus continues to favour a soft-landing scenario, with the fed funds rate now just below 4% and expected to move toward the low-3% range by end-2026.

That said, investors are also increasingly pricing in tail risks of faster cuts by late 2026, though probabilities remain relatively low.