Market Update - October 2025

Investment resilience isn't about avoiding risk, it's about managing it well.

Tim Fairbrother
Financial Adviser

Turning points and tactical shifts

Over the past couple of years, markets have been fixated on persistent inflation in the wake of Covid. That focus has overshadowed deeper risks emerging in the underlying economy. In mid-September, the U.S. Federal Reserve resumed cutting interest rates, mirroring the Reserve Bank of New Zealand's move in August and again this month. This shift is a positive development for bond investors.

The Fed's decision to lower rates again, after pausing at the end of 2024, reflects growing weakness in the U.S. labour market. Policymakers now see more risk in employment trends than from one-off inflationary pressures like tariffs. ***This is a turning point we've been anticipating and we've already positioned client portfolios to benefit from these conditions.***

At RIVAL Wealth, our investment strategy is built on identifying economic cycles and allocating to funds we believe will deliver long-term growth. But when risks rise, we step back from the high-growth path and reposition portfolios to protect client wealth. Last month's unexpected news of another quarter of economic contraction in New Zealand is a clear example of our process in action and it delivered further gains on your New Zealand bond holdings.

The journey to this point has been long and volatile, arguably more so than any economic cycle in the past century. Equity markets remain captivated by the promise of AI, but they've yet to fully reflect the economic pressure facing households and businesses. Add to that the uncertainty surrounding current U.S. policy, and we continue to approach risk with caution.

That said, it's reassuring to see our economic outlook unfolding as expected. Even more pleasing is watching our strategy begin to deliver the gains we've been preparing for.

What's your number?

Sean Folan
Financial Adviser

No, not your phone number, not your income number (although that matters too), but your retirement number. The amount you'll need to fund your lifestyle once you stop working. It's one of the most important numbers in your financial life, but many people haven't figured it out.

Let's say your household income is around $140,000 after tax, which is close to the New Zealand household average. You're putting away $3,300 a month into savings or mortgage, which means you're living on about $100,000 a year.

Here's the catch: New Zealand Super for a couple currently gives you roughly $43,000 a year. That leaves a $57,000 gap every year that needs to come from somewhere else. You might already have investments, KiwiSaver, a rental property, shares, or maybe a business. But do you know your retirement number?

Once you know what you're aiming for, we can help you figure out how to get there. Whether it's through investment strategies, income planning, or making the most of what you've already built, it all starts with knowing the gap you need to fill. People are saving, which is great. But they don't know how much they'll need, or how to make their money work for them once their paycheques stop.

Get in touch with our team at RIVAL Wealth and take the first step toward knowing your number.

Is the USA closed for business - what is a government shutdown?

A shutdown occurs when Congress doesn't pass a budget or temporary funding bill before the fiscal year deadline, midnight on September 30. Without legal authority to spend money, federal agencies must cease non-essential operations starting 1 October 2025.

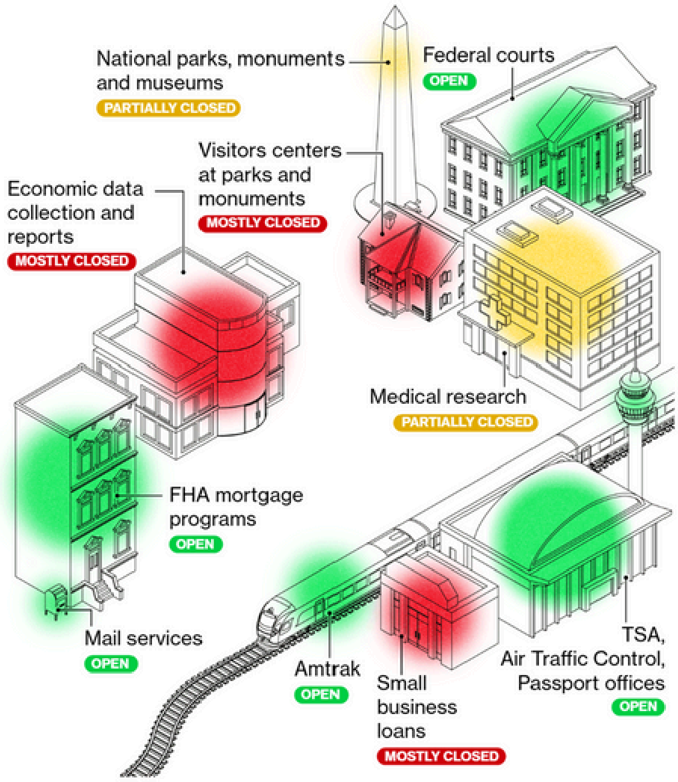
Non-essential services: These include national parks, museums, passport processing, and many administrative offices.

- **Federal employees:** Around 750,000 workers may be furloughed without pay. Essential staff, like air traffic controllers, law enforcement and military personnel, continue working but without pay until funding resumes.
- **Programs affected:** Agencies like the Food and Drug Administration, Centres for Disease Control and Prevention, and National Institutes of Health lower inspections and research. Contractors and grant recipients will face delays.

Government shutdowns can have a real economic impact. The 35-day shutdown in 2018–2019 cost the U.S. economy an estimated $3 billion, with ripple effects across tourism, federal loans, and business contracts, all of which were delayed or disrupted.

What shuts down in a shutdown?

Status of federal functions vary based on funding source and what is deemed essential



Source: Agency plans
Note: Status of visitor centers based on previous shutdown guidance. All statuses as of Sept. 30 9 a.m.

The 2025 shutdown hasn't impacted the markets at this stage, but we are prepared and watching developments closely.

Markets shift, and sometimes your goals do too. Whether you're planning for retirement, wanting your money to work smarter, or thinking ahead with succession planning, your investment journey is unique. It might need a tweak now and then. We're here to support that journey, helping you stay informed, confident, and focused on what matters most. If you'd like to talk about how market trends affect your portfolio or revisit your goals, just reach out. We're only a call or email away.

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