Teroxx

TradFi & Macro September 2025

The Fed Eases: A New Economic Chapter Begins

Table of Contents

Preface / Brief introduction[1]

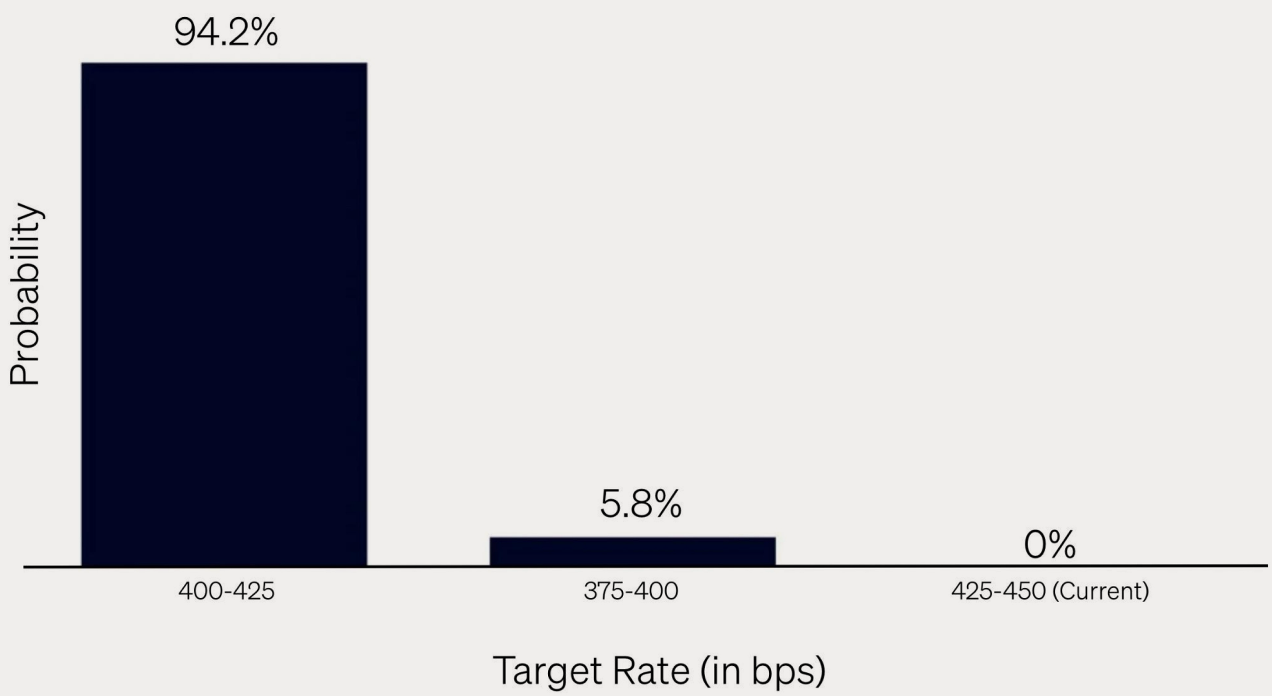
The central question driving market sentiment has been answered: the Federal Reserve has finally pivoted.

On Wednesday Sep 17th , the Fed announced it was lowering the target for its key lending rate by 0.25 percentage points. The decision places the new rate in a range of 4.00% to 4.25%—its lowest level since late 2022.

The move signaled a strong consensus on the committee, passing with an 11-1 vote. The sole dissenter was Stephen Miran, who argued for a more aggressive 0.5 percentage point cut.

Chart of the month:

Target Rate Probabilities for 17 Sep 2025 Fed Meeting



[1] Source: CME Group FedWatch, Teroxx

Market Sentiment & Overview

Traditional Finance Market Pulse

A. Market Sentiment Dashboard

Asset Class Performance[2]

Digital Asset Majors	Market Cap	Current Price	7D Change	30D Change	YTD Change
BTC	2335.66 bn	$117,239	1.5%	3.95%	25.4%
ETH	555.58 bn	$4,601	3.2%	12.94%	34.5%
SOL	134.11 bn	$246.95	8.0%	39.99%	30.3%

Equities	Market Cap	Current Price	7D Change	30D Change	YTD Change
S&P 500 ($)	$55.633 trn	6,600	0.20%	2.95%	12.47%
NASDAQ ($)	$52.405 trn	22,261	0.99%	4.44%	15.46%
DAX40 ($)	$2.412 trn	23,673	-0.13%	-3.07%	18.22%

Rates	Yield	7D Change	30D Change	YTD Change
U.S 10-Year Treasury	4.05%	-0.42%	-7.23%	7.76%
10-Year Bund	2.69%	0.82%	-3.71%	2.60%
10-Year JGB	1.60%	2.24%	2.30%	4.54%

Currencies	Current Price	7D Change	30D Change	YTD Change
Euro (€/$)	$1.18	0.84%	1.63%	14.3%
Pound (£/$)	$1.36	0.48%	1.15%	9.0%
Yen ($/¥)	¥147	0.12%	-0.23%	-6.5%

[2] Sources: Google Finance, Investing.com, Teroxx

Equities

US Equity valuations hint at a positive outlook for the economy, with the market pricing an estimated 1.9% US GDP growth in 2026. For August 2025, the S&P 500 posted a 1.9% gain (2.03% with dividends), bringing its YTD return to ~9.8%. Germany's main stock market index, DAX, rose to 23,843 points on September 9, 2025, and remains 30.53% higher than a year ago. The DAX has gained nearly 22% so far in 2025, surging past the psychological 20,000 price mark earlier this year.

Interest Rates & Bond Yields[3]

Signs of labor market weakness have shifted the balance of risks between higher inflation and slower growth. The Federal Reserve held rates at 4.25%-4.50% through early 2025, with markets pricing in potential cuts at the September FOMC meeting. The yield on US 10-Year Treasury bonds rose to 4.07% on September 9, 2025, with the 2-year yield at 3.55%.

German 10-year Bund yields have surged from 2.1% at the start of 2025 to 2.79% by late August, driven by ECB policy shifts and Germany's €500 billion infrastructure fund. The yield on Germany 10-Year Bunds rose to 2.65% on September 9, 2025, while 30-year yields stand at 3.30%.

Japan's 30-year JGB yield hit a record 3.2%, driven by BoJ policy shifts as it moves away from ultra-easy monetary policy. The yield on Japan 10-Year JGBs eased to 1.56% on September 9, 2025, while 30-year yields stand at 3.26%.

Currencies[4]

The EUR/USD exchange rate rose to 1.1709 on September 10, 2025, with the Euro strengthening 0.80% over the past month and up 6.35% over the last 12 months.

Investment banks see continued EUR strength, with forecasts suggesting the Euro could maintain levels above 1.17 against the Dollar through year-end, driven by ECB policy divergence and European economic resilience.

Commodities

Gold has surged to record highs, with Tuesday's opening price up 1.1% from Monday's close of $3,638.10 per ounce, up 47.6% from September 9, 2024.

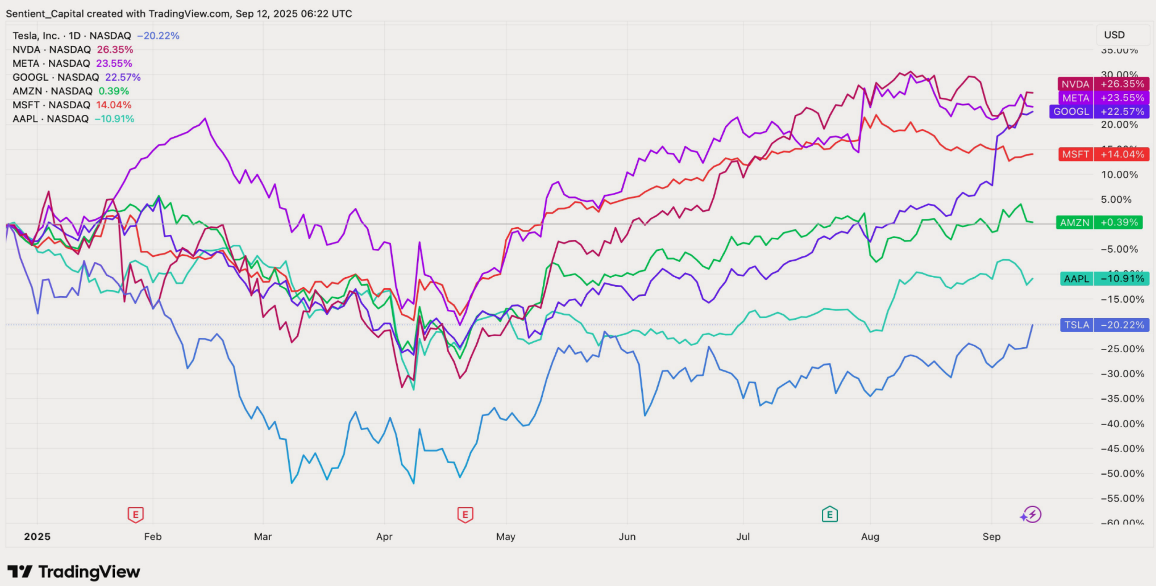
Gold's rally is driven by central bank demand, Fed rate cut expectations, and geopolitical uncertainties. The precious metal has been in the news lately, and many analysts are bullish on gold.

In May, Goldman Sachs Research predicted gold would reach $3,700 a troy ounce by year-end 2025. That would equate to a 40% increase for the year, based on gold's January 2 opening price of $2,633. Rising demand from central banks, along with uncertainty related to changing U.S. tariff policy, are the factors driving the increase.

[3] *Sources: The Fed, CME Group, ECB, BoJ, Teroxx*
[4] *Sources: Bloomberg, Bank of America, Wells Fargo, Teroxx*
[5] *Sources: Goldman Sachs Research, Teroxx*

Current Market Themes

Technology & AI Sector - The Magnificent 7's Evolution[5]



The "Magnificent 7" are the seven dominant U.S. tech giants—Apple (iPhones/devices), Microsoft (software/cloud), Amazon (e-commerce/cloud), Alphabet (Google), Meta (Facebook/Instagram), Nvidia (AI chips), and Tesla (electric vehicles)—that have driven most of the stock market's gains in recent years.

These companies emerged as market leaders through the 2010s tech boom. From 2015-2024, they delivered a staggering 697.6% combined return vs the S&P 500's 178.3%

The 2022 launch of ChatGPT transformed them from tech giants into AI battleground competitors, with each racing to capture the multi-trillion dollar AI opportunity.

The “Mag 7” reached a combined $17.5 trillion market cap by late 2024 (35% of S&P 500), but 2025 brought sharp divergence.

Winners & Losers Emerge

Nvidia became the first $4.4 trillion company, Meta approached $2 trillion with $195B revenue expected in 2025, whereas Microsoft's Q2 2025 revenue rose 18% YoY to $76.4B (fiscal Q4 ended June 30).

[2]Sources: Trading View, Teroxx

After a brutal Q1—six of seven stocks down 7-15% through March/April, clear winners emerged: Meta, Microsoft, Nvidia and Alphabet hit new highs while Amazon is flat, and Tesla as well as Apple declined YTD.

The key differentiator - the varying levels of engagement in the AI sector and the capability to monetize the current AI wave.

The NASDAQ Index - Historical Valuations[6]

Period	Date	P/E	P/S	Comment
2000 Tech Bubble	10/03/2000	175-200x	7-10x	Many tech companies had negative earnings (infinite P/E)
2001 Peak	19/11/2021	35-40x	4-5x	Post-pandemic stimulus-driven valuations
September 2025	01/09/2025	28-32x	3-4x	Based on current market valuations
Historical Average	1971-2024	20-25x	2-3x	Long-term baseline across market cycles

[6]Sources: Trading View, Teroxx

Current NASDAQ valuations are moderately elevated - about 20-30% above historical averages, but nowhere near bubble territory.

Key observations:

- vs 2000 Bubble: Current valuations are ~85% lower (P/E at 1/6th of bubble peak)
- vs 2021 Peak: About 20-25% lower, suggesting some correction has occurred
- vs Historical Average: 20-30% premium - elevated but not extreme

This suggests the market is pricing in growth expectations but isn't in a speculative bubble.

The premium over historical averages is reasonable given:

- AI/tech innovation driving earnings growth
- Tech sector's increased profitability vs 2000 (actual earnings vs speculation)
- Higher baseline valuations post-2010 due to low interest rates

Bottom line: Expensive by historical standards, but justified by fundamentals - unlike 2000 when many companies had no earnings at all.

[5] *Sources: Trading View, Yahoo Finance, Teroxx*

Macro Views[7]

Growth

US economic data has deteriorated sharply through Q3 2025, with August (jobs) payrolls collapsing to just 22,000 - the weakest reading outside of recession - while unemployment rose to 4.3%. Debate continues whether this reflects AI displacement (Stanford finds 13% employment decline for young workers in AI-exposed roles), immigration shifts, or true economic weakness. Multiple sources note tech unemployment has risen 3 percentage points since early 2025. GDP growth has decelerated to 1.7% from earlier 2.0-2.5% projections, pushing recession probabilities for Q4 2025/Q1 2026 to 35-50%. Europe's manufacturing remains in contraction. China's stimulus has stalled with the PBOC ending bond purchases earlier this year. Global liquidity expanded $12 trillion through mid-2025 but key sources are now nearly exhausted heading into Q4.

Monetary Policy

Bond markets continue showing tension with Fed policy, as 10-year yields at 4.06% remain elevated despite three rate cuts since last year - a dynamic last seen in the 1960s-70s when the Fed cut into inflation. The Fed held rates at 4.25-4.50% at its July meeting with markets now expecting only two cuts through year-end versus six previously anticipated. The June dot plot projects fed funds reaching mid-3% by end-2026. Yields remain stubbornly high reflecting both inflation persistence near 3% and fiscal concerns, with $12 trillion in Treasury/corporate debt still to roll over through year-end. The debt ceiling resolution added $3.4 trillion in projected debt through 2034.

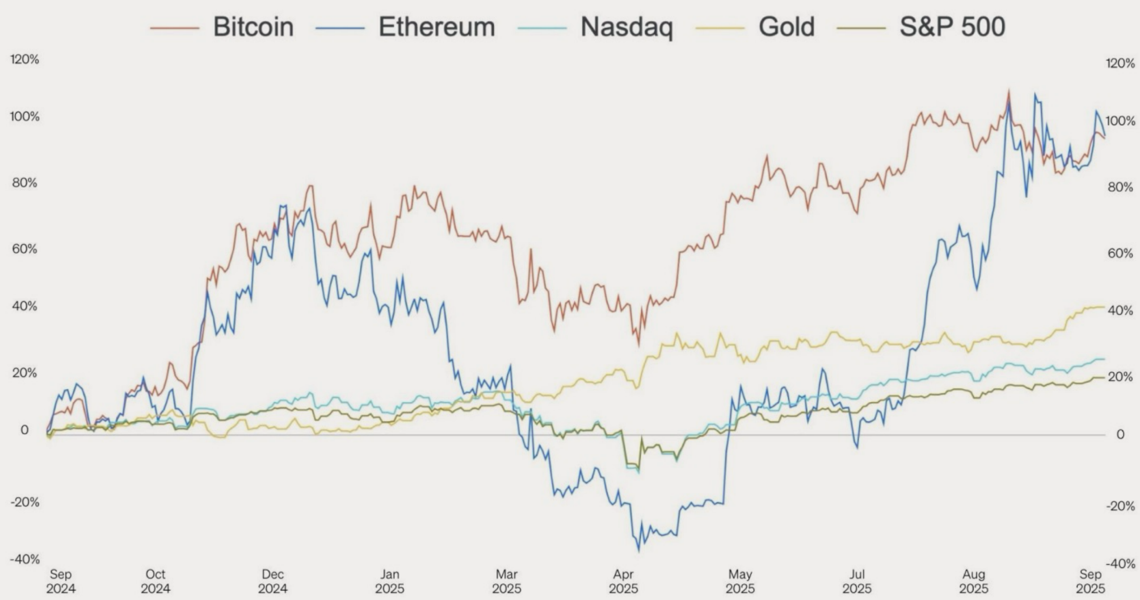
Risks

The S&P 500 has surged 32% from April lows (4,990 to 6,584 today) but faces growing risks through Q1 2026. The market could correct to 4,500-4,800 near-term, with wild swings possible between 5,000 and 7,000 by year-end. The rally remains highly concentrated - just seven big tech companies represent nearly 40% of the market's total value, exceeding even the 2000 tech bubble. While four of these giants (Microsoft, Nvidia, Google, Meta) are near all-time highs, the broader market shows weak participation with most other stocks already declining. The weak August jobs report (just 22,000 jobs) raises questions about whether AI is eliminating positions or if recession is starting. Despite these red flags, investors remain surprisingly calm. The real danger may come in 2026-2027 when trillions in debt needs to be refinanced at higher rates.

[7] *Sources: Trading View, CrossBorder Capital, NDR Research, BCA Research, Strategas Research, Bianco Research, Felix Zulauf, Stanford/Goldman Sachs, Teroxx*

Traditional-to-Digital Asset Bridge

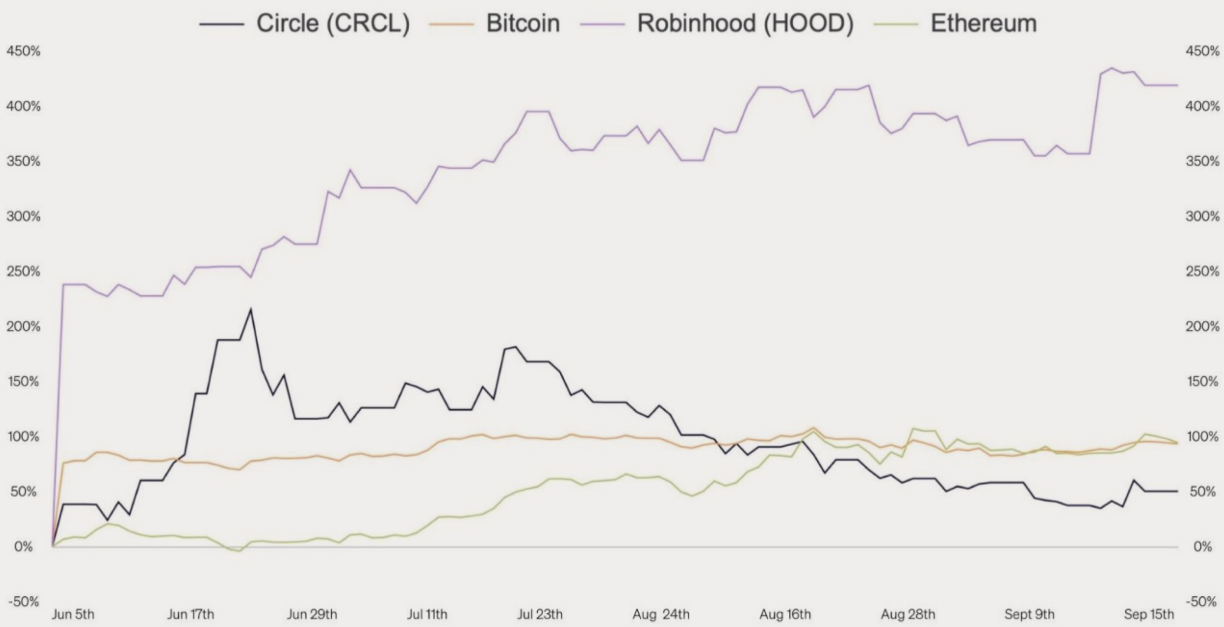
The Convergence Analysis



Sources: Trading View, Teroxx

Bitcoin's growing integration into the mainstream financial landscape is evident in its shifting correlations with major assets. Over the past few years, it has maintained a consistently positive correlation with equity indices like the NASDAQ and S&P 500, with peaks reaching as high as +0.6. This dynamic indicates that Bitcoin is increasingly trading in tandem with other risk-on assets, reacting to the same broad macroeconomic signals as the stock market. As its price action aligns more closely with the broader market, it signals a clear maturation of the asset, solidifying its place within mainstream investment portfolios.

Digital Asset Companies Stocks



Sources: Trading View, Teroxx

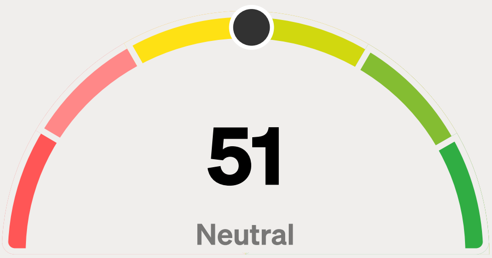
The considerable returns from digital assets exposed stocks, such as Robinhood (HOOD) at +420%, and a Circle proxy at +50,%, since June 2025, highlight strong investor confidence in companies that bridge digital assets with traditional finance (TradFi).

These firms are succeeding by playing key integration roles: Robinhood normalizes digital assets for retail traders, and Circle offers the core stablecoin infrastructure. This strategy mirrors a broader industry trend where companies like CoinShares are also thriving by packaging digital assets into regulated, TradFi-friendly investment products, proving that deep integration with the established financial system is a highly profitable model.

Digital Asset Market Intelligence

Crypto-Focused Deep Dive

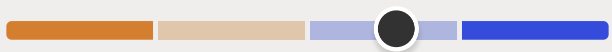
Fear and Greed Index



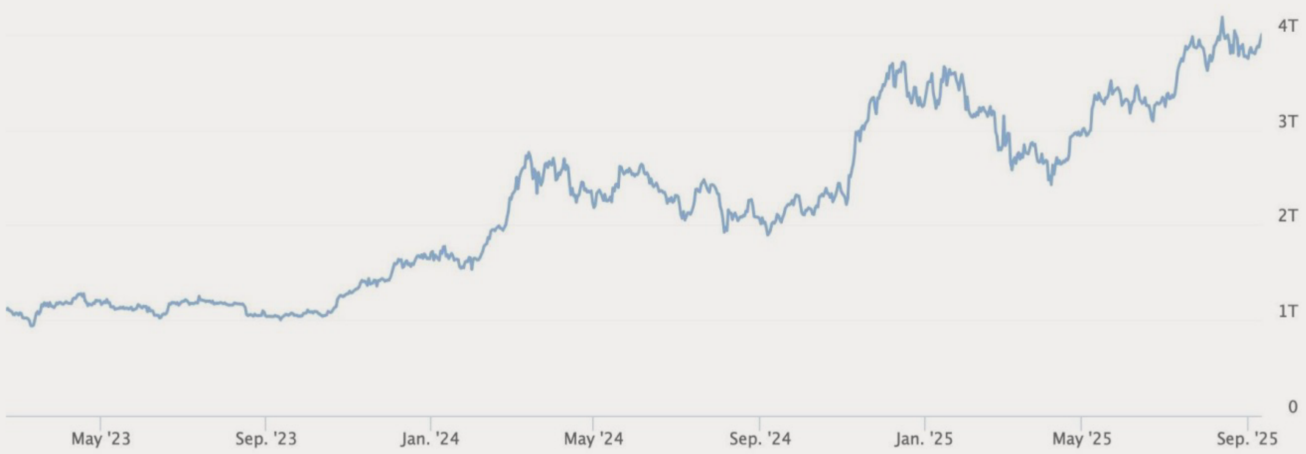
Altcoin Season Index

71 / 100

Bitcoin season — Altcoin season



Market Cap



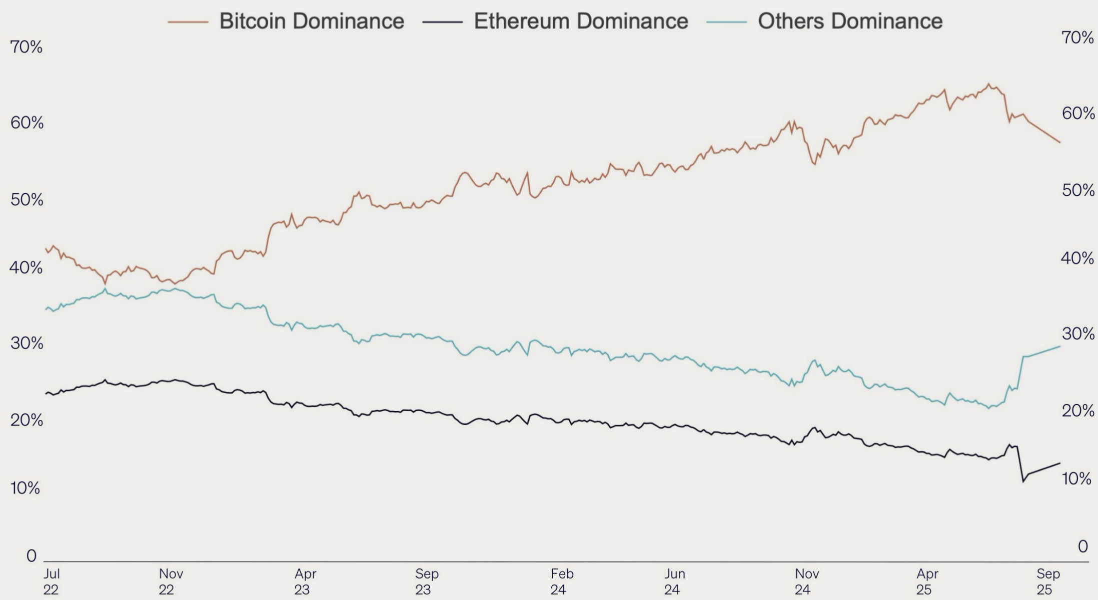
Sources: CoinMarketCap, Teroxx

Bitcoin + ETH + Total 3 (Past 3 months)

Over the last month, the crypto market has shown a clear "risk-on" appetite over the past month. The altcoin market (TOTAL3) was the standout performer, surging by +9.45%. It significantly outpaced Ethereum (ETH), which gained +6.68%, and a notably weak Bitcoin (BTC), which posted a loss of -3.15%.

This divergence indicates a capital rotation away from a lagging Bitcoin and into higher-beta altcoins, as traders sought stronger returns. This trend was likely fueled by specific narratives within the altcoin sector, positioning Ethereum as a solid middle-ground performer.

Bitcoin Dominance



Sources: Coinglass, Teroxx

Ethereum's consistent 13% market dominance, visible on the chart, signifies its evolution into a core institutional asset. This stability is a direct result of capital inflow targeting its intrinsic utility rather than just speculation.

Specifically, institutions are investing in the Ethereum network for two primary reasons: the predictable yield generated from staking, which offers a native return, and its indispensable role as the foundational infrastructure for the high-growth sectors of DeFi, NFTs, and the broader smart contract economy.

Performance & Forward Outlook

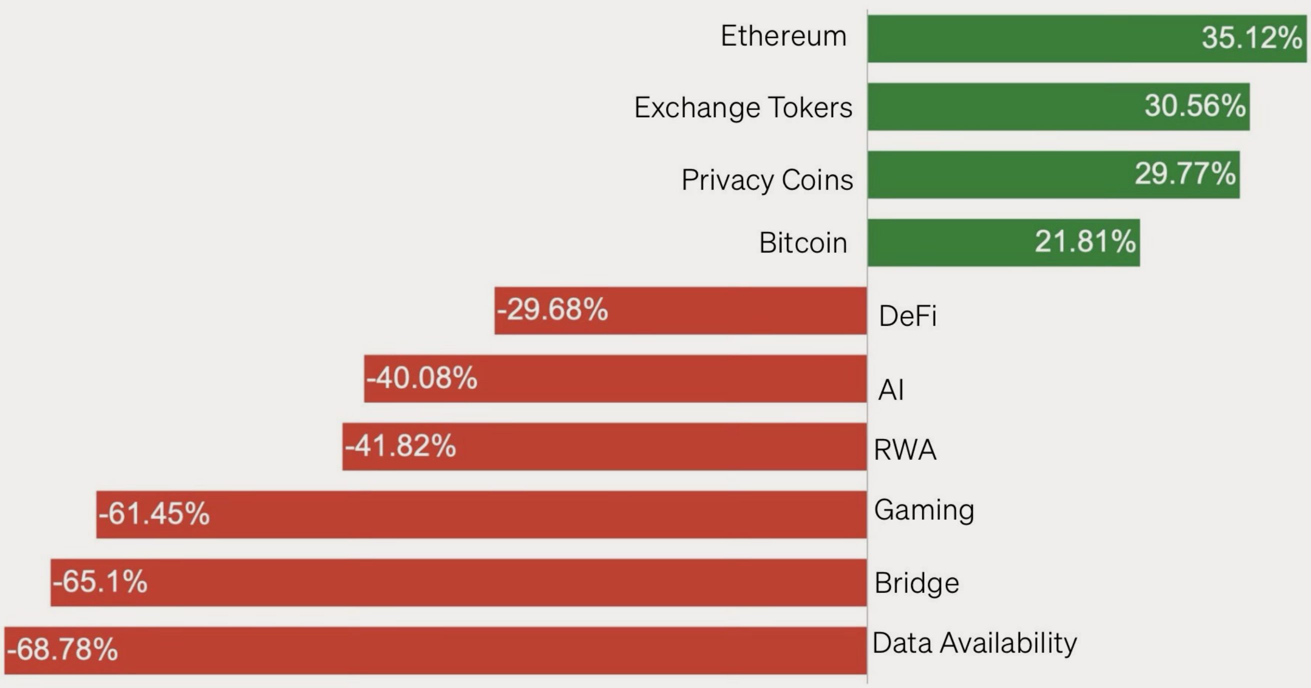
Results & Projections

A. Performance Scorecard

Ethereum, Exchange Tokens and Privacy Coins are the Top 3 best performing Digital Asset Sectors according to Artemis Terminal, with YTD performance ranging around +30-35%.

At the same time, Data Availability, Bridge (Blockchain Networks) and Gaming, are amongst the worst performers YTD, losing 60-70% YTD.

YTD Performance (Jan2025 - Present)



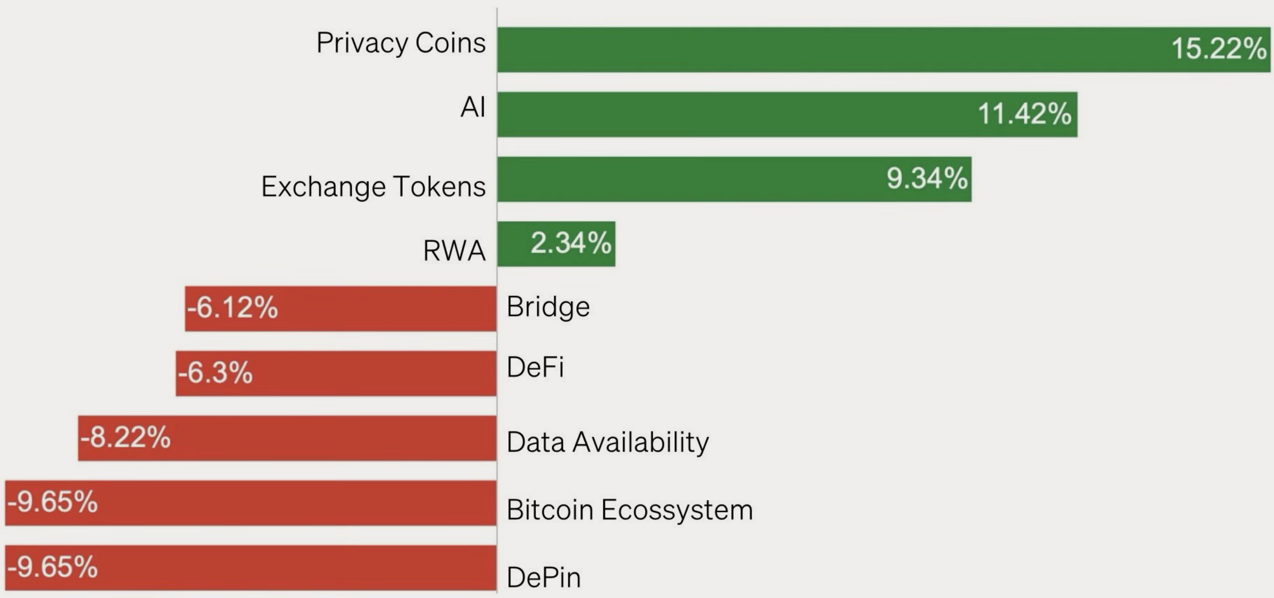
Sources: DefiLlama, Teroxx

Past 30 Days Performance

On the other hand, when we look at the top performing sectors over the past month - it were similarly Privacy Coins, Exchange Tokens and the AI Tokens sector that brought the highest returns, ranging from 10-25% (over the course of the last 30 days.

DePIN, Bitcoin Ecosystem and Data Availability were the sectors that declined the most last month, losing 7-10%.

Past 30 Day Performance



Sources: DefiLlama, Teroxx

B. Weeks Ahead Outlook

Q4 2025 looks exceptionally promising for Solana and XRP ETF approvals, with Bloomberg analysts and prediction markets showing 90%+ approval odds as SEC decision deadlines hit in October-November. The dramatic shift follows Paul Atkins replacing Gary Gensler as SEC Chair with his pro digital asset "Project Crypto" initiative. Plus the May 2025 Ripple settlement that cleared XRP's regulatory status, creating ideal conditions for what JPMorgan estimates could unlock $3-8 billion in first-year inflows.