


Support / Potential "buy" levels
\$8,738.
Resistance
\$9,019.
KEY TAKEAWAYS
Australian Shares Weaken Amid Slower Employment Growth – On the Radar: DRO

Today we are taking a look at **DroneShield (ASX: DRO)** on our radar, after the company delivered a record first half for FY25 with revenue up 210% to \$72.3 million and a turnaround to a \$2.1 million profit. Backed by a debt-free \$204 million cash balance and \$176.3 million already secured for FY25, DroneShield is showing strong momentum with its \$2.34 billion sales pipeline and growing push into AI-driven solutions and recurring revenue. The stock trades on a lofty P/E of 290.34, reflecting its premium positioning in the counter-drone market, but its high volatility means it remains a high-risk, high-reward growth story.

Market Movers: Thursday saw Australian equities fall, with the ASX 200 down 0.83%, weighed by Energy, Resources, and Utilities. Paladin Energy, Hub24, and Pinnacle led gains, while Santos, Woodside, and Austal declined. August jobs data showed a 5,400 decline, indicating a softer labour market, keeping the AUD around \$0.665 and 10-year yields at 4.19%. Globally, US stocks reacted to the Fed's cautious rate cut, China's tech and new energy sectors fell, and WTI and gold edged lower.

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ON THE RADAR TODAY

DroneShield Ltd (ASX: DRO)



Source: DRO, weekly chart (2025)

DroneShield (ASX: DRO) posted a standout first half for FY25, underlining its leadership in the counter-unmanned aerial systems (C-UAS) market. Revenue jumped 210% year-on-year to \$72.3 million, marking the company’s strongest half-year performance to date. The top-line surge was mirrored by a return to profitability, with net profit after tax of \$2.1 million, reversing a \$4.8 million loss in the same period last year. Strong cash flows supported this performance, with receipts up 185% and a robust cash balance of \$204 million, all debt-free. This financial headroom gives DroneShield the flexibility to self-fund growth initiatives, including expanding manufacturing capacity. Already, the company has secured \$176.3 million of revenue for FY25, surpassing its total for FY24, highlighting the momentum behind its business.

The market’s view of DroneShield is reflected in its valuation. A normalized P/E of 290.34 and a P/S of 20.52 point to a premium for its unique position in the C-UAS sector. The company’s sales pipeline has more than doubled to \$2.34 billion, pointing to significant future revenue potential. Beyond its hardware, DroneShield is pivoting towards AI-driven solutions and recurring revenue, with a substantial portion of annual R&D dedicated to AI upgrades. This approach supports “SaaS attach rates” and repeat revenue across the product lifecycle, transforming the company from a hardware vendor into a scalable, high-margin technology platform.

While technically the stock has outperformed the ASX All Ordinaries Index over six months, it carries the label of a “Momentum Trap,” indicating high volatility and potential sharp reversals. Even so, for growth-focused portfolios, DroneShield provides direct exposure to a rapidly modernising area of defence. Its financial turnaround, expansive sales pipeline and focus on AI and recurring

revenue make it a compelling, but high-risk, play for capital appreciation.

MARKET MOVERS

The ASX 200 slipped 0.83% in Sydney, with advancing stocks slightly outnumbering decliners at 595 to 538, while 431 remained unchanged.



Paladin Energy Ltd (ASX: PDN) was among the few bright spots, gaining 4.38% to 8.10, followed by Hub24 Ltd (ASX: HUB), up 3.26% to 104.60, and Pinnacle Investment Management Group Ltd (ASX: PNI), which added 3.21% to 18.99. On the downside, Santos Ltd (ASX: STO) led losses, tumbling 11.63% to 6.76, with Woodside Energy Ltd (ASX: WDS) down 6.02% to 23.12 and Austal Ltd (ASX: ASB) shedding 4.36% to 7.46. The S&P/ASX 200 VIX edged slightly lower by 0.06% to 11.29, indicating relatively muted volatility despite the sectoral declines.

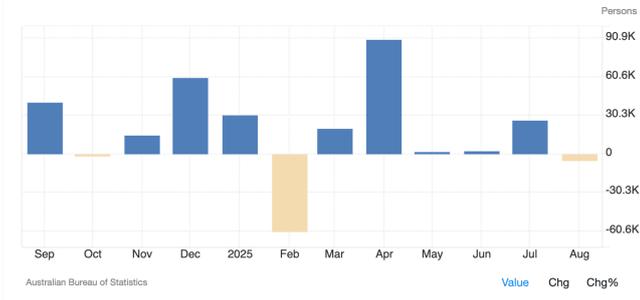
↓ 10 Sectors Down

↑ 1 Sector Up



The domestic labour market grabbed attention as data from the Australian Bureau of Statistics showed total employment falling by 5,400 in August, reversing an

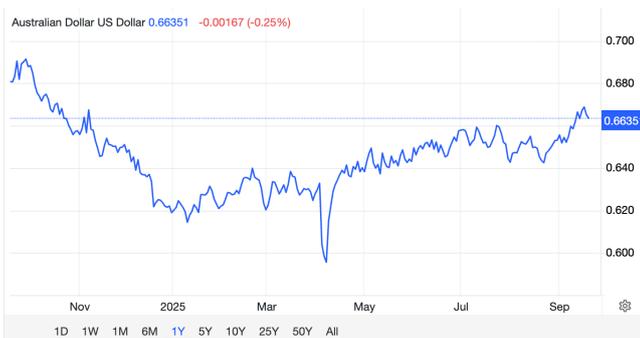
upwardly revised 26,500 gain in July and missing market expectations of a 22,000 increase.



Calendar	GMT	Reference	Actual	Previous	Consensus	TEForecast
2025-08-14	01:30 AM	Jul	24.5K	1K	25K	13.0K
2025-09-18	01:30 AM	Aug	-5.4K	26.5K	22K	15.0K
2025-10-16	12:30 AM	Sep		-5.4K		19.0K

Full-time positions drove the decline, dropping 40,900 after a revised 63,600 rise the previous month, while part-time roles rose 35,500, extending a prior gain. The employment-to-population ratio dipped to 64.0% from 64.1%, and the participation rate eased to 66.8% from 67.0%, yet year-on-year total employment still grew 1.5%, or 217,200 jobs. Markets digested the softer data cautiously.

The Australian dollar held around \$0.665, reflecting concerns over the slowing labour market, though implied probabilities suggest only a 20% chance of a Reserve Bank of Australia rate cut this month, with expectations rising to 70% for November.



Crosses	Price	Day	Year	Date
AUDUSD	0.66351	▼ 0.00167 -0.25%	-2.65%	14:28
EURAUD	1.7823	▲ 0.0045 0.25%	8.75%	Sep/18
GBP AUD	2.0538	▲ 0.0048 0.24%	5.31%	Sep/18
AUDNZD	1.1227	▲ 0.0018 0.16%	2.83%	Sep/18
AUDJPY	97.5890	▼ -0.1050 -0.11%	0.36%	Sep/18
AUDCNY	4.7083	▼ -0.0149 -0.32%	-2.34%	Sep/18
AUDCHF	0.5236	▼ -0.0008 -0.15%	-9.38%	Sep/18
AUDCAD	0.9139	▼ -0.0018 -0.20%	-1.10%	Sep/18

Meanwhile, the RBA has maintained a gradual approach, with three rate cuts so far this year, balancing inflation above target and employment objectives.

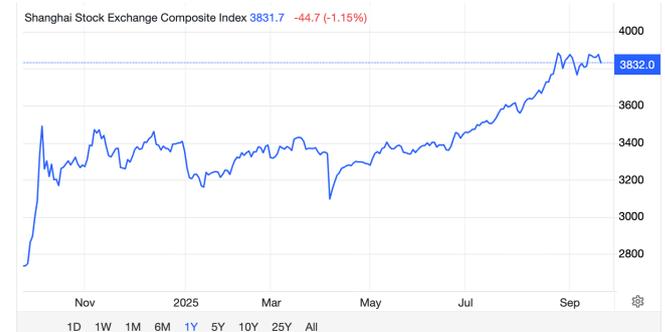
Bond markets reacted to the weaker jobs print, with the 10-year Australian government yield falling to 4.19%, the lowest in six weeks.



Bonds	Yield	Day	Month	Year	Date
Australia 10Y	4.1940	▼ -0.03%	-0.133%	0.260%	14:23
Australia 52W	3.41	▼ -0.032%	0.002%	-0.418%	Sep/18
Australia 20Y	4.80	▼ -0.040%	-0.157%	0.356%	Sep/18
Australia 2Y	3.33	▼ -0.049%	-0.032%	-0.270%	Sep/18
Australia 30Y	4.91	▼ -0.037%	-0.168%	0.430%	Sep/18
Australia 3Y	3.39	▼ -0.065%	-0.012%	-0.140%	Sep/18
Australia 5Y	3.61	▼ -0.045%	0.020%	0.013%	Sep/18
Australia 7Y	3.91	▼ -0.054%	-0.030%	0.161%	Sep/18

Traders interpreted the data as a signal of a gradually softening labour market, which may support further easing by the RBA later in the year. Globally, the Federal Reserve moved as widely expected, cutting rates by 25 basis points and signalling two more reductions in 2025 but only one in 2026. Fed Chair Jerome Powell emphasized a cautious, "risk management" approach, ensuring markets remain attentive to upcoming inflation and employment reports in shaping the future policy path.

Asian equities struggled on Thursday, with China's Shanghai Composite retreating 1.15% to 3,832 and the Shenzhen Component falling 1.06% to 13,076 after hitting multi-year highs earlier in the session.



Indexes	Price	Day	Month	Year	Date
HK50	26,542.00	▼ -366.39 -1.36%	5.65%	47.35%	Sep/18
SHANGHAI	3832	▼ 45 -1.15%	2.83%	40.08%	14:15
CSI 300	4,498.35	▼ -52.67 -1.16%	6.51%	40.75%	Sep/18
SHANGHAI 50	2,913.30	▼ -39.48 -1.34%	3.59%	30.65%	Sep/18
CH50	14,974.57	▼ -218.86 -1.44%	5.13%	33.23%	Sep/18

Analysts suggested profit-taking was a dominant factor, compounded by concerns Beijing may curb speculation to protect retail investors. Technology and new energy sectors led losses, including East Money Information (-4.4%), Cambricon Technologies (-1.3%), Victory Giant (-3.1%) and Contemporary Amperex (-2.5%). Reports also indicated regulatory intervention in AI-related chip purchases, highlighting ongoing market sensitivity to policy shifts.

Across the Pacific, US stock futures rose in response to the Federal Reserve's policy update, though Wednesday's session saw mixed results, with the Dow gaining 0.57%, the S&P 500 slipping 0.1%, and the Nasdaq down 0.33%.



Indexes	Price	Day	Month	Year	Date	
US30	46188	▲ 170	0.37%	2.87%	9.96%	14:28
US400	3,266.27	▼ -6.16	-0.19%	2.70%	6.33%	Sep/17
US2000	2,407.01	▲ 3.98	0.17%	4.90%	9.10%	Sep/17
US500	6634.75	▲ 34.4	0.52%	3.53%	16.17%	14:28
Trade Desk	45.37	▲ 0.48	1.06%	-17.43%	-58.00%	Sep/17
US100	24395	▲ 171	0.71%	4.37%	23.02%	14:28
USVIX	14.93	▼ -0.79	-0.79%	-0.06%	-3.30%	Sep/18

Financials, consumer staples, and materials outperformed, while technology, industrials, and consumer discretionary lagged. Corporate earnings also captured attention: Cracker Barrel fell more than 9% in after-hours trade following weaker-than-expected quarterly results, reflecting ongoing volatility in consumer-facing sectors amid evolving economic conditions.

Commodity markets showed divergent trends. WTI crude futures extended losses to below US\$64 per barrel, reacting to US stockpile data and the Fed rate cut, with crude inventories down 9.3 million barrels but distillate stocks at their highest since January.



	Price	Day	Month	Year	Date	
Crude Oil	63.632	▼ 0.418	-0.65%	3.21%	-10.41%	14:28
Brent	67.577	▼ 0.373	-0.55%	2.94%	-9.56%	14:28
Natural gas	3.0645	▼ 0.0355	-1.15%	10.72%	30.43%	14:28
Gasoline	2.0077	▼ 0.0178	-0.88%	-3.91%	-2.19%	14:28
Heating Oil	2.3296	▼ 0.0252	-1.07%	3.72%	7.58%	14:28
Coal	102.90	▲ 1.15	1.13%	-7.30%	-25.97%	Sep/17
Ethanol	1.99	▼ -0.0200	-1.00%	12.78%	19.58%	Sep/17
Urals Oil	63.70	▲ 0.38	0.60%	0.87%	-6.97%	Sep/17

Global demand averaged 104.4 million bpd through mid-September, modestly above year-ago levels yet slightly below JP Morgan estimates, while regional consumption patterns diverged as travel slowed in the US and China but remained steady elsewhere.

Gold prices retreated toward US\$3,630 per ounce, pressured by a stronger US dollar, even as the Fed's dovish pivot and persistent geopolitical tensions continue to underpin bullish sentiment for bullion.

Indian supply constraints further supported demand, with investors holding onto jewellery and coins in anticipation of further gains.

Overall, Thursday's trading painted a picture of selective strength and sector-specific weakness in Australia, juxtaposed with global volatility and cautious central bank guidance. Markets remain sensitive to labour market developments, inflation dynamics, and policy signals, with investors navigating a landscape shaped by both domestic data surprises and international cues. The ASX 200's decline underscores the fragility of sentiment amid rising energy and resource headwinds, while underlying employment resilience and global liquidity conditions provide a nuanced backdrop for the weeks ahead.

Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

 CBA ^D Commonwealth Bank	164.33 -3.82 -2.27%	 WOW ^D Woolworths	27.49 -0.17 -0.61%
 BHP ^D BHP	39.97 -0.34 -0.84%	 TLS ^D Telstra	4.88 -0.03 -0.61%
 CSL ^D CSL	198.34 -2.73 -1.36%	 GMG ^D Goodman Group	33.93 -0.16 -0.47%
 WBC ^D Westpac Bank	38.68 +0.04 +0.10%	 TCL ^D Transurban	14.14 -0.33 -2.28%
 NAB ^D National Australia Bank	43.36 -0.06 -0.14%	 SQ2 Block Inc	
 ANZ ^D ANZ	32.86 -0.03 -0.09%	 ALL ^D Aristocrat Leisure	68.42 -0.43 -0.62%
 FMG ^D Fortescue Metals	18.75 -0.13 -0.69%	 NCM Newcrest Mining	
 WES ^D Wesfarmers	92.47 +0.04 +0.04%	 REA ^D REA Group	231.75 -0.18 -0.08%
 MQG ^D Macquarie Group	223.42 -0.20 -0.09%	 WDS ^D Woodside Energy	23.06 -1.54 -6.26%
 RIO ^D Rio Tinto	115.54 -0.79 -0.68%	 XRO ^D Xero	160.28 -1.01 -0.63%


Commodities & Forex

 TIO1! IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.66317 -0.32% -0.00212
 GC1! GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.4866 -0.25% -0.0012
 SI1! SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5611 -0.34% -0.0019
 HG1! COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.12266 +0.71% +0.01
 ZW1! WHEAT	 AUDJPY Australian Dollar / Japanese Yen	97.619 -0.14% -0.14
 CL1! CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.7124 -0.28% -0.0134
 NG1! NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	21.113 +0.03% +0.007
 NCF1! COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	10,951.6 +0.06% +7.0
 LTH1! LITHIUM		



Economic Calendar

		Actual	Forecast	Prior
				
September 18				
18:00	 	BOE Bank Rate <input type="checkbox"/>	4%	4%
		BOE MPC Vote Cut <input type="checkbox"/>	2 Number of	5 Number of
		BOE MPC Vote Hike <input type="checkbox"/>	0 Number of	0 Number of
		BOE MPC Vote Unchanged <input type="checkbox"/>	7 Number of	4 Number of
19:30	 	Initial Jobless Clm <input type="checkbox"/>	240 K Person	263 K Person
September 22				
21:00	 	Consumer Confid. Flash * <input type="checkbox"/>		-15.5 Net balance
September 23				
20:45	 	S&P Global Comp PMI Flash <input type="checkbox"/>		55.4 Index (diffusion)
September 25				
19:30	 	GDP Cons Spending Final <input type="checkbox"/>		0.5%
		GDP Final <input type="checkbox"/>	3.3%	-0.5%
		Initial Jobless Clm <input type="checkbox"/>		
21:00	 	Existing Home Sales <input type="checkbox"/>	3.98 M Number of	4.01 M Number of
September 29				
16:00	 	Consumer Confid. Final * <input type="checkbox"/>		-15.5 Net balance