
Support / Potential "buy" levels
\$8,877.
Resistance
\$9,019.

KEY TAKEAWAYS

ASX Edges Lower Amid Global Jitters, Gold at New High – Recommendation: SRV

Today, **Servcorp (ASX: SRV)** delivered another strong set of numbers for FY25, with revenue climbing 11% to AU\$352.1 million and net profit surging 36% to AU\$53.1 million, clear evidence that demand for flexible and hybrid offices remains robust. Free cash flow rose 17% to AU\$84.9 million, allowing the company to fund growth entirely from operations while lifting dividends by 12%. With shares up more than 31% since our initial Buy call, we now shift to a "HOLD" rating and set a fair value target of \$7.80 per share.

Market Movers: Australian shares slipped 0.10% on Wednesday, with weakness in consumer and tech stocks offsetting gains in materials. James Hardie jumped 9.95% to AUD 33.25, while DroneShield hit an all-time high, up 8.09%. The Aussie dollar eased to USD 0.656 as traders scaled back RBA rate cut bets, pricing just a 35% chance in November. Meanwhile, gold soared past USD 4,000 per ounce and WTI crude hovered above USD 62.

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OUR LATEST RECOMMENDATION
Servcorp (ASX: SRV): “HOLD” as Operational Efficiency Drives Profit and Cash Flow Growth


Servcorp's (ASX: SRV) latest financial results for FY25 demonstrate substantial growth in revenue, profit, and free cash flow, supported by strategic global expansion and robust operational efficiency. The company operates in a favourable industry environment, benefiting from the increasing demand for flexible and hybrid workspace solutions. Its strong balance sheet, characterized by a debt-free position, provides financial stability and capacity for continued investment. The positive share price momentum and strong technical indicators suggest ongoing market confidence in Servcorp's business model and future prospects.

Servcorp has delivered robust financial results for the fiscal year ended June 30, 2025. The company reported a significant 11% increase in revenue to AU\$352.1 million and a 36% rise in net profit to AU\$53.1 million, showcasing strong operational performance and effective cost management. Underlying Net Profit Before non-cash Impairment of assets and Tax (NPBIT) surged by 23% to AU\$69.1 million, comfortably exceeding prior guidance. This strong performance is further bolstered by a healthy AU\$84.9 million in underlying free cash, marking a 17% increase from the previous period.

The impressive financial performance has translated directly into positive investor sentiment, with Servcorp's shares experiencing substantial gains over the past six months, advancing by over 40%. This upward trajectory reflects a broader market appreciation for companies demonstrating resilience and growth in the evolving commercial real estate landscape. The company's strategic global expansion, evidenced by the addition of six new operations in FY25 and plans for further growth in FY26, alongside continuous

investment in advanced IT and communications infrastructure, has resonated positively with investors seeking stable yet growth-oriented opportunities.

Looking forward, the flexible workspace industry is poised for continued expansion, driven by the sustained adoption of hybrid work models and a corporate appetite for agile real estate solutions. Servcorp is well-positioned to capitalize on these trends through its premium offerings and expanding international footprint. The company's commitment to returning value to shareholders is underscored by a 12% increase in total dividends for FY25, with expectations for further dividend growth in the upcoming fiscal year, reinforcing its attractiveness to income-focused investors amidst a backdrop of favourable industry dynamics.

Valuation Appears Fair as Market Confidence Aligns with Fundamentals

Servcorp's current valuation suggests a fair reflection of its operational and financial progress. The trailing PE ratio stands at 13.78, while the forward PE is 10.51, and the EV/EBITDA ratio at 5.36 (as of September 27, 2025) indicates healthy relative valuation.

After a strong rally in recent months, we believe Servcorp's share price now appropriately captures its near-term growth trajectory. **Maintaining a “HOLD” rating and a target price of \$7.80 per share, we see limited upside in the short term but continued long-term support from its disciplined capital management, global diversification, and improving margins.**

Market Momentum Remains Positive but Likely to Moderate

Servcorp's shares have advanced more than 40% over the past six months, comfortably trading above their 200-day moving average. The 14-day RSI of 66.13 and supportive moving averages continue to indicate positive sentiment.

While momentum remains constructive, a period of consolidation appears likely following these gains. Servcorp's combination of financial resilience, cash flow strength, and steady expansion keeps it well placed for sustainable growth over the medium to long term, even as short-term valuation limits further upside.

MARKET MOVERS

Australian shares ended marginally lower on Wednesday, as weakness in the Consumer Discretionary, IT and Telecoms sectors offset modest gains in industrial and healthcare names. The ASX 200 slipped 0.10% at the close in Sydney, marking a subdued session as investors balanced cautious optimism over global growth with lingering domestic headwinds.



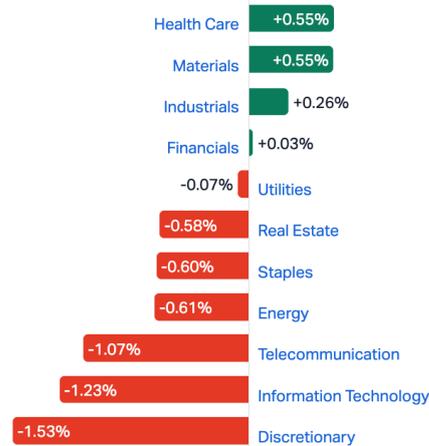
The session's standout performer was James Hardie Industries, which surged 9.95% to AUD 33.25 following stronger-than-expected quarterly results, underscoring resilience in its North American operations and continued cost efficiencies. Mesoblast rose 8.99% to AUD 2.91 after announcing progress in its cell therapy trials, while defence technology firm DroneShield climbed 8.09% to AUD 6.55, reaching an all-time high amid mounting geopolitical tensions that have buoyed defence-related stocks.

At the other end of the spectrum, Life360 dropped 3.46% to AUD 52.96, weighed down by concerns about slowing user growth in its subscription services. Fletcher Building declined 2.92% to AUD 2.99 amid ongoing weakness in New Zealand's construction market, while Light & Wonder fell 2.77% to AUD 122.78 after mixed gaming revenue results. Across the board, decliners outpaced advancers, with 675 stocks falling against 493 gainers and 383 finishing unchanged, reflecting the cautious tone ahead of key U.S. and domestic data releases.

Volatility in local markets remained subdued, with the S&P/ASX 200 VIX easing 1.96% to 10.74, indicating limited hedging demand. The broader mood was shaped by renewed focus on the Reserve Bank of Australia's policy trajectory and the direction of global monetary easing.

↓ 7 Sectors Down

↑ 4 Sectors Up



The Australian dollar weakened to around USD 0.656, extending its recent losses against a resurgent U.S. dollar.

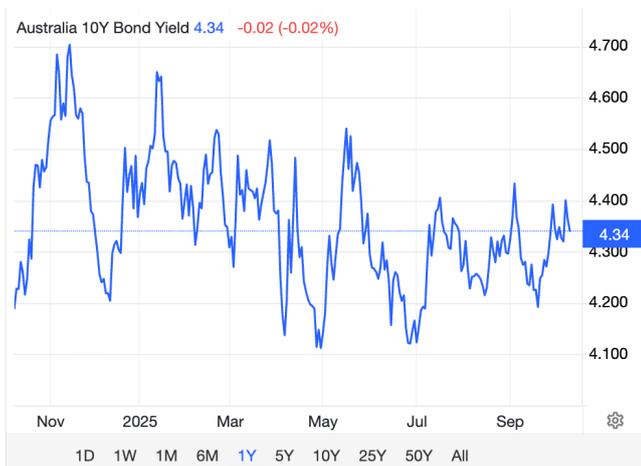


Crosses	Price	Day	Year	Date
AUDUSD	0.65667	▼ 0.00141 -0.21%	-2.24%	14:38
EURAUD	1.7698	▼ -0.0015 -0.08%	8.66%	Oct/08
GBPAUD	2.0428	▲ 0.0029 0.14%	5.00%	Oct/08
AUDNZD	1.1421	▲ 0.0073 0.64%	3.20%	Oct/08
AUDJPY	100.0860	▲ 0.1230 0.12%	-0.14%	Oct/08
AUDCNY	4.6928	▼ -0.0103 -0.22%	-1.46%	Oct/08
AUDCHF	0.5258	▲ 0.0005 0.09%	-9.06%	Oct/08
AUDCAD	0.9163	▼ -0.0016 -0.18%	-0.49%	Oct/08

The greenback's strength reflected growing safe-haven demand as the U.S. government shutdown entered its second week, stoking political uncertainty. President Trump's threats of mass federal worker firings further rattled sentiment, dampening risk appetite. Domestically, the Aussie faced additional pressure after building approvals data showed another monthly decline, underlining persistent weakness in the housing and construction sectors.

Despite these headwinds, gold's rally to record highs provided a degree of support for the currency, with Australia set to benefit from robust bullion exports. Canberra recently projected that gold would soon surpass coal to become the nation's second-largest export by value, underscoring its growing importance to the trade balance. Meanwhile, market participants have pared back expectations for near-term RBA easing. Futures now imply roughly a 35% chance of a rate cut in November and 56% in December, making the forthcoming third-quarter CPI data pivotal for monetary policy direction.

Australia's 10-year government bond yield ticked higher to 4.37%, recovering from the prior day's modest dip as traders recalibrated expectations around the RBA's stance.



Bonds	Yield	Day	Month	Year	Date
Australia 10Y	4.3400	▼ -0.02%	0.070%	0.155%	14:37
Australia 52W	3.57	▼ -0.004%	0.131%	-0.419%	Oct/08
Australia 20Y	4.95	▼ -0.033%	0.064%	0.257%	Oct/08
Australia 2Y	3.52	▲ 0.003%	0.141%	-0.290%	Oct/08
Australia 30Y	5.04	▼ -0.033%	0.039%	0.311%	Oct/08
Australia 3Y	3.56	▼ -0.006%	0.119%	-0.193%	Oct/08
Australia 5Y	3.77	▼ -0.005%	0.098%	-0.065%	Oct/08
Australia 7Y	4.04	▼ -0.007%	0.067%	0.018%	Oct/08

The central bank's hawkish tone last week dampened speculation of imminent easing, especially as inflation remains stubbornly above target. Consumer confidence, however, slipped to a six-month low in October, reflecting public unease about elevated borrowing costs and slower wage growth. Market participants remain attuned to inflation dynamics, with an upside CPI surprise likely to extinguish hopes of a November rate cut.

In China, equities extended recent gains ahead of the Golden Week holiday. The Shanghai Composite added 0.52% to 3,883, while the tech-heavy Shenzhen Component advanced 0.35% to 13,527.



Investors drew comfort from data showing a smaller-than-expected contraction in manufacturing activity and signs of renewed industrial momentum, as Beijing's measures to curb overcapacity and spur investment began to take effect. September saw notable strength in high-tech sectors, with Giga Device Semiconductor surging 8.2%, Zhejiang Sanhua Intelligent climbing 3.9%, and Seres Group up 7.8%. The Shenzhen Component has gained more than 6% this month, buoyed by optimism around artificial intelligence and semiconductor innovation.

Across the Pacific, U.S. stock futures were steady after Tuesday's modest selloff, which saw the S&P 500 and Nasdaq retreat amid renewed doubts over the sustainability of the artificial intelligence rally.



Indexes	Price	Day	Month	Year	Date
US30	46663	▲ 60 0.13%	2.06%	9.75%	14:39
US400	3,257.56	▼ -35.42 -1.08%	-1.18%	5.20%	Oct/07
US2000	2,458.42	▼ -27.93 -1.12%	2.65%	12.00%	Oct/07
US500	6726.63	▲ 12.04 0.18%	3.26%	16.11%	14:39
Trade Desk	53.49	▲ 0.35 0.66%	2.81%	-53.30%	Oct/07
US100	24887	▲ 47 0.19%	4.37%	22.76%	14:39
USVIX	17.10	▼ -0.14 -0.14%	1.99%	-4.32%	Oct/08

Oracle slid 2.5% after disclosing weaker cloud margins tied to Nvidia chip rental losses, reigniting comparisons to the late-1990s tech bubble. The ongoing U.S. government shutdown has compounded investor unease, delayed key economic data and fuelled uncertainty over fiscal stability.

In commodities, WTI crude oil extended its upward trend, hovering above USD 62 per barrel. Prices remained supported by OPEC+'s decision to implement a smaller-than-expected production increase, indicating caution among producers as global demand stabilizes.



	Price	Day	Month	Year	Date
Crude Oil	62.349	▲ 0.619 1.00%	-0.37%	-14.80%	14:39
Brent	66.054	▲ 0.604 0.92%	-0.47%	-13.72%	14:39
Natural gas	3.5105	▲ 0.0125 0.36%	12.59%	31.94%	14:38
Gasoline	1.9144	▲ 0.0056 0.29%	-4.14%	-7.24%	14:39
Heating Oil	2.2869	▲ 0.0216 0.95%	-1.34%	0.47%	14:39
Coal	104.80	▲ 0.05 0.05%	-0.95%	-30.50%	Oct/07
Ethanol	1.86	▼ -0.0425 -2.24%	-6.66%	16.46%	Oct/07
Urals Oil	61.15	▼ -0.18 -0.29%	1.71%	-19.25%	Oct/07

However, gains were capped by signs of rising U.S. supply, with the Energy Information Administration forecasting record output this year and weekly inventory data showing a larger-than-expected 2.78 million barrel build. Meanwhile, the ongoing conflict in Eastern Europe continued to disrupt Russian exports, with Ukrainian drone strikes prompting refinery rerouting and limiting near-term export capacity.

Gold continued its powerful ascent, surpassing USD 4,000 per ounce in a move emblematic of heightened global uncertainty.



	Price	Day	Month	Year	Date
Gold	4036.03	▲ 50.24 1.26%	11.31%	54.78%	14:39
Silver	48.748	▲ 0.918 1.92%	19.27%	59.87%	14:39
Copper	5.0724	▲ 0.022 0.44%	12.80%	16.21%	14:39
Platinum	1,658.70	▲ 25.00 1.53%	20.88%	74.25%	Oct/08
Iron Ore	104.22	▼ -0.26 -0.25%	-0.68%	-1.96%	Oct/07

Investors have sought safety in the precious metal as geopolitical risks mount and confidence in global fiscal governance wanes. The U.S. government shutdown, coupled with delayed macroeconomic data, has complicated the Federal Reserve's policy calculus. Traders are now pricing in two rate cuts by year-end, reflecting a dovish tilt amid mounting recession concerns.

The metal's strength also reflects persistent geopolitical stress—from political upheaval in France to leadership changes in Japan—driving central banks to accumulate reserves at the fastest pace in years. Gold-backed exchange-traded funds saw their largest monthly inflow in over three years last month, extending the metal's stellar year-to-date performance of more than 50%.

Overall, Wednesday's session encapsulated the global market's cautious mood: Australian equities softened under the weight of domestic sectoral weakness, the Australian dollar faltered alongside fading rate cut hopes, and gold once again stole the spotlight as the world's preferred safe haven. The delicate interplay between monetary policy expectations, fiscal tensions abroad, and geopolitical volatility continues to define market sentiment as investors head into the final quarter of the year.

Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D* Commonwealth Bank	169.42 +0.08 +0.05%	 WOW^D* Woolworths	26.02 -0.19 -0.72%
 BHP^D* BHP	41.89 -0.07 -0.17%	 TLS^D* Telstra	4.78 -0.05 -1.04%
 CSL^D* CSL	205.72 +0.38 +0.19%	 GMG^D* Goodman Group	33.57 -0.24 -0.71%
 WBC^D* Westpac Bank	39.27 -0.10 -0.25%	 TCL^D* Transurban	14.14 +0.01 +0.07%
 NAB^D* National Australia Bank	44.39 -0.17 -0.38%	 SQ2 Block Inc	
 ANZ^D* ANZ	34.37 +0.18 +0.53%	 ALL^D* Aristocrat Leisure	68.06 -0.89 -1.29%
 FMG^D* Fortescue Metals	19.20 -0.05 -0.26%	 NCM Newcrest Mining	
 WES^D* Wesfarmers	88.29 -1.99 -2.20%	 REA^D* REA Group	219.98 -3.91 -1.75%
 MQG^D* Macquarie Group	222.16 -1.39 -0.62%	 WDS^D* Woodside Energy	22.81 -0.20 -0.87%
 RIO^D* Rio Tinto	125.29 +1.11 +0.89%	 XRO^D* Xero	154.79 -2.67 -1.70%



Commodities & Forex

 TIO1!^o IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.65665 -0.21% -0.00
 GC1!^o GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.4891 -0.12% -0.00
 SI1!^o SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5648 +0.05% +0.00
 HG1!^o COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.14200 +0.71% +0.01
 ZW1!^o WHEAT	 AUDJPY Australian Dollar / Japanese Yen	100.080 +0.13% +0.13
 CL1!^o CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.6712 -0.27% -0.0126
 NG1!^o NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	21.295 -0.37% -0.080
 NCF1!^o COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	10,887.8 -0.21% -23.4
 LTH1!^o LITHIUM		



Economic Calendar

		Actual	Forecast	Prior
 				
October 9				
19:30	 	Initial Jobless Clm <input type="checkbox"/>	230 K Person	
October 10				
14:00	 	FDI (YTD)* <input type="checkbox"/>		-12.7%
October 14				
13:00	 	Claimant Count Unem Chng <input type="checkbox"/>		17.4 K Person
		ILO Unemployment Rate* <input type="checkbox"/>		4.7%
October 15				
08:30	 	CPI MM * <input type="checkbox"/>	0.2%	0%
		CPI YY * <input type="checkbox"/>	-0.1%	-0.4%
		PPI YY * <input type="checkbox"/>	-2.3%	-2.9%
19:30	 	Core CPI MM, SA <input type="checkbox"/>	0.3%	0.3%
		Core CPI YY, NSA <input type="checkbox"/>		3.1%
		CPI MM, SA <input type="checkbox"/>	0.3%	0.4%
		CPI YY, NSA <input type="checkbox"/>		2.9%
October 16				
07:30	 	Unemployment Rate <input type="checkbox"/>		4.2%