



Weekly overview of short news

- The price of gold rose from \$3,645.17 to \$3,685.30 per ounce this week.
- The price of oil fell from \$67.28 to \$66.69 per barrel this week.
- The Fed reduced the interest rate by 25bp, thus the rate stands in the range from 4.00% to 4.25% now. This is the first interest rate cut this year, and the Fed has signalled more cuts to come. Fed members voted 11-1 for a 25bp cut, with only one Fed member voting for a 50bp cut. The Fed chairman pointed to growing signs of weakness in the labour market to explain why officials decided it was time to cut after rates were left unchanged since December amid concerns about tariff-induced inflation. "Demand for labour force has weakened and the recent pace of job creation appears to be running below the 'breakeven' rate needed to hold the unemployment rate constant," Powell told reporters. He added: "I can no longer say" that the labour market is "very strong." Powell also pointed to continued concerns about inflationary pressures caused by tariffs. "It is our obligation to make sure that this one-time increase in prices does not become an ongoing inflation problem" he said. Speaking about the prospects for further interest rate cuts, Powell was cautious, noting that the Fed is now in a "meeting-to-meeting decision-making situation".
- The Bank of England kept interest rates at 4% in a 7-2 vote, with the Governor stressing that rate cuts would be "gradual and careful".
- The Bank of Japan kept the interest rate at 0.5%, with two monetary policymakers voting for an increase.
- The Bank of Canada cut the interest rate by 25bp and it now stands at 2.50%.

EUR/USD



The EUR/USD exchange rate had an upward trend in the first two days of the week. The growth of the exchange rate was caused by the weakening of the dollar in anticipation of the Fed meeting and due to the expectation that the interest rate in the U.S. will be reduced for the first time this year. The exchange rate also rose as the euro was supported by the statements of the ECB officials. Member of the Executive Board, Isabelle Schnabel, stated that interest rates in the euro area are at a good level, adding that the risks of rising inflation still dominate. Member of the Governing Council, Peter Kažimir, stated that the policy should not be changed due to "small deviations" from the target inflation, at the same time warning of the risks of its increase, and added that interest rates have been brought to a neutral level. The exchange rate weakened slightly on Wednesday until the decision of the Fed to reduce the interest rate by 25bp, only to rise afterwards. The exchange rate continued to weaken soon and maintained such trend until the end of the week. The Fed President's cautious attitude reduced expectations that there will be an aggressive reduction in the interest rate in the upcoming period, which, together with better-than-expected data on initial jobless claims for social benefits in the U.S., supported the dollar. On the other hand, the euro weakened under the pressure of political unrest in France and the mild comments of Mario Centen from the ECB, who emphasized that inflation below the 2% target cannot be tolerated for long, warning of negative economic risks and signalling a potential reduction in interest rates.

EUR/GBP



The EUR/GBP exchange rate appreciated this week. The U.K. labour market is showing signs of stabilization following higher taxes and an increase in the minimum wages. The number of employees fell by 8,000 in August, which is less than expected, and the number of job vacancies recorded the first increase since early 2024. The EUR/GBP exchange rate fell briefly in mid-week as the regular Bank of England meeting approached (no interest rate cut was expected, due to the existence of inflationary pressures). The exchange rate continued to rise on Thursday as sterling weakened after the BoE meeting, where two of the nine members of the Monetary Policy Committee favoured a 25bp cut in interest rates. Sterling weakened on Friday after a sharp rise in public borrowing in the U.K. and a decision by the BoE, which pointed to increasing challenges in achieving a balance between inflation and economic growth. Official figures showed public sector borrowing totalled GBP 83.8 billion between April and August, GBP 11.4 billion more than the Office for Budget Responsibility had forecast earlier this year.

EUR/JPY



The EUR/JPY exchange rate fluctuated in the first half of the week. The yen weakened on expectations that the Bank of Japan will keep interest rates unchanged at its meeting on Friday. On the other hand, the euro weakened due to the downgrade of France's credit rating, but received support from the comments of ECB officials. The exchange rate had an upward trend as of Wednesday afternoon, and it reached a 14-month high of 174.50 on Thursday. Data showing core machinery orders in Japan fell more than forecast in July reinforced expectations that the Bank of Japan would keep interest rates at their current level. After the BoJ left the rate at 0.50% by a 7-2 vote, expectations grew that there could be an increase in October, so the yen started to rise and the exchange rate fell. Ahead of the meeting, it was announced that consumer prices in Japan rose 2.7% in August, remaining above the BoJ's target, which fuelled expectations of another interest rate increase this year.

Table 1 - Exchange rates of the most important currencies

	15-Sep-2025 ¹	19-Sep-2025 ²	% Change
EUR/USD	1.1734	1.1746	0.10
EUR/GBP	0.86527	0.87181	0.76
EUR/JPY	173.27	173.81	0.31
EUR/AUD	1.76464	1.78151	0.96
EUR/CHF	0.93467	0.93428	-0.04
USD/JPY	147.68	147.95	0.18
GBP/USD	1.3556	1.3472	-0.62

Table 2 - Overview of the leading central banks' interest rates

Central Bank	Reference interest rate	Reference interest rate level	Next meeting
European Central Bank (ECB)	ECB main refinancing rate	2.15%	30-Oct-2025
Federal Reserves (Fed)	Federal Funds Target Rate	4.25% ↓	29-Oct-2025
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	30-Oct-2025
Bank of England (BoE)	Official Bank Rate	4.00%	6-Nov-2025
Swiss National Bank (SNB)	Libor Target Rate	0.00%	25-Sep-2025
Bank of Canada (BoC)	Target Overnight Rate	2.50% ↓	29-Oct-2025
Reserve Bank of Australia (RBA)	Cash Rate Target	3.60%	30-Sep-2025

Table 3 – ESTR and Euribor

	15-Sep-2025 ¹	19-Sep-2025. ²	Change in basis points
ESTR	1.9250	1.9250	0.00
Euribor 1W	1.909	1.905	-0.40
Euribor 1M	1.879	1.909	3.00
Euribor 3M	2.000	2.016	1.60
Euribor 6M	2.108	2.107	-0.10
Euribor 12M	2.178	2.167	-1.1

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic Indicators (15 - 19 September 2025)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Consumer price index (CPI) It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household.	August Final data MoM% YoY%	0.2% 2.1%	0.1% 2.0%	0.2% 2.1%
Germany	Producer Price Index (PPI) The index measures the average price change domestic producers receive for their production.	August MoM% YoY%	-0.1% -1.7%	-0.5% -2.2%	-0.1% -1.5%
Great Britain	Consumer price index (CPI) It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. ILO Unemployment Rate 3Mths It represents the percentage of the labour force that is unemployed, according to the criteria of the International Labour Organization (ILO), calculated as a three-month average. The unemployment rate is not shown for one month, but as an average for three consecutive months. This reduces data volatility and provides a more reliable picture of labour market trends.	August MoM% YoY% July	0.3% 3.8% 4.7%	0.3% 3.8% 4.7%	0.1% 3.8% 4.7%
USA	Housing Starts It shows a change in the number of new real estate built in the US (the increase in this indicator indicates investment growth and business optimism). Initial Jobless Claims Measure the number of people who have filed for unemployment benefits for the first time. Industrial production It measures the changes in output of production, service and mining sectors.	August MoM% 13 September K=1,000 August MoM%	-4.4% 240K -0.1%	-8.5% 231K 0.1%	3.4% 264K -0.4%
Japan	Natl CPI ex Fresh Food, Energy It estimates changes in the cost of living, by measuring changes in the goods and services' prices, excluding fresh food and energy. This index measures the change in prices from the consumer's perspective. It is a key way of measuring changes in buying trends and inflation.	August YoY%	3.3%	3.3%	3.4%

EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German bonds rose from 2.71% to 2.74% this week. The yield was stable during the first three days, before making a sharp increase on Thursday. The rise in yields was caused by the announcement of Germany's Q4 borrowing plans, which will be about a fifth more than originally planned, in order to finance increased spending on infrastructure and the armed forces. The German Finance Agency plans to collect 90.5 billion euros, excluding green bonds, which is 15 billion euros more than the original plan from December of the previous year. The total sale of government debt for the whole year will amount to around 425 billion euros, compared to the originally announced 380 billion.

U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds rose from 4.06% to 4.12% this week. The yield was relatively stable during the first three days of the week, only to record growth as of second half of the day on Wednesday, until the end of the week. Higher increase in the yield trend occurred on Wednesday following the Fed meeting and the decision to cut interest rate by 25bp, signalling that there is no support for further rate cuts. Yield continued to rise for the rest of the week as investors expect fewer interest rate cuts from the Fed. Additionally, it was announced that there was a larger drop in the number of initial jobless claims for social benefits in the U.S., which alleviated concerns about the labour market and caused an additional increase in yields on these bonds.

GOLD



The price of gold rose this week from \$3,645.17 to \$3,685.30 per ounce. The price grew in the first two days of the week due to the weakening of the dollar in anticipation of the upcoming Fed meeting, but also due to the increased demand for safe assets due to geopolitical events. Although the price of gold weakened on Wednesday morning, following the expected reduction in the Fed's interest rate by 25bp, it recorded a new record high value of \$3,707.57 per ounce on the same day. However, despite this move, expectations that the Fed will aggressively cut the interest rate were reduced due to the cautious attitude of President Powell, so the dollar began to recover, and the price of gold started trending downwards. The price also weakened due to the release of better-than-expected data from the American labour market. The price rose on Friday as investors shifted their focus to U.S. inflation data to be released next week, which could potentially point to further development in the U.S. interest rates.

OIL



The price of oil decreased from \$67.28 to \$66.69 per barrel in this reporting week. The growing trend prevailed on this market in the first two days of the week, which was especially pronounced on Tuesday. This development is caused by concerns about the supply, due to increasingly frequent attacks by Ukrainian drones on Russian oil infrastructure. In addition, President Trump called on Europe and Turkey to impose stricter sanctions on Russian oil imports, which further increased tensions in the market. However, the price of oil had a downward trend as of Wednesday. The expected reduction in the interest rate of the Federal Reserve, the first this year, caused an increased concern of investors about the U.S. economic outlook. Namely, the market sentiment is aggravated by the uncertainty regarding the future economic performance of the USA, which is the key driver of the global demand for oil. An exception to the trend was recorded after release of data on the state of oil stocks in the U.S., which, according to data from both the EIA and API, fell last week. However, the downward trend continued until the end of the week, as the E.U. introduced a new, nineteenth package of sanctions against Russia.