



Weekly overview of short news

- The price of gold rose from \$3,371.86 to \$3,447.95 an ounce, as a result of calls by Germany and France for sanctions on countries that help Russia.
- The price of oil fell by 0.15% from \$67.51 to \$67.41 per barrel.
- Minutes from the latest ECB meeting showed that the Governing Council emphasized a cautious, data-dependent approach to making decisions on interest rates, maintaining flexible and neutral communication due to significant economic uncertainty and bilateral risks to inflation and economic growth.

EUR/USD



The EUR/USD exchange rate weakened in the first half of the week as the French Prime Minister, François Bayrou, announced the vote of confidence, which will be held on 8 September. Bayrou referred to Article 49 of the Constitution and decided to put his survival as the head of the French Government at stake. Bayrou announced that he will convene an extraordinary session regarding the "central issue of managing public finances" where he will seek support for spending cuts and tax increases worth 44 billion euros. The dollar weakened temporarily on Tuesday as the U.S. President Donald Trump's move to dismiss Fed Governor Lisa Cook renewed concerns about the central bank's independence. The exchange rate recovered at end-week as traders raised expectations that the Fed will cut interest rates next month after New York Fed Governor John Williams signalled that such a move was possible. The euro was supported in this period, as the market stress as a result of situation in France eased slightly, once the French Minister of Finance, Eric Lombard, rejected concerns about the financial crisis and expressed his belief in meeting the target deficit of 5.4% from 2023 and continuing the debt reduction plans for 2026. The exchange rate rose on the last working day of the week, as data from the U.S. reinforced expectations that the Fed will cut interest rates in September.

EUR/GBP



The EUR/GBP exchange rate fell at the beginning of the week for the same reasons as the EUR/USD exchange rate. The exchange rate weakened in the rest of the week as producer price inflation in Great Britain increased by 1.9% on an annual basis in June. The EUR/GBP exchange rate has been rising for the last two days of the week. Britain's poorest households are facing higher inflation, with the cost of living rising 4.1% year-one-year until June, according to ONS figures. The EUR/GBP exchange rate rose again of Friday as British bank shares fell on fears of possible new taxes in the budget to cover the £20 billion fiscal gap. Possible proposals are an increase in the additional tax on bank profits or the introduction of a new levy on profits related to the Bank of England's quantitative easing. Banking leaders warn that such taxes could harm growth and investment, stressing that they already pay significant taxes.

EUR/JPY



The EUR/JPY exchange rate fell at the beginning of the week as the euro came under pressure due to the uncertain political situation in France. The exchange rate fluctuated slightly in the rest of the week. Demand for the yen was boosted by renewed turmoil over Fed independence. It was announced at the end of the week that inflation in Tokyo eased in August – the CPI, excluding fresh food, rose 2.5% year-on-year. Bank of Japan Policy Board member Junko Nakagawa confirmed the bank's willingness to raise interest rates if conditions allow, citing a tight labour market and wage growth that support inflation as the reasons. However, she urged caution against premature market speculation ahead of the 19 September meeting, pointing to trade uncertainties. According to data released on Friday, companies in Japan reduced capital investments, as American tariffs burdened exporters. Tariffs raise concerns about exporters' profitability and their ability to raise wages.

Table 1 - Exchange rates of the most important currencies

	25-Aug-2025 ¹	29-Aug-2025 ²	% Change
EUR/USD	1.1718	1.1686	-0.27
EUR/GBP	0.86651	0.86554	-0.11
EUR/JPY	172.19	171.86	-0.19
EUR/AUD	1.80663	1.78683	-1.10
EUR/CHF	0.93948	0.93554	-0.42
USD/JPY	146.94	147.05	0.07
GBP/USD	1.3525	1.3504	-0.16

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%	11-Sep-2025
Federal Reserves (Fed)	Federal Funds Target Rate	4.50%	17-Sep-2025
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	19-Sep-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	2.75%	17-Sep-2025
Reserve Bank of Australia (RBA)	Cash Rate Target	3.85%	30-Sep-2025

Table 3 – ESTR and Euribor

	25-Aug-2025 ¹	29-Aug-2025. ²	Change in basis points
ESTR	1.926	1.920	-0.60
Euribor 1W	1.899	1.887	-1.20
Euribor 1M	1.889	1.859	-3.00
Euribor 3M	2.017	2.061	4.40
Euribor 6M	2.057	2.074	1.70
Euribor 12M	2.084	2.119	3.50

¹Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic Indicators (25 - 29 August 2025)

Country	Indicator	Period	Expected value	Current value	Previous value
Great Britain	BRC shop Price Index The British Retail Consortium (BRC) retail price index measures price changes in BRC member retail stores in the U.K. A higher-than-expected reading should be taken as positive for the pound, while a lower-than-expected reading should be taken as negative for the pound.	August	1.0%	0.9%	0.7%
Euro area	Economic Confidence An economic indicator that measures the degree of optimism consumers feel about the overall condition of the economy and their personal financial situation. If the consumer has confidence in the economy of the immediate and near future and his personal finances, then they will spend more than they save.	August	96.0	95.2	95.7
Germany	Gross domestic product (GDP) It measures the value of products and services produced inside the country. GDP is the most comprehensive measure of economic output and provides a key insight into an economy's main drivers.	July QoQ% YoY%	-0.1% 0.0%	-0.3% -0.2%	-0.1% 0.0%
France	Gross domestic product (GDP) It measures the value of products and services produced inside the country. GDP is the most comprehensive measure of economic output and provides a key insight into an economy's main drivers. 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.	2Q Final data QoQ% YoY% August Preliminary data MoM% YoY%	0.3% 0.7% 0.5% 1.0%	0.3% 0.8% 0.4% 0.9%	0.3% 0.7% 0.2% 1.0%
USA	Initial Jobless Claims It measures the number of people filing for unemployment benefits for the first time. New Home Sales The indicator shows the sale of newly built properties in the U.S. The figure is a temporary indicator of the housing market calculating the sale of houses when housing contracts have been signed. Michigan Consumer Sentiment Index Monthly survey of U.S. consumer confidence levels conducted by the University of Michigan. The survey is based on telephone interviews collecting information about consumer expectations from the economy.	23 August k=thousand July MoM% August Final data	230K 0.5% 58.6	229K -0.6% 58.2	234K 4.1% 58.6
Japan	Retail Sales This indicator measures changes in retail sales in Japan.	July MoM% YoY%	-0.2% 1.6%	-1.6% 0.3%	0.9% 1.9%

EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds fell from 2.74% to 2.72% in this reporting week. The European bond market was under pressure early week due to political events in France, as the Prime Minister announced a vote of confidence for 8 September, and this was reflected in the growth of yields on German government bonds. However, the yield recorded a slight decline in the rest of the week. This week was marked by an increase in the spread between 10-year French and German bonds, which amounted to around 80bp at the end of the week.

U.S. GOVERNMENT BONDS MARKET



During this reporting week, the yield on 10-year U.S. government bonds dropped from 4.26% to 4.22%. The yield rose on Monday as the U.S. President dismissed Fed Board member Lisa Cook. The yield fell the next day as President Donald Trump's move to fire Lisa Cook raised concerns about the bank's independence. Cook said that Trump does not have the authority to fire her and that she will not resign, while Trump has announced that he is ready for a legal fight. The yield continued to weaken in the rest of the week as expectations rose that the Fed would cut interest rates at its September meeting. The fall in yields stopped at the very end of the week, as large auctions of corporate bonds in the amount of some USD 55 billion, of various maturities, are expected in the upcoming period.

GOLD



The price of gold rose this week from \$3,371.86 to \$3,447.95 per ounce. The growth was boosted early week by the decision of the U.S. President to dismiss Lisa Cook as a member of the Fed Board. Concerns about the threatened independence of the Fed further supported the price increase in the rest of the week. The largest increase was recorded at end-week, after Germany and France called for the introduction of additional sanctions against countries that help Russia, especially those that buy Russian oil.

OIL



The price of oil decreased from \$67.51 to \$67.41 per barrel in this reporting week. The price of oil rose at the beginning of the week due to geopolitical risks: the uncertainty concerning negotiations between Russia and Ukraine, as well as the expectation of the new U.S. tariffs on India due to the purchase of oil from Russia. The price of oil recorded a sharp decline the following day as investors expected clearer signals on the condition of oil stocks in the U.S. and monitored the market volatility caused by the U.S. President's attempt to remove the Fed Board member, Lisa Cook. The price of oil trended upwards during the rest of the week. The rise came as it was reported that oil stocks in Cushing, Oklahoma, fell for the first time in eight weeks, and that the U.S. national oil stocks fell by 2.4 million barrels last week, which was more than expected. In addition, the German chancellor's statement that there will be no meeting between Putin and Zelensky influenced the price of oil to rise. Meanwhile, Ukraine intensified drone attacks on Russian oil infrastructure, which further supported the rise in oil prices.

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