

Weekly overview of short news

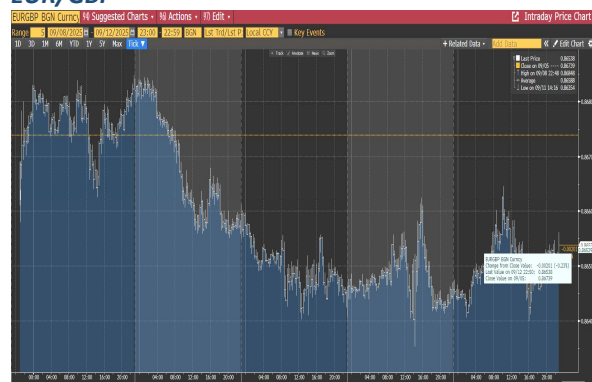
- The price of gold continued to rise this week, recording growth from \$3,586.73 to \$3,643.14 per ounce. The U.S. economic data released during the week fuelled expectations that the Fed will cut the interest rate at the September meeting, which together with the growing demand for gold caused the price of this precious metal to rise.
- The price of oil rose from \$66.34 to \$67.31 per barrel this week, largely as a result of the strengthening of geopolitical tensions from the Middle East to Europe.
- At the meeting held on Thursday, the European Central Bank kept the interest rates at their current levels, the rate on deposit facility at 2%, the refinancing interest rate at 2.15%, and the lending facility rate at 2.40%. President Lagarde signalled a pause in interest rate changes. The ECB slightly increased its inflation forecasts for 2025 and 2026 to 2.1% and 1.7%, respectively, while the forecast for 2027 was reduced to 1.9%, which leaves room for future interest rate cuts if necessary. Lagarde stated that growth risks in the region are more balanced and that the process of disinflation is over.
- Credit rating agency S&P increased Spain's long-term credit rating from A to A+, with a stable outlook, citing the improvement of the country's external financial position, which is largely the result of private sector activity — especially high levels of savings and strong exports.
- Following the last week's rating increase by the S&P agency, the credit rating agency Fitch also increased Portugal's credit rating from A- to A, with the stable outlook.
- Fitch downgraded France's credit rating from AA- to A+, with a stable outlook, explaining the decision by the high public debt that has a growing trend and political instability that complicates efforts for fiscal consolidation.
- The French Prime Minister, François Bayrou, lost the confidence of the parliament on Monday, 8 September. President Macron appointed the Minister of Defence, Sébastien Lecornu, as the new Prime Minister. Lecornu immediately reversed his predecessor's unpopular move to abolish two public holidays, but warned that further budget cuts were needed to curb the deficit.

EUR/USD



The EUR/USD exchange rate rose against the dollar on Monday even though the French Prime Minister, François Bayrou, lost the vote of confidence in the parliament, as expected, and investors were preparing for the release of revised data from the U.S. that could indicate a weaker-than-expected condition of the labour market than previously estimated, which confirms the arguments for an even greater reduction in interest rates by the Fed. Economists forecast a downward revision of as much as 800,000 jobs, which could signal that the Fed is falling behind in its efforts to achieve maximum employment. The exchange rate fell the next day as reports on CPI and PPI were awaited, which were expected to show that inflationary pressure is increasing in the U.S. The EUR/USD exchange rate rose at the end of the week as expectations of further ECB interest rate cuts eased after the Bank kept its key interest rate at 2% and described economic risks as "balanced". The dollar also weakened after the release of inflation data that was mostly in line with forecasts, as well as a rise in the number of initial jobless claims in the U.S., which further strengthened expectations for a Fed rate cut next week. The EUR/USD exchange rate fluctuated on Friday.

EUR/GBP



The EUR/GBP exchange rate did not change much at the beginning of the week, but it had a downward trend in the rest of the week. The decline was triggered by the announcement that retail sales in the U.K. rose by 3.1% in August. Additionally, the drop in the exchange rate was influenced by the anticipation of the regular ECB meeting, as well as political events in France. The drop in the exchange rate was halted at the very end of the week. The British economy stagnated in July, while industrial output fell by 1.3%.

EUR/JPY



The EUR/JPY exchange rate fell slightly on Monday. The next day, the yen "erased" the decline that followed after the Prime Minister Ishiba said he would retire and Bloomberg reported that the Bank of Japan, despite the current political situation, is considering raising interest rates this year. The EUR/JPY exchange rate rose at the end of the week after weaker-than-expected U.S. consumer confidence data was released. The Bank of Japan plans to include wages data in its Tankan survey from 2027 to better align interest rate decisions with economic conditions. This expanded survey will address data gaps from smaller firms, focusing on annual wage changes, future plans and negotiations, supporting the Bank of Japan's 2% inflation target amid rising living costs and supply pressures. Former currency diplomat Toyo Gyoten urged the Bank of Japan to address inflationary risks from the yen's prolonged weakness caused by ultra-low interest rates, suggesting a gradual tightening of monetary policy to strengthen the yen, reduce dependence on exports and ease import costs.

Table 1 - Exchange rates of the most important currencies

	8-Sep-2025 ¹	12-Sep-2025 ²	% Change
EUR/USD	1.1717	1.1734	0.15
EUR/GBP	0.86739	0.86527	-0.24
EUR/JPY	172.74	173.27	0.31
EUR/AUD	1.78600	1.76464	-1.20
EUR/CHF	0.93530	0.93467	-0.07
USD/JPY	147.43	147.68	0.17
GBP/USD	1.3509	1.3556	0.35

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	4.50%	17-Sep-2025
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	19-Sep-2025
Bank of England (BoE)	Official Bank Rate	4.00%	18-Sep-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	3.60%	30-Sep-2025

The ECB did not change interest rates at this week's meeting. Comments from the ECB President Christine Lagarde signalled a pause in interest rate trend, reducing the likelihood of a cut until June 2026. The ECB slightly increased its inflation forecasts for 2025-2026, but projected inflation below the target of 1.9% in 2027.

Table 3 – ESTR and Euribor

	8-Sep-2025 ¹	12-Sep-2025. ²	Change in basis points
ESTR	1.9230	1.9250	0.2
Euribor 1W	1.906	1.909	0.3
Euribor 1M	1.880	1.879	-0.1
Euribor 3M	2.053	2.000	-5.3
Euribor 6M	2.100	2.108	0.8
Euribor 12M	2.178	2.167	-1.1

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic Indicators (8 - 12 September 2025)

Country	Indicator	Period	Expected value	Current value	Previous value
Germany	Consumer price index (CPI) Estimates changes in the cost of living by measuring changes in the prices of certain items for which the consumers allocate their money.	August MoM% YoY%	0.1% 2.2%	0.1% 2.2%	0.1% 2.2%
	Industrial Production It measures the output in mining and quarrying, manufacturing and utilities (electricity, gas and water supply).	July MoM% YoY%	1.0% -0.3%	1.3% 1.5%	-1.9% -3.6%
France	Consumer price index (CPI) Estimates changes in the cost of living by measuring changes in the prices of certain items for which the consumers allocate their money.	August MoM% YoY%	0.4% 0.9%	0.4% 0.9%	0.4% 0.9%
	Industrial Production It measures the output in mining and quarrying, manufacturing and utilities (electricity, gas and water supply).	July MoM% YoY%	-1.4% 0.7%	-1.1% 1.3%	3.8% 2.0%
USA	Consumer price index (CPI) Estimates changes in the cost of living by measuring changes in the prices of certain items for which the consumers allocate their money.	August MoM% YoY%	0.3% 2.9%	0.4% 2.9%	0.3% 2.7%
	Initial Jobless Claims It measures the number of people filing for unemployment benefits for the first time.	6 September K=1,000	235K	263K	237K
Japan	GDP SA Measures the final market value of all products and services produced within the country. GDP is the most commonly used indicator of economic activity.	Q2 QoQ%	0.3%	0.5%	0.3%
Great Britain	Industrial Production It measures the output in mining and quarrying, manufacturing and utilities (electricity, gas and water supply).	July MoM% YoY%	0.0% 1.1%	-0.9% 0.1%	0.7% 0.2%

EUROPEAN GOVERNMENT BONDS MARKET



The yield on the 10-year German government bond fluctuated between 2.63% and 2.69% during most of the week. The fluctuation of yields is caused by the anticipation of the ECB meeting and the volatile political situation in France, which is why this week the cost of borrowing in France exceeded the same ones in Italy. A significant increase in yields followed the ECB meeting, which is responsible for the increase in yields on a weekly basis. The ECB kept interest rates at their current levels. President Lagarde stated that the central bank now sees growth risks as more balanced, adding that the disinflation process for the euro area has ended, which has had the effect of weakening traders' expectations regarding further ECB interest rate cuts.

U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds fell slightly this week, from 4.09% to 4.07%, and fluctuated throughout the week. This yield had a downward trend on Monday, due to rising expectations of a Fed rate cut. The yield grew in the rest of the week, as the release of data on producer and consumer prices in the USA was approaching. Once the weaker-than-expected producer price data was released on Wednesday afternoon, this yield began to weaken. Strong demand at the 10-year U.S. government bonds auctions also contributed to its decline. However, inflation data released on Thursday caused yields to rise in this market. The data showed that August inflation rose more than expected on a monthly basis, which together with a sharp increase in the number of jobless claims for social benefits created mixed signals ahead of the upcoming Fed meeting.

GOLD



The price of gold rose from \$3,586.73 to \$3,643.14 per ounce in this reporting week. The price of gold rose on Monday, due to an unexpectedly weaker-than-expected employment report in the U.S., and several Asian central banks announced the continuation of gold purchases in order to diversify reserves. The price of gold rose in the rest of the week as revised payroll data, which does not include farm workers in the U.S., was released, which is in favour of the reduction of interest rates by the Fed. The price of gold fluctuated in the last two days of the week (an average of \$3,639.67 per ounce). Investors expected next week's Federal Reserve meeting to offer clues about how much the central bank will cut interest rates in the coming months. The price of gold has risen nearly 40% this year on central bank buying and speculation about interest rate cuts, as well as increased demand for gold amid heightened geopolitical tensions and concerns about the impact of President Donald Trump's tariff regime on the global economy.

OIL



The price of oil increased from \$66.34 to \$67.31 per barrel at the weekly level. This price fluctuated for the first two days of the week and averaged \$66.77 per barrel as traders assessed whether the Israeli attack on Qatar (the source of about a third of the world's oil reserves) could threaten oil flows from that region (Israel carried out attacks on the leadership of Hamas in Qatar). The oil prices trend was also influenced by the news that Poland activated its own and the NATO air defence to shoot down suspicious Russian drones that strayed into its airspace during the attack on western Ukraine. Oil prices fell at the end of the week after the International Energy Agency forecast an even bigger surplus next year, with the pessimistic outlook easing concerns over geopolitical tensions from the Middle East to Europe. On the last day of the week, the price growth was influenced by the news that Ukrainian drones had interrupted the functioning of the Russian port of Primorsk. In addition, Trump's statement that he is ready to introduce "significant" sanctions on Russian oil if other NATO countries do the same and stop buying it, had impact on oil prices development.

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