



## Weekly overview of short news

- The price of gold fell from \$4,081.21 to \$4,002.92 an ounce in this reporting week due to optimism regarding the trade agreement between the U.S. and China.
- The price of oil dropped from \$65.71 to \$64.80 per barrel in this reporting week.
- The ECB kept interest rates unchanged. Monetary policymakers gave no guidance on future steps, stressing that decisions will be made on a meeting-by-meeting basis, depending on incoming economic data. The ECB will continue the gradual reduction of its asset purchase programme, and the central bank has confirmed its determination to return inflation to 2% in mid-term, while retaining the flexibility to adjust instruments if necessary.
- The Fed President warned investors not to assume that the American central bank, after two consecutive reductions, will continue with the reduction in December. "A further reduction in the policy rate at the December meeting is not a foregone conclusion. Far from it." Powell said in opening remarks at a post-meeting news conference. The meeting attendees voted 10-2 to lower the target interest rate range by a quarter of a percentage point to **3.75%-4%**. The Fed said it will stop reducing its bonds portfolio starting 1 December, ending a process that began in 2022. Powell has made it clear that the primary concern is a slowing labour market, while others inside the Fed warn that persistent inflation will limit room for further easing, and the freeze on the release of official economic data due to the current government shutdown is only adding to the divisions.
- The Bank of Japan kept interest rates on hold but reiterated its promise to continue raising borrowing costs if the economy heads in line with projections, shifting investors' focus to the possibility of a rate increase as early as December.
- The Bank of Canada reduced the interest rate by 25bp, **from 2.50% to 2.25%**. This is the second consecutive reduction by this central bank.

## EUR/USD



The EUR/USD exchange rate depreciated in this reporting week. For most of the week, the exchange rate fluctuated within the interval from 1.1620 to 1.1670, as the dollar mainly showed signs of weakening due to weaker than forecast U.S. economic data released at the end of the previous week (inflation and consumer confidence) and in anticipation of the Federal Reserve meeting. Once the Fed, in line with expectations, cut the interest rate on Wednesday, and the president of this monetary institution contradicted predictions that there will be another cut in December - stating this cut is far from certain - the dollar started to rise, and the exchange rate fell. Despite the fact that the ECB left interest rates at their current levels at the meeting held a day later, which briefly recovered the exchange rate, its downward trend was maintained until the end of the week. The dollar was also supported by the comments of the Dallas Fed President that she does not support this week's decision, arguing that the risk of a slowdown in the labour market does not justify deviation from the task of containing inflation.

## EUR/GBP



The EUR/GBP exchange rate appreciated in this reporting week. The exchange rate was stable on Monday, only to rise on speculation that the U.K.'s Office for Budget Responsibility (OBR) may cut productivity projections more than expected, potentially leading to a widening of the fiscal deficit. The exchange rate also rose due to growing expectations regarding the reduction of the interest rate by the Bank of England by the end of the year. Markets estimate a 70% chance that the Bank of England will cut interest rates in November or December. The EUR/GBP exchange rate had an upward trend in the first half of the day on Thursday, due to the strengthening of the euro, as the decision of the ECB contrasts with the economic challenges faced by Great Britain. This exchange rate fell in the second part of the day, so it remained almost the same at the daily level. The euro was weaker against sterling on Friday. The pound fell against the dollar ahead of the BoE's decision on monetary policy (no change in interest rates is expected in November), due to growing political pressure around the British Chancellor of the Exchequer, Rachel Reeves, as well as investor concerns about what her November budget could mean for businesses, households and overall economic activity.

## EUR/JPY



The EUR/JPY exchange rate fluctuated during this reporting week, but at the end of the week it was at the approximate level from its beginning. The price was stable on Monday, only to have a downward trend for the next two days. The main reason for this decline was the strengthening of the yen after the meeting between the U.S. President and the Prime Minister of Japan, which resulted in the signing of a framework agreement on securing the supply of key minerals. The yen also strengthened due to expectations that the Bank of Japan will increase the interest rate again this year. However, after the Bank of Japan kept interest rates at their current level at Thursday's meeting and the Bank of Japan's Governor said the BoJ did not risk lagging behind market developments, which was interpreted as a "dovish" statement, the yen weakened, causing the exchange rate to rise sharply. However, data on inflation in Tokyo and industrial production in Japan, both above expectations, provided support for the Japanese currency and the exchange rate fell on Friday.

**Table 1 - Exchange rates of the most important currencies**

	27-Oct-2025 <sup>1</sup>	31-Oct-2025 <sup>2</sup>	% Change
EUR/USD	1.1627	1.1537	-0.77
EUR/GBP	0.87359	0.87722	0.42
EUR/JPY	177.77	177.67	-0.06
EUR/AUD	1.78604	1.7630	-1.29
EUR/CHF	0.92512	0.92830	0.34
USD/JPY	152.86	153.99	0.74
GBP/USD	1.3311	1.3152	-1.19

**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%	18-Dec-2025
Federal Reserves (Fed)	Federal Funds Target Rate	4.00 ↓	10-Dec-2025
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	19-Dec-2025
Bank of England (BoE)	Official Bank Rate	4.00%	6-Nov-2025
Swiss National Bank (SNB)	Libor Target Rate	0.00%	11-Dec-2025
Bank of Canada (BoC)	Target Overnight Rate	2.25% ↓	10-Dec-2025
Reserve Bank of Australia (RBA)	Cash Rate Target	3.60%	4-Nov-2025

**Table 3 – ESTR and Euribor**

	27-Oct-2025 <sup>1</sup>	31-Oct-2025 <sup>2</sup>	Change in basis points
ESTR	1.9280	1.9210	-0.70
Euribor 1W	1.903	1.921	1.80
Euribor 1M	1.857	1.917	6.00
Euribor 3M	2.072	2.040	-3.20
Euribor 6M	2.104	2.138	3.40
Euribor 12M	2.159	2.196	3.70

<sup>1</sup> Opening market value on Monday

<sup>2</sup> Closing market value on Friday

**Table 4 - Economic indicators (27 - 31 October 2025)**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<b>Economic Confidence</b> 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.	October	96.0	96.8	95.6
	<b>Unemployment Rate</b> The percentage of individuals on the labour market and unemployed, but actively looking for a job. In general, higher unemployment rate weakens the economy and results in lower personal spending.	September	6.3%	6.3%	6.3%
	<b>Consumer price index - core inflation (CPI Core)</b> Core inflation represents the long-term trend of price levels. In measuring long-term inflation, transient price changes should be excluded, and the only way is to exclude items subject to frequent price changes, such as food and energy.	October P YoY%	2.3%	2.4%	2.4%
	<b>Consumer price index (CPI)</b> This indicator estimates the changes in the cost of living, by measuring changes in the price level of the basket of consumer goods and services purchased by an average household. Therefore, it is a key measure of euro area inflation.	October P MoM%	0.2%	0.2%	0.1%
Germany	<b>Consumer price index (CPI)</b> 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.	October P MoM% YoY%	0.2% 2.2%	0.3% 2.3%	0.2% 2.4%
	<b>GfK Consumer Confident</b> This index measures the level of households' confidence in terms of economic performance.	November	-22.0	-24.1	-22.5
	<b>IFO Business climate</b> It refers to a survey of German companies on the current conditions (state) of business in Germany, and their expectations for the next six months.	October	88.0	88.4	87.7
Japan	<b>Tokyo CPI YoY</b> Consumer prices (CPI) are a measure of the prices, consumers pay for a consumer basket of goods and services. The annual (monthly) growth rate represents the inflation rate.	October YoY%	2.4%	2.8%	2.5%
	<b>Retail Sales</b> This indicator measures changes in retail sales in Japan.	September MoM% YoY%	0.8% 0.7%	0.3% 0.5%	-0.9% -0.9%
USA	<b>Pending home sales</b> This index monitors the sales of real estate where contracts have been signed, but the sale and/or the transaction is not yet complete. It is the leading indicator of future existing real estate sales and assesses conditions in the US real estate market. Due to the real estate market's sensitivity to business cycles' changes, it can be an important indicator of overall conditions when this market is crucial to the economy.	September MoM%	1.2%	0.0%	4.2%

Abbreviations: **P**-preliminary data, **F**-final data, **T**-third and final estimate, **k**=thousand, **b**=billion



## EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds fell by 1bp in this reporting week, from 2.64% to 2.63%. During the first day, the yield recorded a slight decline, but it was stable in the following two days. A larger change in yield trend occurred on Thursday morning when yields rose after the expected Fed decision on interest rates. The ECB meeting was also held on the same day, but as that central bank did not change the existing level of interest rates, and as it did not give guidelines on future decisions, the yield did not change significantly during the rest of the day. The yield had a downward trend on the last day of the week as inflation in the euro area has slowed down slightly.

## U.S. GOVERNMENT BONDS MARKET



The yield on the 10-year U.S. government bonds rose from 4.02% to 4.07% this week. The yield fell slightly on the first day of the week, remaining stable during the next two days, until the end of the regular Fed meeting. Namely, after the Fed meeting, the yield rose as the Fed made a decision that was in line with the expectations of market participants and as the Fed President warned investors not to assume that the American central bank, after two consecutive reductions, will continue with the reduction in December. The yield was stable during the last two days of the week and fluctuating around the level of 4.08%.

## GOLD



The price of gold fell from \$4,081.21 to \$4,002.92 per ounce in this reporting week. The price was declining in early week as optimism regarding trade agreements between the U.S. and China and the visit of the U.S. to Japan caused a reduction in uncertainty and geopolitical tensions, and thus the attractiveness of gold as a safe investment. In anticipation of the meeting of the Federal Reserve and after the decision to reduce the interest rate, the price of gold recovered. However, the Fed President's statement weakened expectations regarding a December rate cut, which soon weakened the price of this precious metal. The price recovered on Thursday as markets remained cautious as the agreement between the U.S. and China did not remove all doubts about the possibility of reaching a broader trade deal. The price of gold showed signs of weakening on the last day of the week as a result of strengthening of the dollar.

## OIL



The price of oil decreased from \$65.71 to \$64.80 per barrel in this reporting week. It weakened for the first two days of the week, as the existing surplus of oil on the global market limited the impact of previously introduced U.S. sanctions against Russian energy companies. The price drop was also caused by reports that OPEC+ will consider another increase in production at the upcoming meeting (2 November). The price fluctuated in the rest of the week, but generally recovered slightly. According to the official U.S. Government data, oil stocks fell by 6.9 million barrels in the week preceding this reporting period, which affected the price growth, while the limiting factor of this trend was the meeting between the presidents of the U.S. and China, reaching a progress on most disputed points of the agreement.

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