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Weekly Market Report For 15 – 19 September 2025

Overview

- Fed lowered its benchmark rates by 0.25% to 4.00%-4.25%, set stage for global shares gained.
- BOJ kept rate unchanged at 0.50% as expected.
- BOE maintained policy rate at 4.00% as expected.
- Xi Jinping and Trump meeting made progress on several key issues.
- Thai government bond yield rose after a period of consistent decline.

Market Brief

Global shares rose last week. S&P 500 +1.6%, and Nasdaq and Russell 2000 +2% after the Fed voted 11 to 1 to lower its benchmark rates by 0.25% to a range of 4.00%-4.25% as expected. Officials now guide for two more rate cuts in this year, one cut in 2026 and one cut in 2027.

Federal Reserve Chair Jerome Powell confirmed that the September rate cut was driven by signs of a softening labor market. Powell acknowledged that tariffs have contributed to inflation, particularly in goods prices. However, he noted that the Fed is prioritizing labor market stability over inflation concerns in the current environment. He reiterated that monetary policy decisions will remain data-dependent, guided by incoming information on employment and inflation.

US economic projections

- **GDP** was upgraded from 1.4% to 1.6%, and growth in 2026 was revised from 1.6% to 1.8%.
- **Core PCE** was left at 3.1% for 2025 but was revised up for 2026 from 2.4% to 2.6%, while projection for 2027 was left at 2.1%.
- The unemployment rate continues to be expected at 4.5% for 2025 but was revised lower to 4.4% from 4.5% for 2026.

Bank of Japan (BOJ) meeting

- The BOJ kept its benchmark short-term rate at 0.50%. This decision was widely expected, but it came with a tone that was more hawkish than markets had anticipated, which led to a strengthening of the Japanese yen, and in turn pressured Japanese equities
- The BoJ said it would begin selling its holdings of exchange-traded funds at about JPY330 billion annually and real estate investment trusts at roughly JPY5 billion. These sales will be conducted gradually, with timing spread out to minimize market disruption. Analysts expect that this move could put short-term pressure on Japanese equities.
- The BOJ governor Kazuo Ueda said the central bank needs to assess the extent of downside risks from US tariffs before deciding on future rate hikes. Investors now see a lower probability of a rate hike in October.
- Goldman Sachs expects the BOJ to keep interest rates unchanged in the near term, with the next rate hike could occur in January 2026, contingent on clearer signals from domestic wage growth from Shunto wage negotiations and the impact of US tariffs.

Bank of England (BOE) meeting

- The BOE voted 7–2 to keep Bank Rate unchanged at 4%, with two members favoring a 25% cut.
- The policymakers also voted to slow quantitative tightening and stressed a gradual, data-driven approach, with no pre-set path for rate cuts, keeping flexibility to respond to future developments.
- Goldman Sachs said it is unlikely that the BOE will cut rate in its November meeting as inflation remains at high level of 3.8% in August, the highest since early 2024. However, the BOE may announce a rate cut in December if inflation eases.

China

- China tech stocks rallied last week, driven by investor optimism surrounding increased AI investment from the country's top tech giants.
- According to Bloomberg Research, capital expenditure by major Chinese big tech companies such as Alibaba, Tencent, Baidu, and JD.com is expected to more than double from USD13 billion in 2023 to USD32 billion in 2025.
- Retail sales, industrial production and fixed asset investment) fell short of market expectations and the property sector remains weak. Market expected Beijing to step up target stimulus to meet its GDP target.

China-US

- The meeting between Xi Jinping and Trump made progress on several key issues e.g. trade, Russia-Ukraine war and TikTok deal. Trump says he will meet with Xi on the sidelines of APEC Summit in South Korea next month and will visit China soon.
- China's State Administration for Market Regulation (SAMR) ruled that NVIDIA violated antitrust laws related to its 2020 acquisition of Mellanox Technologies and pressuring domestic tech firms to halt chip testing. This directive is seen as part of China's broader push to reduce reliance on foreign semiconductors and promote domestic alternatives. Analysts view this move as a strategic effort by Beijing to gain leverage in ongoing trade negotiations with the US.

Thai fixed income

- Thai government bond yield rose temporarily, bolstered by profit-taking after a period of consistent decline. Later, yield declined again.
- The current Thai policy interest rate stands at 1.5%. Analysts expect 2–3 more rate cuts in 2026, potentially bringing the rate down to 0.75%, as the economy remains weak and inflation is below target. The outlook supports medium- to long-term bond investments, as yields are likely to continue declining.

Should you have any queries, please contact Krungsri Asset Management Company Limited or selling agents or mutual fund sales representatives.

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