

Weekly Market Report For 8 – 12 September 2025


Overview



- ✿ Stock markets trade higher on Fed rate cut optimism.
- ✿ US economic and jobs data seal Fed rate cut.
- ✿ New France prime minister appointed, Japan will elect a new leader.
- ✿ Fitch downgrades France credit ratings.
- ✿ ECB held rates steady as expected, upgraded GDP growth projections.

Market Brief



 Last week, stocks notched higher as investors bet on a Fed interest rate cut to boost economy and job markets. S&P 500 +1.6% and Nasdaq +2%. SET Index +2.3% as investors are optimistic about the new cabinet and its stimulus measures.

US economic and jobs data

- o US Bureau of Labor Statistics' revision showed a significant reduction in job creation, with 911,000 fewer jobs added in the 12 months leading up to March 2025 than previously reported. The revision estimate is equivalent to 76,000 fewer jobs per month.
- o Initial Jobless Claims surged to the highest level in nearly 4 years of 263,000, and well above the market consensus of 235,000.
- o PPI for August -0.1% MoM vs. +0.3% forecast (July +0.9%). CPI for August +0.4% MoM vs. +0.3% expected. CPI +2.9% YoY, in line with expectations.
- o Recent economic data and a weaker than expected jobs report bolsters the case for the Federal Reserve to cut interest rate at its September 16-17 meeting. US Treasury yields fell along with the dollar, while gold surged.
- o The Fed's dot plot— a snapshot of policymakers' projections for the path of interest rates, along with Chair Jerome Powell's subsequent press conference, will be the key economic event of the week.

Europe

- o The European Central Bank (ECB) kept its key interest rates unchanged for a second consecutive meeting as expected.
- o The ECB president Christine Lagarde said the risks to economic growth in the euro area have become more balanced. The economy is projected to grow by 1.2% in 2025, revised up from the 0.9% expected in June.
- o New staff projections see headline inflation averaging 2.1% in 2025, easing to 1.7% in 2026 before rising slightly to 1.9% in 2027.
- o The ECB will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. Economists expected the ECB is done now and there is no pressure to ease at this point, except the region's economy slowdown sharply or inflation stays much lower than the central bank target.

French politics

- o Prime minister François Bayrou resigned after losing a confidence vote. There was little reaction from financial markets as voting results came out as expected.
- o President Emmanuel Macron appointed Sébastien Lecornu as new prime minister
- o Fitch downgrades France's rating from "AA-" to "A+" with stable outlook, citing massive public debt and deficit and weak fiscal record.
- o France's new prime minister begins talks with party leaders to develop a financially sound budget that addresses the deficit while maintaining fiscal sovereignty.

Japan

- o Prime Minister Shigeru Ishiba resigned.
- o The Liberal Democratic Party (LDP) will vote for its new leader on October 4, with the winner almost certain to become prime minister.
- o As LDP has lost majority in both houses of parliament, it needs help from opposition parties to pass bills and budgets.

Factors to watch

- o Fed independence: A US appeals court ruled that President Donald Trump cannot remove Lora Cook from the Federal Reserve's Board of Governor as the Federal Reserve Act specifies that presidents can only fire Fed governors "for cause".
- o The U.S. Supreme Court has agreed to decide the legality of Donald Trump's sweeping global tariffs after the US Court of Appeals ruled that Trump overreached in invoking a 1977 law known as the International Emergency Economic Powers Act, or IEEPA, to impose the tariffs. The court placed the case on a fast track, scheduling oral arguments for the first week of November.

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