

**SPX closes at record highs as tech leads gains**

- **SNAPSHOT:** Equities mixed, Treasuries down, Crude down, Dollar up
- **REAR VIEW:** Trump and Xi speak describe phone call as positive, Trump to visit China early next year; Fed Miran explains 50bps dissent, argues no material inflation from tariffs; Fed's Kashkari sees two more 25bps cuts this year; BoJ holds rates as expected, two members opt for a hike; BoJ unexpectedly announces its to begin selling ETF & J-REIT holdings; Larger-than-expected UK PSNB weighs on GBP; EU announces 19th sanctions package on Russia; US Senate rejects Republican stopgap bill; Russia violates Estonian airspace.
- **COMING UP: Data:** EZ Consumer Confidence Flash (Sep), Canadian Producer Prices (Aug). **Events:** PBoC LPR. **Speakers:** RBA's Bullock; BoE's Pill, Bailey; Fed's Williams, Musalem, Barkin, Hammack; BoC's Kozicki. **Supply:** EU.
- **WEEK AHEAD:** Highlights include US PCE, SNB, Flash PMIs, Aussie and Tokyo CPI. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** 15th September 2025 - Previewing SNB, PBoC LPR/MLF, Riksbank, Banxico; Reviewing FOMC, BoE, BoJ, BoC, Norges, BCB. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Earnings continue to be light with MU headlining. [Click here for the full report.](#)

**MARKET WRAP**

Stocks were bid on Friday with SPX hitting fresh record highs while the majority of sectors were green. Upside was led in Tech with the heavy cap stocks outperforming, leading to NDX outperformance, while the Russell pared from its prior day rally. Several Fed speakers spoke today. Dissenting Governor Miran confirmed he was the bottom dot in the 2025 dot plot; he does not think 50bps would spook markets, and he is going to try to persuade others on the FOMC to share his dovish views. Kashkari pencilled in two more rate cuts this year, while Daly acknowledged labour market softness. T-notes sold off, adding to the losses this week, with T-notes now a whole point lower from the post-FOMC statement peak. On trade, US President Trump and Chinese President Xi spoke today. China said talks were positive and constructive, and Trump said progress was made on fentanyl, adding he will visit China early next year, and Xi would visit the US at an appropriate time. Meanwhile, the EU announced the 19th sanctions package on Russia (as expected), banning imports of Russian LNG into European markets and sanctioning 118 additional vessels from the shadow fleet. Rosneft and Gazpromneft are also on a full transaction ban. Russia also flew over Estonian airspace, and Estonia is calling on NATO to invoke Article 4. Oil prices were little phased and settled lower. In FX, DXY was strong but CAD and JPY outperformed, with JPY buoyed against other currencies after a hawkish BoJ (unchanged as expected, two voted for a hike, announced sale of J-REIT and ETF holdings, Ueda also signalled that they do not have to wait for the impact of US tariffs to hike). However, the broad USD strength saw USD/JPY flat. Gold prices also continued to push to fresh record highs, while silver also rallied. GBP lagged after larger-than-expected borrowing figures resulted in Chancellor Reeves facing further pressure ahead of the Autumn budget in November. Note, Bloomberg reported that Oracle (ORCL) is in talks with Meta (META) on a USD 20bin AI cloud computing deal. FedEx (FDX) was bid after strong earnings, while Trump is to sign an EO that would charge companies a USD 100,000 fee for H-1B visas, hitting Infosys (INFY), Accenture (ACN) and Cognizant (CTSH).

**US**

**FED MIRAN** (Dissenter), when asked why he dissented, said in his own view, he does not see material inflation from tariffs. On the dot plots, Miran confirmed he was the bottom dot in 2025, which he pencilled in at a rate of 2.75-3.00%. For the meeting on Wednesday, Miran said he was the only support for a 50bps at the meeting, and hopes to persuade others on the Fed to support aggressive rate cuts, and will attempt to do that over the coming weeks and months. Further on policy, the new Governor noted that being so far above neutral means policy is very restrictive, and the longer the Fed stays restrictive, the greater the risks to the job market; his 2026 Dot Plot is not so far from others, does not think a 50bps cut would worry markets, and stated it is a measured pace. Regarding inflation, the dissenter noted he is clearly in the minority in not being concerned about inflation from tariffs, and he added that the removal of migrants will have a disinflationary impact. As expected, Miran was asked about Fed independence and said it is silly to say he is doing the bidding of the White House, and he would resign immediately if he were asked by US President Trump to stay beyond January. While we have yet to get a text release from Miran on why he dissented in favour of a 50bps, as is the Fed norm and usually on the first Friday post-rate decision, Miran said he will give a full, detailed review of his views on Monday.

**FED KASHKARI** (2026 voter) supported the 25bps rate cut this week, and noted the risk of a sharp increase in unemployment warrants some Fed action. On data, Kashkari said it is hard to see inflation climbing much higher than 3% from tariffs, and if the labour market proves resilient or inflation rises, it should pause and hold policy rate, but can always cut rates more quickly if the labour market weakens more than expected. Ahead, the Minneapolis Fed President sees two more quarter-point rate cuts this year as appropriate, and adds the neutral rate has likely risen to 3.1% (Fed median projection is 3.0%).

**BULLARD:** Fed Chair Candidate Bullard said that 75bps of cuts by year-end would be significant, noting the Fed decision was good and it looks like a sequence of three cuts to year-end. He believes the Fed is in a pretty good position at the moment, and said he does not think he would have voted for a 50bps rate cut at the September confab. Bullard estimates the neutral rate at 3.25% (above the Fed's median view of 3.0%). He added that inflation remains above target, but he would not abandon the Fed's inflation goal. On the Fed framework, he suggested that the dot plot has its problems, and thinks the Fed can do better than it has on the dot plot. Regarding the balance sheet, Bullard said current policy is appropriate, while on the balance sheet said Mortgage Backed Securities will take a long time to go off the balance sheet, noting how the Fed added too much MBS to the balance sheet from COVID.

## FIXED INCOME

### T-NOTES FUTURES (Z5) SETTLED 7+ TICKS LOWER AT 112-24

**T-notes extend post-FOMC and strong data downside while BoJ leans hawkish overnight.** At settlement, 2-year +0.8bps at 3.576%, 3-year +1.0bps at 3.559%, 5-year +1.7bps at 3.680%, 7-year +2.4bps at 3.877%, 10-year +2.5bps at 4.129%, 20-year +2.6bps at 4.711%, 30-year +2.6bps at 4.746%.

**INFLATION BREAKEVENS:** 1-year BEI -4.7bps at 3.237%, 3-year BEI -1.8bps at 2.718%, 5-year BEI -1.1bps at 2.467%, 10-year BEI -0.1bps at 2.372%, 30-year BEI +0.2bps at 2.275%.

**THE DAY:** T-notes were lower on Friday and settling a whole point lower from the peak seen in the initial post-FOMC spike as participants digested Fed Chair Powell's hawkish press conference and the strong economic data seen on Thursday.

T-notes extended lower overnight and in the European morning, tracking JGBs on a hawkish leaning, Ueda, who suggested that Japan does not have to wait for the trade impact from tariffs before acting, keeping rate hikes on the table. Note, the BoJ saw two hawkish dissents, and it announced it will begin selling its ETF and J-REIT Holdings at a pace of JPY 330bln per year and JPY 5bln per year, respectively.

T-notes hit lows of 112-22 in the US morning before chopping into settlement. There was little data to digest today, but we did hear from a few Fed speakers. Dissenting Governor Miran confirmed he was the bottom dot in the 2025 dot plot (sees rates between 2.75-3.00%, a further 125bps from the current rates, implying he would like to see a 50 and a 75bps rate cut in October and December). Miran also suggested he does not think a 50bps cut would worry markets. He also said he is going to try to persuade others on the Fed to share his views on lower rates. Kashkari, meanwhile, took a neutral tone, noting he pencilled in two more rate cuts for 2025, noting it is hard to see inflation climbing much higher than 3% from tariffs, but if the labour market proves resilient, or inflation rises, the Fed should pause and hold the policy rate. Daly acknowledged weakness in the labour market.

Attention next week turns to the US PCE report and Treasury supply. Note, on government funding, the House passed a stopgap bill, but it failed in the Senate as it lacked the 60 votes needed, and Politico suggests the next vote won't be until September 29th, less than 48 hours before the September 30th government funding deadline.

### SUPPLY

#### T-Notes/Bonds

- US Treasury to sell USD 69bln of 2yr notes on 23rd September, USD 70bln of 5yr notes on 24th September and USD 44bln of 7yr notes on 25th September; all to settle September 30th (as expected).
- US to sell USD 28bln of 2yr FRNs on September 24th; to settle Sept 26th.

#### Bills

- US to sell USD 82bln of 13-week bills and USD 73bln in 26-week bills on September 22nd, to sell USD 85bln in 6-week bills on September 23rd, all to settle September 25th (sizes unchanged)

### STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Oct 23bps (prev. 23.5bps), Dec 44bps (prev. 44bps), January 56.5bps (prev. 57.5bps).**
- NY Fed RRP op demand at USD 11bln (prev. 14bln) across 13 counterparties (prev. 13).
- EFFR at 4.08% (prev. 4.33%), volumes at USD 92bln (prev. 96bln) on September 17th.
- SOFR at 4.14% (prev. 4.38%), volumes at USD 2.894tln (prev. 2.853tln) on September 17th

## CRUDE

### WTI (X5) SETTLED USD 0.89 LOWER AT 62.68/BBL; BRENT (X5) SETTLED USD 0.76 LOWER AT USD 66.68/BBL

**The crude complex finished the last trading session of the week in the red, as the downside from Trump's remarks continued, as well the firmer Dollar.** On the EU/Russia footing, EU proposed 19th package of Russian sanctions, as expected, while benchmarks saw choppy trade as the EU proposed banning Russian LNG a year earlier - now from Jan 2027, and the EU expands sanctions on Russia's shadow fleet. Further on the geopolitical footing, European and NATO officials said Estonian airspace was violated by Russian Military jets on Friday, which of course, follows Russian drones entering Polish airspace last week. Despite the aforementioned newsflow, there was little oil moves on it, in what was a relatively quiet headline news day which saw WTI trade between USD 62.60-63.65/bbl and Brent 66.44-67.57/bbl. For the record, the weekly Baker Hughes rig count: Oil +2 at 418, Natgas unch at 118, Total +3 at 542.

## EQUITIES

**CLOSES:** SPX +0.49% at 6,664, NDX +0.70% at 24,626, DJI +0.37% at 46,315, RUT -0.77% at 2,449

**SECTORS:** Energy -1.28%, Real Estate -0.47%, Consumer Staples -0.25%, Health -0.15%, Industrials +0.21%, Financials +0.22%, Materials +0.22%, Consumer Discretionary +0.34%, Communication Services +0.51%, Utilities +0.65%, Technology +1.19%.

**EUROPEAN CLOSES:** Euro Stoxx 50 +0.05% at 5,460, Dax 40 -0.12% at 23,645, FTSE 100 -0.12% at 9,217, CAC 40 -0.01% at 7,854, FTSE MIB +0.01% at 42,312, IBEX 35 +0.92% at 15,314, PSI -0.29% at 7,704, SMI +0.60% at 12,121, AEX -0.36% at 930.

### STOCK SPECIFICS:

- **FedEx (FDX)**: Adj. EPS and revenue topped expectations; FY adj. EPS guidance was in line, and FY revenue growth surpassed forecasts.
- **Lennar (LEN)**: Profit and revenue missed; guidance on deliveries disappointed; expects Q4 2025 profit to range between USD 2.10-2.30/shr (exp. 2.71)
- **Tesla (TSLA)** upgraded to 'Outperform' from 'Neutral' at Baird.
- **Intel (INTC)** downgraded to 'Sell' from 'Neutral' at Citi.
- **BILL Holdings (BILL)** upgraded at Truist to 'Buy' from 'Hold'.
- **Fiverr International (FVRR)** upgraded at BTIG to 'Buy' from 'Neutral'.
- **Samsung (SSNLF)** clears **NVIDIA (NVDA)** hurdle for 12-layer HBM3E supply, setting stage for HBM4 battle.
- Aquarian reportedly discussing a USD 65-70/shr bid for **Brighthouse (BHF)**, according to Bloomberg.
- **Boeing (BA)** Defense Striking Machinists approved a four-year contract unilaterally proposed by the union; Defense Leadership has said they will not accept the proposed offer. IAM Union said it unilaterally proposed a contract because Boeing Defense would not resume talks.
- **Volkswagen (VWAGY)** will recognise a non-cash impairment charge of around EUR 3bln on goodwill allocated to the Porsche Business segment; Now expects operating return on sales in the range of 2-3% (prev. 4-5%, exp. 4.78%) in 2025.
- US President Trump will host Turkish President Erdogan on Sept. 25th at the White House; working on many trade and military deals, including a large-scale purchase of **Boeing (BA)** aircraft, a major F-16 deal (LMT), and a continuation of F-35 talks (LMT).
- **Apple (AAPL)** rushes to boost production of cheaper iPhone 17, The Information reports. Apple increases iPhone 17 standard model production by 30-40%; Consumers favour the USD 799 iPhone 17 over pricier Pro models.
- US President Trump is reportedly considering a website to help shop for cheaper drugs, via Bloomberg.
- **Oracle (ORCL)** in talks with **Meta (META)** on USD 20bln AI cloud computing deal, Bloomberg reports.
- US President Trump to add new USD 100k fee for H-1B visas in the latest crackdown, Bloomberg reports. Accenture (ACN), Cognizant (CTSH) and Infosys (INFY) saw weakness following the headline.

## FX

**The Dollar Index** finished the week flat with strength post-FOMC offsetting earlier weakness in the week. The Dollar again tracked the move in US yields higher, a continuation of trade seen on Thursday in response to the larger-than-expected drop in initial and continued claims. US data was absent on Friday, leaving the attention on the Trump and Xi phone call and Fed officials. Both Chinese President Xi and US President Trump spoke well of the interaction, calling it productive, with Trump expecting to visit China early next year. Details on the trade subject were light, but the increased dialogue between both leaders will be welcomed across markets. At the Fed, Governor Miran explained his 50bps dissent at the Wednesday meeting (Fed cut by 25bps), stating he doesn't see any material inflation from tariffs. 2026 voter, Kashkari, spoke in a neutral tone, anticipating two 25bps rate cuts, and sees the neutral rate at 3.1%, marginally above the Fed median of 3.0%. DXY now sits ~97.66 from earlier lows of 97.27.

**USD/JPY** was little changed after a hawkish split BoJ decision. The central bank kept rates unchanged, as widely expected, though two members, Takata and Tamura, advocated for a 25bps hike. Takata argued the price stability target had more or less been achieved, while Tamura believes they should move rates a little closer to the neutral rate, given risks to prices becoming more skewed to the upside. Additionally, the BoJ unexpectedly announced its plan to begin selling its ETF and J-REIT holdings at a pace of JPY 330bln per year and JPY 5bln per year, respectively. Oxford Economics thinks the impact from the holdings announcement on financial markets "will likely be limited because the BoJ is opting to play it safe in terms of the process and the scale". Nonetheless, the Nikkei 225 came under pressure following the announcement, while the Yen strengthened, putting USD/JPY at lows of 147.21 before paring later amid broad USD strength. Governor Ueda noted in the press conference that the decision on the timing of the next rate hike would depend on the risk of the US tariff impact materialising and the course of food inflation. Separately, the Japanese national CPI was largely in line with expectations; headline Y/Y was slightly cooler than expected.

**G10FX** price action was skewed to the downside. CAD was the relative outperformer, gaining modestly, despite Retail Sales Ex-autos falling more than expected in July, albeit the prior print was revised up (headline M/M fell 0.8% as expected). On the trade front, Canada PM Carney spoke with Mexico President Sheinbaum, with both countries aiming to strengthen the USMCA FTA. Additionally, Canada announced the restart of dialogue with Indian across various sectors. USD/CAD sits around its 50 DMA (1.3775), with participants also eyeing the 100 DMA (1.3760).

**GBP** underperformed vs USD following larger-than-expected borrowing figures. UK PSNB Ex Banks rose to GBP 17.962bln in August, considerably larger than the expected GBP 12.75bln (prev. 1.054bln, rev. 2.818bln). Cable immediately fell on the figures with EUR/GBP seeing a bid as UK Chancellor Reeves faces added pressure ahead of her Autumn budget in November. On a fiscal YTD basis, borrowing stands at GBP 83.4bln vs the OBR forecast of GBP 72.4bln). On Cable, Rabo bank "sees risk of short-covering pressure, offering the USD some support on a 1-to-3-month view, this suggests scope for dips to the GBP/USD 1.33 area".

## REVIEW

**BOJ REVIEW:** BoJ kept rates unchanged at 0.50%, as widely expected, with the decision made by a 7-2 vote in which Board members Takata and Tamura dissented as they proposed a 25bps rate hike. Nonetheless, the central bank surprised markets with the announcement to begin selling its ETF and J-REIT Holdings at a pace of JPY 330bln per year and JPY 5bln per year, respectively, with the decision on ETF and J-REIT sales made by unanimous vote, while it stated the pace of sales may be modified at future monetary policy meetings after the start of ETF and J-REIT disposals, based on fundamental principles and experience from sales conducted. BoJ also stated that Japan's economy is recovering moderately, although some weakness has been seen, and noted that private consumption has been resilient and inflation expectations have risen moderately, but exports and output remain more or less flat as a trend. Furthermore, it stated that Japan's economic growth is likely to slow due to the impact of trade policies on global growth, but re-accelerate, and Japan's underlying inflation to stagnate due to a slowdown in economic growth, but gradually accelerate thereafter. At the post-meeting press conference, BoJ Governor said Japan's economy is recovering

moderately, though some weakness remains. Ueda said that downside risks persist, but said policy rates will be raised further if the economy and prices evolve in line with forecasts. He added that the decision on the timing of the next rate hike would depend on the risk of the US tariff impact materialising and the course of food inflation. However, Ueda also suggested that it is not necessarily the case that the BoJ needs to wait to see the full impact of US tariffs on inflation to make a decision on data. In terms of a market reaction, USD/JPY initially weakened as Ueda began speaking, then recovered before sliding again on his comments that Japan is withstanding tariff impacts. The pair briefly tested near 148.00 mid-presser before easing. JPY thereafter saw strength after Ueda said the BoJ does not need to wait for the full impact of US tariffs. Post-presser OIS pricing was little changed: Oct +11.07bps (prev. +11.49bps), Dec +17.35bps (prev. +17.58bps), Jan +22.86bps (prev. +22.58bps), and Mar +28.34bps (prev. +28.52bps).

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