

### NVDA-OpenAI deal leads stocks higher ahead of Powell

- **SNAPSHOT:** Equities up, Treasuries flat, Crude flat, Dollar down
- **REAR VIEW:** Fed's Bostic sees no further cuts due to inflation concerns; Fed's Musalem sees limited room for further easing; Fed's Hammack on the high end of forecasts for neutral; Fed's Miran issues detailed picture on his dissent last week; Trump to give a major speech tomorrow; PBoC holds 1- & 5-yr LPRs as expected; EZ Consumer Confidence surprises on the upside; NVDA to invest up to USD 100bln in OpenAI.
- **COMING UP:** **Data:** Australia/EZ/UK/US Flash PMIs (Sep), US Richmond Fed Index. **Events:** Riksbank Announcement; NBH Policy Announcement. **Speakers:** BoE's Pill; Fed's Powell, Bostic, Bowman; ECB's Cipollone; BoC's Macklem. **Supply:** Australia, Netherlands, UK, Germany, US. **Earnings:** Micron, Kingfisher.
- **WEEK AHEAD:** Highlights include US PCE, SNB, Flash PMIs, Aussie and Tokyo CPI. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** 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

US stocks closed higher on Monday, owing a large part of the gains to a strategic partnership announced between NVIDIA and OpenAI. The deal is to see NVDA invest up to USD 100bln in OpenAI, deploying 10GW of AI centres, first to deploy in 2026. NVDA (+3.9%) saw upside on the news alongside a boost to the semiconductors and the tech sector, as well as equity indices. Meanwhile, Communications was the clear laggard amid lacklustre trade in Alphabet (GOOGL, -0.9%) and Meta (META, -1.7%). Macro updates were largely contained to central bank speakers. At the Fed, caution was argued from Musalem (2025 voter) and Bostic (2027 voter), the latter citing concerns over inflation. Meanwhile, Hammack (2026 voter) revealed herself as being in the upper end of estimates for neutral. Governor Miran further explained his dissent, reiterating his softer outlook on inflation amid immigration and fiscal policies. In FX, the DXY traded lower due to strength in the GBP and EUR. Despite the numerous Fed speakers on the calendar, moves in the FX and Treasuries were muted in the wake of the remarks. T-Notes settled marginally lower ahead of the 2-year supply on Tuesday and S&P Global's Flash PMI (Sept). Fed Chair Powell will be the key event on Tuesday, where he's to speak on the economic outlook; Bowman (voter, dove) and Bostic (2027 voter, Hawk) will speak. Separately, crude prices were little changed following light newsflow. Energy developments included reports that Iraq is to sign a deal with oil firms to resume Kurdish exports, likely bringing back 230k BPD to international markets. Elsewhere, gold prices benefitted from the softer dollar, continuing its ascent to new record highs, now trading a touch below USD 3,750/oz. In EMS, the ARS surged after US Treasury Secretary Bessent announced "all options are on the table" for the US to support Argentina's government.

### FED

**MIRAN:** Fed Governor Miran (voter), in his remarks explaining his dissent at last week's FOMC (where he voted for a larger 50bps rate reduction), said he sees policy as 'considerably restrictive' and a threat to momentum, and he favours a quicker move to neutral. He argued that it was better to vote for what he believes in, rather than trying to support consensus, adding that unless something changes, he will continue to press for rate cuts, and is willing to dissent again. He believes the appropriate funds rate is mid-2%, and that restrictive rates would risk layoffs and higher unemployment. Miran said his focus was on lowering inflation and supporting the labour market; he remains committed to 2% inflation and anticipates rent inflation falling from 3.5% to 1.5% by 2027. Miran argues forecasters have underappreciated the impact of immigration policy on rent inflation and notes that net zero immigration would imply 1ppt lower rent inflation per year.

**FED'S MUSALEM:** The 2025 voter said he supported the 25bps cut in September as a precautionary move to help the labour market, but he does see limited room for further easing. Musalem also cited loose financial conditions and other factors behind his reasoning as to why the Fed should move cautiously on further easing. That said, he would support further cuts if more signs of labour market weakness emerge, provided risks of persistent inflation and rising inflation expectations have not increased. Musalem argued that the labour market is near full employment, and the recent rate cut should help maintain that. On inflation, he said that tariffs are adding to it, among many things, but the impact on prices has not yet been fully felt. Musalem expects the impact of tariffs on inflation to fade after two or three quarters. The St. Louis Fed President highlights that bankers are saying that conditions are going well right now.

**FED'S HAMMACK:** Fed's Hammack (2026 voter) said last week's rate cut reflected a changing balance of risks. She warned the Fed should be cautious in removing policy restrictions, noting her estimate of the neutral rate is relatively high vs the rest of the Committee, and she thinks that current policy is only modestly restrictive. Hammack cautioned that easing too quickly could fuel inflation and risk overheating the economy. On inflation, Hammack expects pressures to persist, driven by both goods and services. On the labour market, she said headline payrolls show some softening, but unemployment at 4.3% remains healthy. Hiring is cautious, with businesses reluctant to expand, but indicators such as the openings-to-unemployed ratio suggest a robust market. She expects unemployment to rise slightly, but is not seeing significant layoffs.

**FED'S BOSTIC:** The 2027 voter confirmed to WSJ his position on the September 2025 dot plot, seeing no further rate cuts as of now, a view he has held for some time (he previously argued for one cut this year). Bostic cited inflation concerns behind his hesitation to

support further easing in October, even though economic risks have shifted in recent months toward greater worries about employment. However, Bostic said the dot plot submissions were filled out "with a very light pencil", highlighting Chair Powell's remarks post-FOMC last week, that the projections don't indicate a set path for rates, but a lens of probabilities. The Atlanta Fed President named the current moment as "one of the most difficult" periods for policymakers because "both risks are rising". Bostic does not believe that "the labour market is in crisis right now." It's an open question about exactly how weak it is". Ahead, he sees core inflation at 3.1% by year-end (prev. said 2.9% in July) and the unemployment rate at 4.5%. He doesn't expect inflation to return to the 2% goal until 2027. On tariffs, Bostic said tariff-driven cost increases have been more muted than initially projected in part because businesses have used various strategies that are spreading out or delaying the pass-through to consumers. "Those buffers could be exhausted over the coming months". In that case, the economy might avoid a much-feared immediate run-up in prices but instead endure a longer period of moderate price pressures. Bostic estimates that workforce supply constraints explain around one-third of the recent slowdown in hiring. He expects those pressures to increase because of an approximately one-year lag starting from when people immigrate and when they receive work permits. This means immigrants who legally entered the country last year could still be moving into the workforce. "The supply challenge is going to get more acute."

**FED'S BARKIN:** The 2027 voter said a modest amount of tariff costs is paid by the consumer. Barkin highlights that economic uncertainty is starting to lift, but firms remain cautious about investing. The Richmond Fed President sees workforce growth this year close to flat, expecting the current low-hiring, low-firing labour market to continue, but it could break in either direction. Barkin said low unemployment rate, wage gains and stock prices are all supporting consumer spending.

## FIXED INCOME

### T-NOTE FUTURES (Z5) SETTLED 1+ TICK LOWER AT 112-22+

**T-notes little changed amid a deluge of Fed speak.** At settlement, 2-year +1.7bps at 3.599%, 3-year +1.3bps at 3.580%, 5-year +0.3bps at 3.694%, 7-year +0.4bps at 3.890%, 10-year +0.2bps at 4.141%, 20-year +0.5bps at 4.726%, 30-year +0.3bps at 4.759%.

**INFLATION BREAKEVENS:** 1-year BEI +0.1bps at 3.223%, 3-year BEI +0.1bps at 2.714%, 5-year BEI -1.5bps at 2.449%, 10-year BEI -1.4bps at 2.357%, 30-year BEI -0.9bps at 2.263%.

**THE DAY:** US Treasuries were little changed after last week's Fed rate cut, with the complex trading mixed throughout the session as traders continue to digest the rate reduction, amid heavy Fed commentary. The intraday range was narrow at 112-21+ to 112-28+. Fed's Miran (voter), explaining his dissent, said he sees policy as 'considerably restrictive' and a threat to momentum, favouring a quicker move to neutral; he argued that it was better to vote for what he believes in, rather than trying to support consensus, adding that unless something changes he will continue to press for rate cuts, and is willing to dissent again. Fed's Hammack (2025 voter) said last week's rate cut reflected a changing balance of risks, but warned that the Fed should be cautious in removing policy restrictions, noting her estimate of the neutral rate is relatively high vs the rest of the Committee, and she thinks that current policy is only modestly restrictive; she cautioned that easing too quickly could fuel inflation and risk overheating the economy. Elsewhere, Fed's Barkin (2027 voter) didn't give much by way of new policy remarks; he said that business confidence has improved slightly and the labour market remains tight, while inflation pressures are easing, with wage growth slowing. Finally, Fed's Bostic (2027 voter) signalled caution on further rate cuts in October, citing elevated inflation risks and rising employment uncertainties; he describes the current period as unusually challenging for policymakers and does not expect inflation to reach the 2% target before 2028. On the corporate supply front, Broadcom (AVGO) and Dell (DELL) announced plans to issue debt; Bloomberg reports that dealers are anticipating approximately USD 30bln in fresh US IG debt issuance this week. Focus for tomorrow will be on the 2-year note auction, where the US is to sell USD 69bln. Additionally, S&P's Global Flash PMI is due for September, alongside more Fed speakers (Powell, Bostic, Bowman) and the Richmond Fed Index (Sep).

## SUPPLY

### Bills

- US sells USD 73bln of 6-month bills at a high rate of 3.705%, B/C 3.01x; sells USD 82bln of 3-month bills at a high rate of 3.86%, B/C 3.33x

### STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Oct 22.44bps (prev. 23bps), Dec 42bps (prev. 44bps), January 54bps (prev. 56.5bps).**
- NY Fed RRP op demand at USD 14bln (prev. 11bln) across 15 counterparties (prev. 13).
- EFRF at 4.08% (prev. 4.08%), volumes at USD 95bln (prev. 92bln) on September 19th.
- SOFR at 4.14% (prev. 4.14%), volumes at USD 2.881tn (prev. 2.894tn) on September 19th

## CRUDE

### WTI (X5) SETTLED USD 0.12 LOWER AT USD 62.28/BBL; BRENT (X5) SETTLED USD 0.11 LOWER AT USD 66.57/BBL

**The crude complex settled little changed amid a generally cautious tone.** Key developments included Iraq and oil firms to sign a deal to resume Kurdish exports; the deal would likely bring back 230k BPD to international markets. Reuters reported that the procedures to restart exports will begin on Thursday, with flows to Turkey expected within 48 hours. In Kuwait, the oil minister said global oil demand is recovering, and on the most recent OPEC+ decision to raise output due to market developments, that could be paused/reversed. Geopolitical updates saw Russia's President Putin say they are ready to stick to the New Start Arms Treaty a year after expiry if the US does the same. That said, all of the above had little effect on crude's price action throughout the day. Senior VP of trading at BoK Financial writes that "traders are back to focusing on a possibly over-supplied global oil market, which is soon to come, unless the US and EU can agree on harsher tariffs on countries that purchase Russian crude". WTI and Brent traded within ranges of USD 61.61-63.00/bbl and USD 65.94-67.31/bbl, respectively.

## EQUITIES

**CLOSES:** SPX +0.44% at 6,694, NDX +0.55% at 24,761, DJI +0.14% at 46,382, RUT +0.59% at 2,463.

**SECTORS:** Communication Services -0.92%, Consumer Staples -0.89%, Consumer Discretionary -0.43%, Energy -0.18%, Financials -0.14%, Health -0.04%, Materials unch, Real Estate +0.32%, Industrials +0.37%, Utilities +0.92%, Technology +1.74%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.30% at 5,442, Dax 40 -0.49% at 23,530, FTSE 100 +0.07% at 9,223, CAC 40 -0.30% at 7,830, FTSE MIB +0.22% at 42,404, IBEX 35 -1.55% at 15,077, PSI +0.19% at 7,719, SMI +0.00% at 12,122, AEX +0.07% at 931

### STOCK SPECIFICS

- OpenAI and **NVIDIA (NVDA)** announced a strategic partnership to deploy 10 gigawatts of NVIDIA systems; NVIDIA to invest up to USD 100bln in OpenAI. OpenAI to deploy 10 gigawatts of AI data centres with Nvidia. First gigawatt of Nvidia systems to deploy in 2026. FT reported that NVIDIA's investment will be made in cash. Meanwhile, Reuters reported that the investment does not confer controlling rights; OpenAI's non-profit parent retains majority control.
- **Oracle (ORCL):** Named two new CEOs; reaffirmed guidance.
- **Metsera (MTSR): Pfizer (PFE)** to acquire MTSR for USD 4.9bln.
- **Quantum Computing (QUBT):** Announced a ~26.87mln common stock offering.
- **Fox (FOX):** Trump said Murdoch is involved in the TikTok US-China deal.
- **T-Mobile (TMUS):** CEO to switch roles.
- **Norfolk Southern (NSC):** Trump offered support for **Union Pacific's (UNP)** proposed acquisition of NSC.
- **Tesla (TSLA):** Won approval to begin testing AVs in Arizona.
- **Genuine Parts Company (GPC):** Weighing a breakup of its auto parts business.
- **IREN (IREN):** Aims for over USD 500mln AI cloud ARR by Q1 2026; Doubled AI cloud capacity to 32k GPUs.
- **Anywhere Real Estate (HOUS): Compass (COMP)** to acquire HOUS for USD 1.6bln.
- **Kenvue (KVUE):** The Trump administration is set to link acetaminophen to autism risk.
- **Keurig Dr Pepper (KDP):** Downgraded at BNPP Exane to 'Underperform' from 'Neutral'.
- **Sasol Limited (SSL):** Downgraded to 'Equal Weight' from 'Overweight' at Morgan Stanley.
- **Sarepta Therapeutics (SRPT):** Upgraded at BMO Capital to 'Outperform' from 'Market Perform'.
- **Kenvue's (KVUE)** Board is meeting this week and will have talks on increasing shareholder value, according to CNBC's Faber.
- Greenlight Capital sent a letter to the board of **Brighthouse Financial (BHF)** encouraging engagement with the reported suitor. Greenlight believes that going private is in the best interests of Brighthouse shareholders.
- **Meta Platforms (META)** - Said today, they're introducing a dating assistant and Meet Cute, 2 new Facebook dating features; the dating assistant will begin rolling out gradually in the US and Canada. **Grindr (GRND)**, **Bumble (BMBL)**, and **Match (MTCH)** all saw downside on the news.

## FX

**The Dollar** started the week on the back foot as newsflow was light to start the week. Tier 1 releases were absent, but will resume on Tuesday with S&P Global Flash estimates for PMIs for September due. Beyond, GDP (Q2) Final and PCE will be watched later in the week. The day centred around Fed speakers, where Bostic (2027 voter) stuck to his view of one 25bps rate cut this year, namely no more easing this year due to concerns over inflation. Musalem (2025 voter) voiced a similar caution, forecasting limited room for further easing. Hamamck kept to her hawkish tone, confirming she's on the higher end of estimates on the neutral rate, calling policy modestly restrictive amid concerns over inflation rising. On the flip side, Governor Miran (voter, dovish dissenter) gave his detailed review of his dissent, believing the appropriate Fed funds rate is in the mid-2% area. Miran cites the reduction in population growth rate from immigration, fiscal policies, and loan/loan guarantees from East Asian nations (that increase credit supply) as the factors contributing to a lower neutral rate. DXY now trades at ~97.35 from earlier highs of 97.285.

**G10 FX** strength was led by the GBP and EUR, while the CAD pared its outperformance on Friday. For the Euro, ECB's Kazaks and Simkus spoke on the weekend, with the former noting there will be plenty of data available at the December meeting and the latter stating that a December rate cut is needed to safely reach 2% inflation. EZ data showed a bigger-than-expected jump in the flash reading of consumer confidence in September, -14.9 (exp. -15.3, -rev. -15.5). Elsewhere, JPY briefly came under some modest pressure from the latest FNN poll, indicating that dovish Japanese PM candidate Takaichi is the top pick to lead the LDP with 28.3%. Now, USD/JPY trades modestly lower at ~147.70 from earlier highs of 148.37.

**EMFX:** ARS surged against USD after US Treasury Secretary Bessent announced "all options are on the table" for the US to support Argentina's government. Options may include, but are not limited to, swap lines, direct currency purchases and purchases of USD-denominated government debt from the Treasury's exchange stabilisation fund. Bessent described the incoming action as "large and forceful", with US President Trump and Argentine PM Milei to meet on Tuesday. The announcement also resulted in a stock rally. Elsewhere, the PBoC, as widely expected, held the 1- and 5yr LPRs at 3.00% and 3.5%, respectively. Meanwhile, the PBoC set the USD/CNY mid-point at 7.1106 vs exp. 7.1159 (prev. 7.1128), a move that sparked downside in the pair before reversing.

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