

SNAPSHOT

STOCKS			
S&P 500	-0.6%	Nasdaq Comp.	-0.5%
DJIA	-0.7%	Russell 2000	-2.1%
ES Dec'25	-0.8%	RTY Dec'25	-2.3%
NQ Dec'25	-0.5%	YM Dec'25	-0.8%
FX			
DXY	-0.3% (98.35)	EUR/USD	+0.4%
USD/JPY	-0.4%	GBP/USD	+0.2%
BONDS			
US T-Note Dec'25	+16.5 ticks	10yr Bund Dec'25	+23 ticks
US 10yr Yield	3.97%	German 10yr Yield	2.57%
ENERGY & METALS			
WTI Nov'25	-1.5%	Brent Dec'25	-1.5%
Spot Gold	+2.9%	LME Copper	-0.2%
CRYPTO			
Bitcoin	-2.7%	Ethereum	-3.5%

As of 21:50BST/16:50EDT

LOOKING AHEAD

- Highlights include South Korean Unemployment Rate, Singapore Non-Oil Exports, Malaysian GDP, Comments from Fed's Kashkari, Supply from Australia & Japan.
- [Click for the Newsquawk Week Ahead.](#)

US TRADE

- US stocks** were pressured with risk-off trade seen amid a reignition of regional banking woes after Western Alliance (WAL) and Zion Bancorp (ZION) announced exposure to bad loans tied to fraud, adding to the concerns following the collapse of Tricolor and First Brands. The regional banking woes saw KRE close lower by over 6% and the financial sector saw a near 3% hit, while the broad risk sentiment was hit with equities sliding throughout the US session, which spurred haven flows.
- SPX -0.63% at 6,629, NDX -0.36% at 24,657, DJI -0.65% at 45,952, RUT -2.09% at 2,467.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- US President Trump said the US will not stand for the global carbon tax being presented by the International Maritime Organisation in London this week.
- USTR's Greer said China is taking actions as if it wants to decouple, while he added that the US is to do more on rare earths and that more US stakes in rare earth companies are possible.
- China's Commerce Ministry said that China hopes the US will appreciate the progress made in previous talks and correct recent wrongdoings. It also said that recent China-US tension was caused by restrictive measures from the US against China, and it hopes the US will work with China to find solutions. Furthermore, MOFCOM said it took a constructive stance during recent US-China trade talks and rare earth export controls are different to an export ban, while all licence applications for civilian use will be approved.
- China's Foreign Minister said decoupling with the US isn't a rational choice, while he called for effective communication

between China and the US to resolve differences.

- Canadian PM Carney said they are engaged in deep negotiation with the US on several sectors and are restarting a broad engagement with China, while he expects to meet senior Chinese leadership in the coming months.

NOTABLE HEADLINES

- Fed's Barr (voter) said stablecoins are unlikely to have a bearing on monetary policy and it is not clear if more stablecoin legislation is required.
- Fed's Miran (voter) said the Fed should cut 50bps, but he expects it will be 25bps and commented that monetary policy is too tight, which makes the US economy more brittle to shocks like the recent change with China and rare earths, while he added that a 25bps cut is too slow a pace.
- Fed's Waller (voter) said he had a good interview with Bessent for the Fed Chair role, while he said they have not got much data in the last six weeks and that private sector data is seeing the same as it was six weeks ago. Waller said cutting rates is the right thing to do and not much has changed in the last six weeks. He also stated they don't want to make a policy mistake, and suggested moving carefully in 25bps increments. Waller later commented that based on the current data, a 25bps cut is justified in the October meeting and rate cuts beyond the October meeting will depend on the data.
- Fed's Barkin (2027 voter) said there has been a noticeable shift in the job market, and executives note there are lots of applicants for every position, while he added that demand remains solid, particularly among those with higher incomes.
- US bipartisan group of senators are reportedly discussing several different potential off-ramps involving the enhanced Obamacare subsidies, according to Punchbowl sources, while they are discussing the possibility of two side-by-side votes intended to end the shutdown.

DATA RECAP

- US Philly Fed Business Indx (Oct) -12.8 vs. Exp. 8.5 (Prev. 23.2)
- US NAHB Housing Market Indx (Oct) 37.0 vs. Exp. 33.0 (Prev. 32.0)
- US Federal Budget (USD)(Sep) 198.0B vs. Exp. 50.0B (Prev. -345.0B)
- US Treasury Budget (Sept.) Surplus at USD 198bln (exp. 50bln, vs Sept 2024 Surplus of 80bln)

FX

- USD was pressured as jitters over US regional banks sparked a global risk-off trade, resulting in JPY, CHF, and EUR strength. Concerns surrounding US regional banks grew (on top of First Brands & Tricolor bankruptcies), after it emerged that Western Alliance has a lawsuit against the same defendants named in Zions Bancorp's recently disclosed case of misrepresentations and contractual defaults by the borrowers and obligors, as well as other irregularities. Participants also digested comments from several Fed speakers, including Waller who stated that based on the current data, a 25bps cut is justified in the October meeting and that rate cuts beyond the October meeting will depend on the data, while the greenback was not helped by data in which the Philly Fed Business Index unexpectedly tumbled into contraction.
- EUR gained ground amid the weaker dollar and climbed to just shy of the 1.1700 handle, while there were comments from several ECB speakers, including Lagarde who noted they are well positioned to face future shocks, and with Dolenc stating that the next ECB move could be a hike or a cut.
- GBP mildly strengthened after monthly GDP data for August which matched expectations, while Services Y/Y and Manufacturing Output M/M topped forecasts.
- JPY was supported as the downbeat sentiment spurred haven demand which dragged USD/JPY beneath the 151.00 handle.

FIXED INCOME

- T-notes caught a bid amid a flight to quality as regional banks were slammed.

COMMODITIES

- Oil prices settled lower after a notable sell-off amid global risk-off sentiment on potential regional banking woes, while the latest weekly EIA inventory report showed a larger-than-expected build in headline crude stockpiles.
- US EIA Weekly Crude Stocks w/e 3.524M vs. Exp. 0.288M (Prev. 3.715M).
- White House official said the US and India have had productive discussions that have led India to already cut Russia oil imports by 50%.
- Russian President Putin said oil demand is growing and that gasoline-fuelled cars will be used for a long time, while Russia will produce 510mtn tonnes of oil this year which is down 1% Y/Y due to OPEC+ agreements.
- Qatar's Energy Minister said Qatar will not be able to do business in the EU, including supplying Europe with LNG to plug its energy gap, if further changes are not made to its corporate sustainability rules, according to Reuters.

GEOPOLITICAL

MIDDLE EAST

- US President Trump warned that "If Hamas continues to kill people in Gaza, which was not the Deal, we will have no choice but to go in and kill them".
- A meeting is expected in the coming days in Egypt where senior officials from the US, Europe, and Arab countries will

participate to address the second phase of President Trump's peace plan, according to the Jerusalem Post.

- Iranian Security Council Secretary met with Russian President Putin today, according to TASS.

RUSSIA-UKRAINE

- US President Trump held a call with Russian President Putin which he said was very productive, and believes that the success in the Middle East will help in the negotiation to attain an end to the war with Russia/Ukraine. Trump said they "agreed that there will be a meeting of our High Level Advisors, next week", while he added that "President Putin and I will then meet in an agreed upon location, Budapest, Hungary, to see if we can bring this "inglorious" War, between Russia and Ukraine, to an end".
- White House said regarding the Trump-Putin call that it was good and productive, while they have agreed to convene a meeting of high-level staff next week, which may then be followed by another Trump-Putin meeting.
- Russian President Putin's Special Envoy said the Trump-Putin call was positive and productive, and sets out the next steps clearly, while a Kremlin aide said two countries (US & Russia) will quickly prepare for a summit and that the Putin-Trump call took place at Russia's initiative.
- Ukrainian President Zelensky said they can see that Russia is in a rush to resume dialogue once it hears talk of Tomahawk missiles, while he added that they are counting on the momentum that worked in ending the war in the Middle East, will help end the war with Russia.

OTHER

- China's Embassy in the UK condemns what it calls "baseless accusations" by the UK over the alleged spy case and urged the UK to cease actions undermining bilateral relations.

ASIA-PAC

NOTABLE HEADLINES

- BoJ Governor Ueda said the global economy is resilient, but uncertainty is high and faces complex challenges that could weigh on medium- and long-term growth outlook, while his view on the global economy and outlook has not changed much from before he visited the US. Ueda said the impact of tariffs on the global and US economy is being delayed, which is keeping growth resilient, while he stated that they will adjust the degree of monetary support in accordance with the likelihood of their growth and inflation forecasts materialising.
- BoJ Assistant Governor Shimizu said every country is facing a number of uncertainties, particularly from trade policy, which could have an adverse impact on corporate and household sentiment. Shimizu said inflation expectations in Japan are still below 2%, so they have to lift expectations and continue to support economic activity. Furthermore, he said it is not known exactly how Japan's economy will react to the new environment on interest rates, which is why the BoJ has to be very careful proceeding with policy normalisation.
- Japan's government plans to raise visa application fees to a level comparable to US and European nations amid surging tourism, according to Nikkei.

EU/UK

NOTABLE HEADLINES

- UK Chancellor Reeves said she will continue to take action to bear down on prices in the budget and is determined that they can bring inflation back to the target, while she said on bank tax, that she wants to ensure the UK is competitive internationally and that everyone pays a fair share. Furthermore, she is not going to be introducing a wealth tax in the budget, as they already have taxes on the wealthy, while she would like more fiscal headroom, but added that comes with trade-offs on tax and spending.
- BoE's Mann (Hawk) said the domestic component is a dominant feature of inflation and GBP appreciation has a disinflation impact, while there is "very clear upside evidence" of UK inflation lingering above 2% target for longer. Mann said the UK labour market is loosening but not falling off a cliff, while she added that the UK yield curve now provides a more appropriate financial condition for the UK economy.
- ECB President Lagarde said growth and inflation risks have become more balanced, while she added the ECB is well-positioned to face future shocks.
- ECB's Dolenc said inflation risks are more or less balanced, and the next ECB move could be a hike or a cut.
- ECB's Kocher said policy uncertainty is high at the moment and no need to be over-active, while he also commented that inflation at 1.7-1.8% is close to the target, and should not overreact. Kocher also said there is no reason to hike at the moment.

DATA RECAP

- UK GDP Estimate MM (Aug) 0.1% vs. Exp. 0.1% (Prev. 0.0%, Rev. -0.1%)
- UK GDP Estimate YY (Aug) 1.3% vs. Exp. 1.3% (Prev. 1.4%, Rev. 1.5%)
- UK GDP Estimate 3M/3M (Aug) 0.3% vs. Exp. 0.3% (Prev. 0.2%)
- UK Manufacturing Output MM (Aug) 0.7% vs. Exp. 0.2% (Prev. -1.3%, Rev. -1.1%)
- UK Manufacturing Output YY (Aug) -0.8% vs. Exp. -1.0% (Prev. 0.2%, Rev. -0.1%)
- UK Industrial Output MM (Aug) 0.4% vs. Exp. 0.1% (Prev. -0.9%, Rev. -0.4%)

- UK Industrial Output YY (Aug) -0.7% vs. Exp. -0.7% (Prev. 0.1%, Rev. -0.1%)
- UK Services MM (Aug) 0.0% vs. Exp. 0.1% (Prev. 0.1%, Rev. 0.0%)
- UK Services YY (Aug) 1.7% vs. Exp. 1.6% (Prev. 1.5%, Rev. 1.7%)`

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