

Fed cuts rates...what's next?

On Wednesday, the Federal Reserve decided to reduce interest rates by 25bps, the first cut in nine months. While Fed Chair Jerome Powell finally delivered on investors' hopes, markets had a mixed reaction, as the Fed signalled two more rate cuts this year, but only a single rate cut in 2026. By the time the dust had settled on Friday, market indices were closing at all-time highs. However, returns were diminished for European investors as the dollar edged lower, notching a four-year low against the euro on Tuesday.

Market leader Nvidia had a particularly turbulent week after reports emerged that Chinese regulators had banned tech companies from purchasing its AI chips. The company's share price fell 2.6%, as CEO Jensen Huang voiced his disappointment over the ban, before eventually consolidating and finishing the week flat.

There were further monetary policy decisions to report on in other developed economies. In the UK, the Bank of England voted to hold interest rates at 4%, with the governor warning that the UK is "not out of the woods yet" in its battle against inflation. Meanwhile, the Bank of Japan also decided to maintain interest rates at 0.5% on Friday. Additionally, the BOJ announced it would start unwinding its holdings of market ETFs and Japanese real estate investment trusts (REITs) at a rate of around \$2.4 billion annually. Japanese shares reacted poorly to the news, erasing gains following record highs set on Thursday.

In economic news, the UK unemployment rate stayed near four-year highs at 4.7% in the quarter to July, while government borrowing hit a five-year high of £18 billion in August. Adding further fiscal pressure is the fact that borrowing costs in the UK are currently sitting at 27-year highs. The German ZEW Economic Sentiment Index unexpectedly rose from 34.7 to 37.3 in September after being projected to fall to 27.3. In the US, retail sales rose by 0.6% in August, beating forecasts of 0.2%.



Fact of the week

The Russell 2000, which tracks the performance of the US small-cap market, hit a new all-time high on Thursday, its first in 967 trading days.

Our regular market information continues on the next page.

Snapshot



- World Equities
- Corporate Bonds
- Copper
- Gold



- Sovereign Bonds
- Oil

The week ahead

22 Sep	Eurozone consumer confidence data is reported.
23 Sep	US, German, and UK PMI indices go to print.
26 Sep	US PCE price index is released.



	1 Week Return 12.09.25 to 19.09.25		Year to Date Return 31.12.24 to 19.09.25	
	Local Currency	Euro	Local Currency	Euro
World	1.0%	0.7%	17.0%	3.0%
U.S.	1.3%	1.1%	14.3%	0.7%
Europe	0.4%	0.4%	12.1%	12.1%
Ireland	-2.1%	-2.1%	16.5%	16.5%
U.K.	-0.9%	-1.7%	15.8%	9.8%
Japan	-0.3%	-0.7%	12.8%	5.6%
Hong Kong	-2.1%	-2.3%	31.9%	16.0%
Corporate Bonds	0.0%	0.0%	0.3%	0.3%
Sovereign Bonds	-0.3%	-0.3%	-1.1%	-1.1%

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product, you may lose some or all of the money you invest.

Equities

- Global stocks finished up 0.7% in euro terms and up 1.0% in local terms last week.
- Year-to-date global markets are up by 3.0% in euro terms and up by 17.0% in local terms.
- The U.S. market, the largest in the world, finished up at 1.1% in euro terms and up 1.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.1% last week. The German equivalent finished at 2.7%. The Irish 10-year bond yield finished at 3.0%.
- The Euro/U.S. Dollar exchange rate finished at 1.18, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at \$63 per barrel and is down -23.0% year-to-date in euro terms.
- Gold finished the week at \$3,685 per troy ounce and is up 23.8% year-to-date in euro terms.
- Copper finished the week at \$9,924 per tonne and is up 1.1% year-to-date in euro terms.

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Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

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