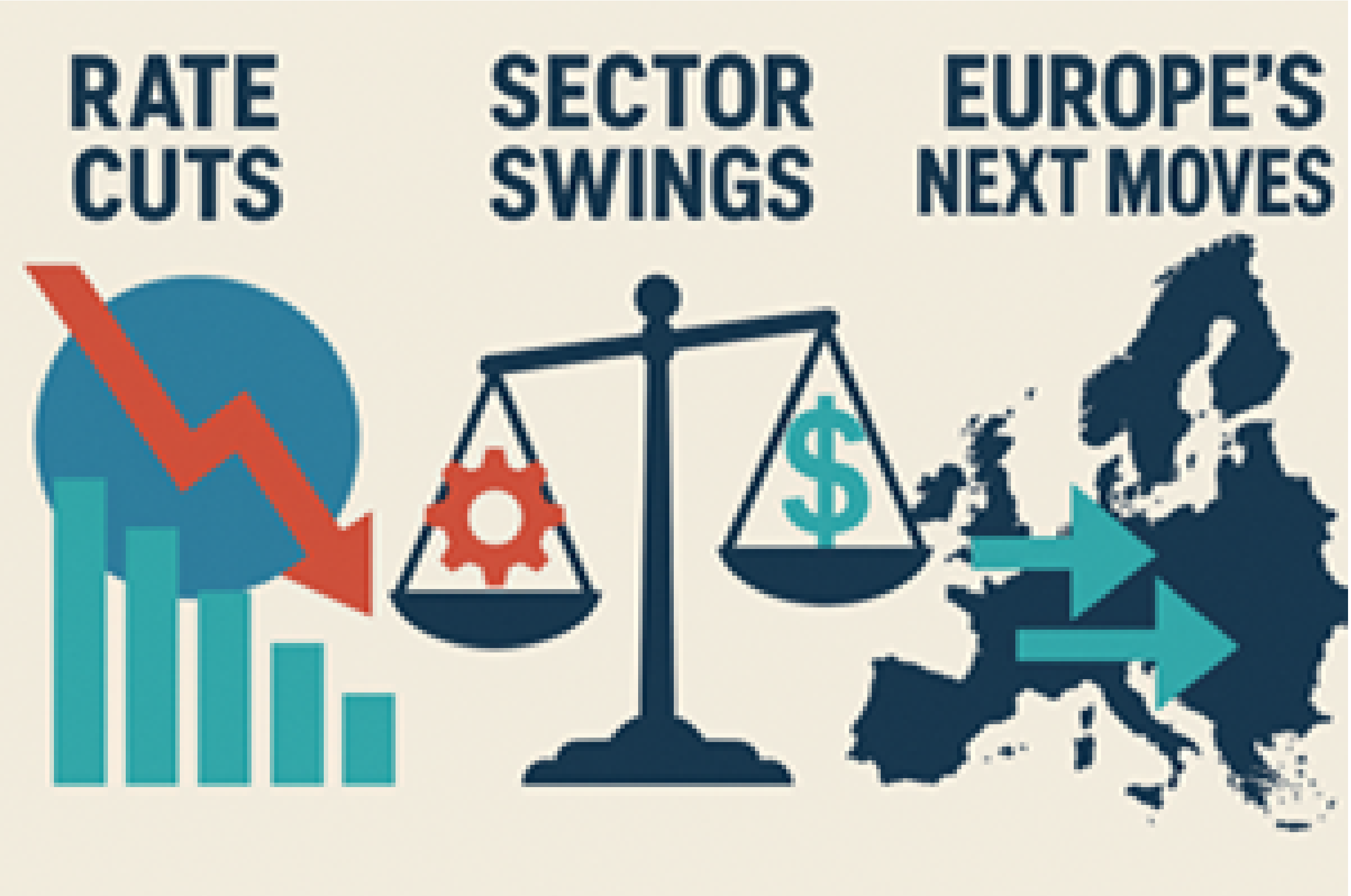

Rate Cuts, Sector Swings, and Europe's Next Moves

The U.S. Federal Reserve cut interest rates by 25 basis points this week — its first rate cut since December. While that helped lift risk sentiment (especially tech stocks), the Fed also sounded more cautious about how fast or how much more cutting might come. Investors digested the move, but remained alert to upcoming data and speeches from Fed officials.
Overall Impact: A shift in Fed policy often shapes global market sentiment. While short-term relief can support risk appetite, longer-term effects depend on how growth and inflation trends develop.

In Europe, technology and mining stocks pushed gains, thanks partly to optimism around global demand, AI investment, and gold prices hitting highs. But not all was smooth: automakers (especially those tied to electric vehicles) revised down forecasts, dragging that sector sharply lower.
Overall Impact: Sector moves highlight how uneven performance can be across markets. Broader trends may stay influenced by global demand shifts and evolving consumer preferences.

U.S. government bond prices rose after the Fed's move, pushing yields lower. The 2-year Treasury, highly sensitive to interest-rate expectations, saw the biggest drop, ending the week at 3.69% compared to

3.79% a day earlier. The 10-year Treasury yield also slipped to 4.26%.
Overall Impact: Lower yields can signal expectations of easier financial conditions, but they may also reflect caution about the growth outlook. The balance between those forces remains a key driver for markets.

ECB President Christine Lagarde pushed for strengthening the euro's global standing — promoting ideas like shared euro-denominated debt for defense, a unified capital market, and a digital euro. Yet progress is slow, with political divisions holding back momentum.
Overall Impact: Efforts to raise the euro's global influence could carry long-term significance, though outcomes will depend heavily on political cooperation and structural reforms.

Because European stock prices remain lower relative to U.S. peers, and with governments outlining new spending plans, some investors are exploring more exposure to Europe. Sectors like financials, infrastructure, and healthcare are drawing particular attention.
Overall Impact: Relative value considerations continue to shape investment flows. The durability of this trend will likely depend on policy follow-through and global growth conditions.