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USA OUTLOOK

WEEKLY NEWSLETTER
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Photo: REUTERS

Wall Street indexes notch record high closes, investors bet rate cut

U.S. stocks closed at record highs as expectations for Federal Reserve rate cuts and enthusiasm for artificial intelligence drove gains. The S&P 500 rose 0.27 percent, the Nasdaq 0.37 percent, and the Dow 0.43 percent. Investor sentiment improved after data revisions showed 911,000 fewer jobs created through March, strengthening the case for monetary easing. Markets now fully expect a quarter-point cut next week, with a small chance of a half-point move.

Strong corporate results added momentum: UnitedHealth and JPMorgan advanced on outlooks, while Oracle surged 12 percent on earnings and Nebius nearly 50 percent on a \$17.4 billion AI deal with Microsoft. By contrast, Apple slipped after a muted iPhone launch, Broadcom declined after recent gains, and Albemarle tumbled on easing lithium supply concerns. Media stocks also weakened on Murdoch succession news.

Source:
<https://www.reuters.com/business/wall-street-indexes-notch-record-high-closes-investors-bet-rate-cut-2025-09-08/>

Trump says Fed chair Powell should make big rate cut now

President Donald Trump intensified pressure on Federal Reserve Chair Jerome Powell, demanding an immediate and sharp interest rate cut. Posting on Truth Social, Trump declared there was “no inflation” and insisted Powell “must lower the RATE, BIG, right now,” calling him “a total disaster.”

The comments followed government data showing U.S. producer prices slipped in August, adding to evidence of cooling inflation. Markets already expect the Fed to resume rate cuts next week, with a 25-basis-point reduction fully priced in and the possibility of a larger 50 bp move not ruled out.

Trump has consistently argued that lower borrowing costs are essential to boost growth and offset the drag from his tariff policies. His repeated attacks on Powell highlight the political tension around Fed independence as the central bank diverges from its global peers—most of which are pausing their easing cycles.



Source:
<https://www.reuters.com/world/us/trump-says-fed-chair-powell-should-make-big-rate-cut-now-2025-09-10/>



Photo: Reuters

US Fed looks set to resume rate cuts just as its peers are nearly done

The U.S. Federal Reserve is preparing to cut rates next week, diverging from other major central banks that are nearing the end of their easing cycles. Weak jobs data makes at least a 25 bp cut likely, with some banks not ruling out 50 bp. Markets expect about 70 bp of cuts by year-end, while President Trump continues pressuring the Fed for more.

ECB: Held at 2%, inflation seen at 1.9% in 2027; no cuts expected soon.

Canada: Struggling economy likely pushes Bank of Canada to cut again.

Sweden & New Zealand: Both may hold for now, but New Zealand could ease further by year-end.

UK: Bank of England expected to stay put after recent cuts.

Australia & Norway: Limited room for more cuts, though one or two are possible.

Japan: The only major central bank tightening, though political uncertainty may delay hikes.

Switzerland: Unlikely to return to negative rates despite speculation.

The Fed is moving into easing mode while most global peers are pausing or nearly finished, leaving the U.S. as an outlier in the global rate cycle.

Source:

<https://www.reuters.com/business/finance/global-markets-cenbank-graphic-2025-09-11/>

Trump's Economic Agenda Hinges on the Supreme Court's Tariff Ruling

President Trump's second-term strategy depends on his ability to impose sweeping tariffs under the International Emergency Economic Powers Act (IEEPA), a law that does not explicitly authorize tariffs. The Supreme Court will now decide if this use is legal after lower courts rejected it.

Trump's view: Tariffs are central to his agenda—raising revenue, cutting debt, reshaping supply chains, and pressuring foreign governments.

Critics' view: IEEPA was not meant for tariffs; Congress holds tariff authority. Businesses say Trump's shifting duties have hurt supply chains and costs.

If he wins: Trump gains broad unilateral power to tax imports without Congress.

If he loses: He must rely on narrower tools like Section 301 and 232, slowing his trade strategy.



Source:

<https://www.nytimes.com/2025/09/10/us/politics/trump-tariffs-supreme-court.html>

Photo: NYTIMES



Photo: nytimes

As the Fed Prepares to Lower Rates, 2 Seats on Its Board Are in Limbo

As the Federal Reserve prepares to lower interest rates, uncertainty surrounds its upcoming policy meeting because of political battles over its board members. President Trump is attempting to remove Fed Governor Lisa Cook, despite a federal judge ruling that his justification did not meet the legal threshold of “cause” required for dismissal. Meanwhile, his nominee, Stephen Miran, could be confirmed by the Senate in time to participate in next week’s meeting.

Trump has long criticized the Fed for keeping borrowing costs too high and is seeking to reshape the institution with loyalists who support faster rate cuts. If successful, he could secure a majority on the Fed’s board, giving him influence not only over interest rate decisions but also over broader matters like oversight of Wall Street and the reappointment of Reserve Bank presidents.

Even if Cook remains, Trump already gained another opening after Adriana Kugler’s resignation in August. Miran’s expected confirmation — while he controversially keeps his post as chair of the Council of Economic Advisers — would reinforce Trump’s influence. Critics argue this undermines Fed independence, with some economists warning the institution could be gradually taken over “one person at a time.”

► Source:

<https://www.nytimes.com/2025/09/12/business/federal-reserve-board-interest-rates.html>