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USA OUTLOOK

WEEKLY NEWSLETTER
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SEPTEMBER 19



Photo: REUTERS

US banks borrow \$1.5 billion from Fed's repo facility in sign of mild funding pressure

U.S. banks borrowed \$1.5 billion from the Federal Reserve's Standing Repo Facility (SRF) on September 15, 2025, reflecting mild but temporary funding pressures tied to quarterly corporate tax payments and Treasury debt settlements. Analysts noted that liquidity tightened as money market funds shifted cash toward Treasury bills and prepared for redemptions, reducing funds available for repo markets.

The Secured Overnight Financing Rate (SOFR) rose to 4.42%, slightly above the Fed's Interest on Reserve Balances (IORB) rate of 4.40%, signaling strong demand for secured funding. Such moves typically occur around major Treasury auctions and tax deadlines.

While the use of the SRF was modest compared to the \$11.1 billion borrowing on June 30, analysts emphasized that the current pressures are temporary and not indicative of a broader funding squeeze.

Source:

<https://www.reuters.com/business/finance/us-banks-borrow-15-blb-feds-repo-facility-sign-mild-funding-pressure-2025-09-15/>

Wall St ends lower as investors turn cautious ahead of Fed rate decision

Wall Street closed lower on Tuesday as investors turned cautious ahead of the Federal Reserve's policy decision, with markets largely expecting a 25 basis-point rate cut to counter recent labor market weakness. The Dow fell 0.27%, the S&P 500 slipped 0.13%, and the Nasdaq lost 0.07%. Stronger-than-expected August retail sales, up 0.6% versus a 0.2% forecast, did little to change expectations for easing, though analysts warned resilient data could push the Fed to adopt a slightly more hawkish tone.

UnitedHealth and Nvidia weighed on the Dow, while Oracle rose after reports it will be part of the TikTok investor consortium. Webtoon Entertainment surged 39% on a Disney deal to launch a new digital comics platform. Six of 11 S&P sectors declined, led by utilities and real estate. Market volatility rose, with the VIX hitting its highest in over a week. Despite Tuesday's dip, U.S. indexes remain near record highs, with September gains defying the month's typical weakness.



Source:

<https://www.reuters.com/business/wall-st-ends-lower-investors-turn-cautious-ahead-fed-rate-decision-2025-09-16/>



Photo: NYTIMES

Fed Cuts Rates for First Time This Year

On September 17, 2025, the Federal Reserve cut interest rates by a quarter point, lowering them to 4.0–4.25 percent, the first reduction of the year. Chair Jerome Powell described the move as “risk management,” aimed at supporting the economy as job growth slows and labor market risks rise, even though inflation remains above target. The decision was divided, with newly appointed Trump-backed governor Stephen Miran pushing for a larger half-point cut.

The Fed now expects rates to fall further to 3.5–3.75 percent by year’s end and to stabilize just above 3 percent by 2028. Officials project modest growth of 1.6 percent in 2025, unemployment edging up to 4.5 percent, and core inflation easing toward the 2 percent target over the coming years. The cut comes amid growing political pressure from President Trump, who has tried to influence the Fed through new appointments and even attempted to remove Governor Lisa Cook. Powell, however, stressed the central bank’s independence and said policy decisions are being guided by the long-term health of the economy.

Source:

<https://www.nytimes.com/2025/09/17/business/economy/fed-rate-cut-powell.html>

Trump and Xi Set to Finalize TikTok Deal

President Trump and Chinese President Xi Jinping spoke on September 19, 2025, to finalize a deal that would keep TikTok operating in the U.S. The app has faced the threat of a ban since January, when a federal law required TikTok’s parent company, ByteDance, to divest from its U.S. operations due to national security concerns. Critics worry that Chinese ownership could allow Beijing to access Americans’ data or spread propaganda.

The deal is expected to involve ByteDance spinning off TikTok’s American operations into a new company with U.S. investors, including Oracle, to reduce Chinese ownership. Trump has said the U.S. government will also receive a “tremendous fee” from the arrangement, continuing a pattern of the administration inserting itself into major corporate deals.

China, which had resisted a forced sale and tightened export controls in 2020 to protect its tech, ultimately agreed to a compromise, saying the deal served both nations’ interests. Trump has extended the deadline for separation multiple times, with the latest extension coming just before the app risked being banned.



Source:

<https://www.nytimes.com/2025/09/19/business/media/trump-china-tiktok-deal.html>

Photo: NYTIMES



Photo: nytimes

What Is the H-1B Visa Program, and How Is Trump Changing It?

The H-1B visa program, created in 1990, allows U.S. employers to hire highly skilled foreign workers—mainly in science and technology—when qualified American workers are not available. It provides temporary work status (three years, renewable) and often serves as a pathway to permanent residency. Each year, 65,000 visas are available for workers with a bachelor’s degree and 20,000 more for those with advanced degrees, with most recipients coming from India. Major employers include big tech companies such as Amazon, Google, Microsoft, and Apple.

On September 20, 2025, President Trump announced a new \$100,000 fee for new H-1B applications, calling the program “the most abused visa.” The administration argues the fee will discourage companies from replacing American workers with cheaper foreign labor and encourage hiring recent U.S. graduates. However, there is confusion over whether the fee is one-time or annual, and legal challenges are expected.

Critics, particularly immigration hard-liners, argue that H-1B visas depress wages and sometimes displace U.S. workers, citing cases like Disney and Toys “R” Us where American employees had to train their foreign replacements. Supporters, especially in the tech sector, say the program is essential due to shortages of qualified U.S. workers.

Currently, around 730,000 H-1B workers live in the U.S., a small share of the overall workforce, but the new fee is expected to have a major impact on the tech industry and families of visa holders, with India expressing concern over humanitarian consequences.

Source:

<https://www.nytimes.com/2025/09/20/us/politics/h1b-visa-trump-immigration.html>