Allianz Global Investors

THE WEEK AHEAD, 19 SEPTEMBER 2025

Growth supports in Asia

We think Asia's growth is likely to moderate over the second half of 2025 under the dual pressures of **heightened U.S. tariff rates** and **weakening domestic demand**. Rising growth pressures will prompt Asian central banks to ease monetary conditions and the governments to provide greater fiscal support.

Although the uncertainties on Trump's trade war have largely passed as more trade deals are made, almost all Asian economies face much higher U.S. tariff rates vis-a-vis the beginning of the year. This came despite the tariff rates on China have eased drastically from 145% at one point and most Asian economies face lower tariff rates currently than those originally set on the "Liberation Day" (2 April) by President Trump.

Besides external uncertainties, domestic demands are also weakening across Asia. China's macro activity data, such as industrial production growth, fixed asset investment growth and retail sales growth broadly weakened and missed market expectations in August. But that said, we think the slowdown is prompted by the government's attempt to rein in investment growth and push forward the "anti-involution" campaign to soothe deflationary pressures, which reflect the authorities' confidence in achieving this year's growth target.

Christiaan Tuntono
Senior Economist,
Asia Pacific

Other Asian economies also face pressures on domestic demand and are trying to provide greater support. On the **monetary** side, we saw the Bank of Thailand (13 August), Bank Indonesia (20 August) and Bangko Sentral ng Pilipinas (28 August) cut policy rates and expect other Asian central banks to follow. On the **fiscal** side, India has rationalized the Goods & Services Tax (GST) regime to support consumption, while Indonesian President Prabowo Subianto has reshuffled his cabinet and appointed a more expansionary Finance Minister. South Korea, under new President Lee Jae Myung, introduced a second supplementary budget back in June. We expect Japan to loosen fiscal policy also under the upcoming new administration.

On investment recommendation, we remain constructive on Asian bonds and currencies as the Federal Reserve is expected to resume cutting policy rates in September. On equities, we recommend markets that are domestic demand driven, open for policy rate cuts and free of idiosyncratic macro or political concerns. The Chinese/Hong Kong, Indian and Australian markets should be considered.

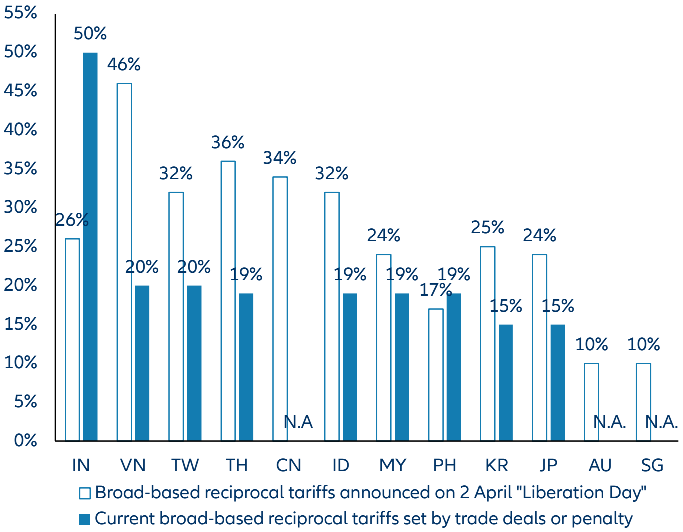
PUBLICATIONS

→ **Risk management in bonds**
Beware the dominance of duration and yield curve positioning.

→ **Behavioral Finance: Outsmart yourself!**
Rising gold and oil prices, fears of inflation and recession – geopolitics are at the top of the agenda. Particularly in times of heightened uncertainty, there is an increased risk that our actions will be determined by behavioural patterns that are anything but rational. This is why the findings of behavioural finance are more important than ever. But even more important than self-knowledge is the ability to outsmart oneself.

→ **Strategic autonomy**
This module examines the transformative shifts in the global political landscape, highlighting the significant transformations within the economic landscape of Europe.

Asia's reciprocal tariff rates imposed by the U.S.



Sources: The White House, Morgan Stanley, AllianzGI Economics & Strategy, as of September 2025

UPCOMING POLITICAL EVENTS 2025

2 October	EZ	European Political Community Meeting
8 October	US	FED Minutes
13–19 October	IMF	Annual Meeting
15 October	G20	Finance Ministers Meeting

The week ahead

Next week will mainly feature **Europe's** leading indicators and the **U.S.'s** leading indicators, home sales, durable goods orders and second quarter gross domestic production (GDP) growth.

In the **euro area**, the release of Eurozone's consumer confidence index for September on Monday will show the latest consumer sentiment. The release of Eurozone manufacturing and services purchasing manager index (PMI) for September on Tuesday will reflect the latest economic conditions under the threat of the U.S.'s reciprocal tariff hike.

In the **U.S.**, the release of the manufacturing and services purchasing manager index (PMI) for September on Tuesday shall reflect the latest business sentiment. The market will focus on signs of worsened business sentiment to gauge the extent of future Federal Reserve's policy rate cuts. We will also see the release of the U.S. home sales data during the week where the market expects close to 4 million existing home sales and 653 thousand new home sales in August. Thursday will release the latest jobless claim data for September, durable goods sales data for August and final second quarter GDP growth data. Friday will feature the headline and core personal consumption expenditure (PCE) price indices for August and the University of Michigan consumer sentiment index for September.

Wish you all good luck, good returns.

Yours,
Christiaan Tuntono

Calendar Week 39

Monday			Consensus	Previous
CN	Loan Prime Rate 5Y	Sep	--	3.50%
EC	Consumer Confid. Flash	Sep	--	-15.5
UK	Nationwide house price yy	Sep	--	2.1%
Tuesday				
GE	HCOB Services Flash PMI	Sep	--	49.3
GE	HCOB Composite Flash PMI	Sep	--	50.5
EC	HCOB Mfg Flash PMI	Sep	--	50.7
EC	HCOB Services Flash PMI	Sep	--	50.5
EC	HCOB Composite Flash PMI	Sep	--	51.0
UK	Flash Services PMI	Sep	--	54.2
UK	Flash Composite PMI	Sep	--	53.5
UK	Flash Manufacturing PMI	Sep	--	47.0
US	Current Account	Q2	--	-450.2B
US	S&P Global Mfg PMI Flash	Sep	--	53.0
US	S&P Global Svcs PMI Flash	Sep	--	54.5
US	Existing Home Sales	Aug	3.98M	4.01M
US	Exist. Home Sales % Chg	Aug	--	2.0%
Wednesday				
GE	Ifo Curr Conditions New	Sep	--	86.4
GE	Ifo Expectations New	Sep	--	91.6
US	New Home Sales-Units	Aug	0.653M	0.652M
Thursday				
JN	Chain Store Sales YY	Aug	--	3.1%
GE	GfK Consumer Sentiment	Oct	--	-23.6
EC	Money-M3 Annual Grwth	Aug	--	3.4%
UK	CBI Distributive Trades	Sep	--	-32
US	Durable Goods	Aug	-0.5%	-2.8%
US	Durables Ex-Transport	Aug	--	1.0%
US	GDP Final	Q2	3.3%	3.3%
US	GDP Deflator Final	Q2	--	2.0%
US	Core PCE Prices Fnal	Q2	--	2.5%
US	Initial Jobless Clm	15 Sep, w/e	--	--
US	Cont Jobless Clm	8 Sep, w/e	--	--
Friday				
JN	CPI, Overall Tokyo	Sep	--	2.6%
US	Core PCE Price Index YY	Aug	--	2.9%
US	PCE Price Index YY	Aug	--	2.6%
US	U Mich Sentiment Final	Sep	--	55.4

The calendar data for the current week comes directly from LSEG Datastream. They are published in the week in which "The Week Ahead" appears. These are economic data that come from official sources. Where available, the previous figure is collected together with the consensus estimate. The consensus estimate is collected by LSEG Datastream through a survey of analysts and economists. It is the average of all estimates submitted.

September 2025

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