

Dollar weakens amid ongoing US-China trade friction

By Chibuike Oguh, Reuters, October 15, 2025

The U.S. dollar was broadly lower against major currencies on Wednesday with market sentiment weakened by the continuing trade kerfuffle between the U.S. and China. Traders perused comments from Federal Reserve Chair Jerome Powell for cues on upcoming rate cuts amid a U.S. government shutdown, which has hampered the timely release of key data. The dollar weakened 0.36% to 151.29 against the Japanese yen and was down 0.27% to 0.799 against the Swiss franc, on track for the second straight session of losses against both safe-haven currencies. Top U.S. officials, including Treasury Secretary Scott Bessent and Trade Representative Jamieson Greer, blasted China's major expansion of rare earths export controls as a threat to global supply chains.

Greer described China's export controls as a complete repudiation of U.S.-Chinese trade agreements over the past six months although he and Bessent stressed that Washington did not want to escalate the conflict. President Donald Trump had threatened to impose tariffs on China last week in retaliation. The Chinese commerce ministry defended its export controls on rare-earth minerals, pointing to a series of U.S. measures on Chinese goods and companies and calling it hypocritical. "The market is showing an impressive ability to shrug off trade-related headlines and there's a firm belief that the US and China will find a way to move forward and will make an agreement," said Adam Button, chief currency analyst at ForexLive. "But the headlines continued to be inflammatory, including today from Bessent and Greer. But the market saw how Trump quickly de-escalated over the weekend and doesn't yet believe he wants a real fight."

The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, fell 0.33% to 98.74, on track for the second consecutive session of losses. Powell, who in a speech on Tuesday left the door open to rate cuts by saying the U.S. labor market remained mired in low-hiring, low-firing doldrums. He said the absence of official economic data due to the government shutdown has not prevented policymakers from being able to assess the economic outlook, at least for now. Markets are currently priced for a quarter-point cut at the October 28-29 Fed gathering and another at the following meeting in December, followed by three more cuts next year, according to LSEG data. "There's a debate right now about whether Powell had the jobs numbers or not before the government shut down. There's a persistent negative bent to his comments about the jobs market that has people believing that he saw weak jobs numbers and that's part of the reason the dollar is weak and that Treasury yields are back flirting around 4%," Button added.

The yield on benchmark U.S. 10-year notes fell 0.9 basis points to 4.013%. Wall Street stocks were higher as companies continued to report strong results as the quarterly earnings season kicked off. The Dow Jones Industrial Average (.DJI) rose 0.56%, the S&P 500 (.SPX) rose 0.84% and the Nasdaq Composite (.IXIC) rose 1.12%. The euro rose 0.25% to \$1.1635 after gaining 0.3% in the previous session, supported by the French government's proposal to suspend landmark pension reforms. The New Zealand dollar edged up only 0.24% to \$0.5729, after dipping to a six-month low of \$0.56839 on Tuesday. The Aussie climbed 0.54% to \$0.652, after falling 0.5% a day earlier, when it touched the lowest since August 22 at \$0.64405.

India cenbank does not target any specific rupee level, governor says

By Reuters, October 15, 2025

India's central bank does not target any price level on the rupee, governor Sanjay Malhotra reiterated at an International Monetary Fund and World Bank event on Wednesday. Make sense of the latest ESG trends affecting companies and governments with the Reuters Sustainable Switch newsletter. Sign up here. The Reserve Bank of India's (RBI) frequent interventions have kept the rupee from breaching its all-time low of 88.80, last touched on September 30. "We believe in the markets to decide what the level should be... Our effort really is to ensure that there is an orderly movement of the rupee both sides, and any undue or any abnormal volatility is curbed," he said. The RBI intervened heavily in the currency market on Wednesday to shore up the rupee, traders said, mirroring the central bank's moves to defend the local currency in February. Malhotra also said the RBI wants to promote its central bank digital currency (CBDC) over stablecoins or cryptocurrencies. Earlier this month, the RBI launched a retail sandbox for CBDC, allowing fintech firms to build and test solutions as part of the ongoing pilot.

FAQ: Why America just bailed out Argentina with a \$20 billion lifeline

By Bryan Mena, CNNMoney, October 15, 2025

The Trump administration is bailing out Argentina in a move critics are saying has more to do with politics than economics or American interests. That means \$20 billion US taxpayer dollars will be used to bail out a country led by a close ally of President Donald Trump: chainsaw-wielding, libertarian Javier Milei. The two men met on Tuesday at the White House for a bilateral meeting, where the discussion included the extraordinary bailout and tariffs, Trump said. The bailout is "really

meant to help a good financial philosophy” and “so we can help our neighbors,” Trump said during their meeting. Meanwhile, the US federal government is nearing two weeks of being shut down and US businesses and industries continue to reel from Trump’s ongoing trade war. Here are some key details about the administration’s extraordinary financial rescue of Argentina.

What’s the problem?

Argentina is at risk of a financial collapse. The country’s currency fell sharply after President Milei’s party suffered a significant defeat in elections last month. The losses shook investors’ confidence in Milei’s ability to see through his economic reforms. Milei has slashed government spending, cut regulations and fired tens of thousands of public-sector workers since taking office in 2023. His administration has seen some success; inflation in Argentina eased this year to the slowest monthly pace in more than four years. The Trump administration has argued that Argentina’s financial strife could spill over into other economies if it isn’t contained swiftly. Administration officials say they also see a risk of Argentina, a major economy in South America, strengthening its ties with China. The next legislative elections in Argentina take place on October 26.

What is the US doing?

On Thursday, Bessent confirmed on social media that Argentina’s bailout is moving forward in two keys ways. Bessent said the administration has finalized a \$20 billion currency swap agreement with Argentina’s central bank, allowing it to exchange its local currency for the US dollar. It’s essentially a \$20 billion loan, experts say. Trump’s top economic official also said the administration “directly” purchased an undisclosed amount of Argentine pesos. It’s only the fourth time since 1996 that the United States has bought another country’s currency, according to the Federal Reserve Bank of New York. These measures are aimed at stabilizing Argentina’s financial markets.

Why is it controversial?

The United States has provided foreign countries with financial lifelines before, usually when the stability of the global economy is at risk or when a close geopolitical ally, such as Mexico, finds itself underwater and could damage to US creditors and investors. But this bailout isn’t urgent, it’s happening at an awkward time, and critics are accusing Trump of using billions of American dollars just to prop up one of his own personal allies. “The Treasury’s decision to offer a ‘swap’ in Argentina is really a signal that Washington is willing to wield its financial tools for political purposes in ways that depart from past norms,” wrote Heidi Crebo-Rediker, a former chief economist at the State Department, and Douglas Rediker, a former US representative on the International Monetary Fund’s executive board, in a Financial Times column published on October 2.

This is all while the US government is shut down, which has resulted in more than a million federal workers being furloughed or working without pay. “It is inexplicable that President Trump is propping up a foreign government, while he shuts down our own,” Democratic Sen. Elizabeth Warren of Massachusetts said in a statement on Thursday. Meanwhile, the result has been a one-two punch against American farmers from Trump’s own policies. American farmers are having a tough year, in no small part because of Trump’s bid to reshape global trade. And Argentina’s bailout inadvertently worsened their plight. China, a major buyer of US soybeans, halted purchases of the commodity in May in response to Trump’s trade war. Then, after Argentina temporarily scrapped export taxes on grains, China swooped in and bought tens of thousands of pounds of Argentine soybeans instead. “Why would USA help bail out Argentina while they take American soybean producers’ biggest market??? We shld use leverage at every turn to help hurting farm economy Family farmers shld be top of mind CNBC in negotiations by representatives of USA,” Republican Sen. Chuck Grassley of Iowa wrote on X on September 25.

Who benefits?

Beyond Milei, China, and the Argentine treasury, critics say the bailout also stands to greatly benefit wealthy fund managers who are major holders of Argentine debts and assets. The bailout would deliver a major windfall to Rob Citrone, a billionaire hedge fund manager with significant investments in Argentina. “Bessent’s personal and professional relationship with Citrone has spanned decades,” according to independent journalist Judd Legum. “Trump promised ‘America First,’ but he’s putting himself and his billionaire buddies first and sticking Americans with the bill,” Warren said in a statement Thursday. Eight Democrats, including Warren, have introduced a bill in Congress to prevent Argentina’s bailout. But Bessent told CNBC recently that “this trope that we’re helping out wealthy Americans with interest down there couldn’t be more false.” “What we’re doing is maintaining a US strategic interest in the Western Hemisphere,” he added.