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Research Note

Global Macro Snapshot

Global Tensions Ease Amid Tariff and Peace Negotiations

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Global Macro Snapshot

Global Tensions Ease Amid Tariff and Peace Negotiations

Highlights

- Global economic uncertainty persists, though conditions have eased slightly as the U.S. begins rolling back some of the tariffs it previously imposed on several countries, alongside renewed diplomatic efforts to resolve conflicts in the Middle East, Russia, and Ukraine.
- The IMF acknowledged the improvement in global economic condition by revising global growth upward by 20bps respectively to 3.0% for 2025 and 3.1% for 2026. However, it maintained global inflation rate at 4.2%, identifying the persistence of inflationary pressure stemming from trade flow disruption and geopolitical tensions. The global economy's chance of shedding off this uncertainty mask depends on the outcome of ongoing tariff negotiations and the progress of conflict resolution.
- The expectation of a weaker global oil demand especially in countries like U.S, China, and Brazil versus bloated supply from OPEC+ tumbled oil prices in August which extended to September, with WTI and Brent dropping by 270bps and 61bps, respectively. The Fed's rate cut, a weaker dollar , and US shutdown made Gold the safe haven for investors, evidenced by 1086bps appreciation in September.
- Global markets were broadly positive in September as equities rallied and bond yields declined, driven by expectations of monetary easing and easing inflation in major economies. The NASDAQ and Nikkei 225 led global gains, reflecting strong investor sentiment. In contrast, Japan and China recorded increases in bond yields, as Japan maintained its cautious policy normalization while China continued targeted easing to support its slowing economy.

IMF Revised July Outlook

	April-25	Sept-25
Global growth	2.8%	3.0%
Global Headline Inflation	4.2%	4.2%

Commodity Price

	30-Sept-25	% M-o-M
Brent Crude	67.02	(0.61%)
WTI	62.37	(2.70)
Gold	3,873.20	10.85%
Copper	4.86	5.88%

Treasury Yield

	30-Sept-25	% M-o-M
U.S 10-yr	4.11%	(2.82%)
UK 10-yr Gilt	4.70%	(0.06%)
China 10-yr	1.88%	0.09%
India 10-yr	6.57%	(0.02%)
Germany 10-yr	2.71%	(0.01%)
Japan 10-yr	1.65%	0.03%

Equity

	30-Sept-25	% M-o-M
NASDAQ	22,660	5.61%
DAX 40	23,880.72	(0.09%)
SSE Composite Index	3,882.78	0.64%
Nikkei 225	44,932.63	5.18%
Nifty 50	24,611.10	0.75%

Source: Oilprice.com, Investing.co, NGX, ITC Trade Briefs,
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Global Macro Snapshot
A Gradual Shift to Monetary Easing

Inflation

	Aug-25	% M-o-M
US	2.9%	20bps
UK	4.1%	10bps
China	-0.4%	40bps
Germany	2.2%	20bps
India	1.69%	51bps
Japan	2.7%	40bps

- Inflation remains a concern across major economies, prompting most central banks to adopt a cautious stance toward policy easing. In August 2025, inflation accelerated in the U.S., India, and Germany but moderated in the U.K. and Japan but still above targets, while China continued to face deflationary pressures. The outcome of these divergent price trends will likely shape the pace and extent of global monetary easing, influencing capital flows, currency movements, and overall growth momentum in the coming months. Thus, only US Federal Reserve made a rate cut (25bps) in September to support its fragile labour market while other Central banks took a wait and watch approach.

Monetary Policy Direction

	Sep-25	Action
Fed Rate	4% -4.25%	25bps
BOE	4%	Held
ECB	2.00%	Held
RBI	5.5%	Held
BOJ	0.5%	Held

- Trump's tariff negotiations continued in September. China secured another 90-day extension to November 10, 2025, giving U.S. retailers more time to stockpile goods. The EU proposed scrapping duties on U.S. industrial products in exchange for cutting car tariffs to 15% from 27.5%. Meanwhile, India was hit with a 25% tariff on all exports and an additional 25% on Russian oil imports effective August 27. Trump revised the reciprocal tariff framework and imposed new duties, 100% on branded drugs, 25% on heavy trucks, and up to 50% on furniture and wood products, underscoring his protectionist trade stance. Although the U.S. and China remain in tariff negotiations, China appears to be taking a proactive stance, as its exports to the U.S. have fallen for six consecutive months, dropping by 27% in September 2025

Reciprocal Tariffs by Regions

	Average Tariff Before 2025	Average Tariff After 2025
Africa	1.40%	15%
America	0.50%	25%
Asia	2.40%	24%
Europe	2%	13%
Pacific	2.10%	13%

- The America and Asia regions face the steepest tariff shocks, with reciprocal rates now exceeding 20%, up from less than 3% a year ago. While ongoing negotiations may ease trade pressure, we expect it to deepen global trade fragmentation.

Source: Oilprice.com, Investing.co, NGX, ITC Trade Briefs,
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Global Macro Snapshot
Recovery Signs Across Major Economies

Outlooks

Headwinds

- Increased sanctions on countries importing Russian oil further distorting trade flows
- Fragile US economy and high inflationary risk.
- Rising global fiscal deficit and sustainability concerns
- Financial markets volatility
- Persistent Geopolitical tensions
- Sluggish China Recovery

The global economy appears to be gradually recovering, supported by widespread inflation moderation, easing monetary conditions, and progress in tariff negotiations that could reduce trade barriers. However, persistent geopolitical tensions and the still-unresolved trade discussions continue to cloud the outlook and may limit the pace of recovery.

Tailwinds

- Major economies moderating inflation
- Monetary easing across major economies
- Emerging market resilience
- Tariff negotiations will result in decline in tariffs and reduce inflationary risk
- Ceasefire agreement between Hamas and Isreal

Source: Oilprice.com, Investing.co, NGX, ITC Trade Briefs,