

Sabine Mauderer: Seizing the moment - strengthening Europe's role in global financial markets

Speech by Dr Sabine Mauderer, First Deputy Governor of the Deutsche Bundesbank, at the Bundesbank's Representative Office in New York, New York City, 23 September 2025.

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1 Introduction

Good evening, everyone.

It is a pleasure to welcome you to our reception here at our representative office in New York. For many years, this office has served as a bridge between the Bundesbank and participants in US financial markets.

Our annual event has become a cherished tradition. I greatly value the opportunity to engage in open discussions with you. This exchange is a testament to the continued importance of transatlantic relations, and I am happy to see so many familiar faces here tonight.

Much has changed since we met last year. We have seen significant shifts in financial markets and the political landscape. Tonight, I would like to reflect on these developments and their implications for Germany and Europe.

I am especially pleased to welcome Tammo Diemer, a member of the Executive Board of the German Finance Agency, which manages German government debt. Tammo's expertise and insights into the Bund market will enrich our discussions and I really look forward to hearing your views in a moment.

2 Europe's markets have gained momentum

One of the most striking developments in international financial markets this year has been the broad-based depreciation of the US dollar. Of course, the US dollar remains the world's leading reserve currency. However, global investors are increasingly planning to diversify their portfolios. European markets could benefit from this shift amid global uncertainty.

The growing interest in Europe is evident from capital flows into euro area bond and equity markets. As a result, the euro has appreciated. Its nominal effective exchange rate reached an all-time high in September 2025¹.

In addition, there has been a notable rise in bond issuance in euro by companies from outside the euro area. Investors have especially looked to German government bonds (Bunds). Bunds have served as a safe haven during episodes of market stress this year. Moreover, the German government's fiscal package—€500 billion, especially for

infrastructure—has raised hopes for stronger growth and positive spillover effects across Europe.

3 Seizing the moment: strengthening Europe

These developments are encouraging. They underscore the growing appeal of European financial markets. What matters now is to make the most of this momentum. To achieve this, Germany and Europe have got some work to do. Let me highlight three aspects:

First, structural reforms and productivity-enhancing investments are essential to boosting economic growth. Cutting red tape is crucial for fostering innovation and unlocking more growth. Policy initiatives have to address the shortage of skilled workers. This can happen through targeted immigration policies.

Second, geopolitical shifts have underscored the urgent need to invest in our own security. Germany and Europe will strengthen their defence capabilities and bolster the resilience of critical infrastructure.

A third critical priority is to mobilise private capital for investments in innovative technologies. Although most of European financial regulation is aligned, Europe's capital markets are still too fragmented. Further integration is absolutely necessary and indeed progress is underway. Cross-border investments would become easier and businesses could tap into larger and more diverse pools of capital for funding.

This would be especially beneficial for small and medium-sized enterprises, which often rely heavily on traditional bank loans. By improving access to capital markets, we can unlock private capital and drive innovation forward.

Mobilising private finance is especially important in the face of limited fiscal space. The size of the fiscal package may seem big, but the challenges are even bigger.

We have seen bond yields rise since the beginning of the year in many countries, including Germany, especially longer-term yields.

Against this background, I want to stress that sound public finances and using limited resources strategically are essential for maintaining the trust of investors. Public investments should be focused on areas that drive long-term growth and innovation.

4 Conclusion

In conclusion, the growing interest from international investors is a testament to the trust in Europe's stability and potential. Now is the time to seize this moment to strengthen our position internationally and build a more resilient and dynamic Europe.

On that note, I am delighted to hand over to Tammo Diemer, who will provide deeper insights into developments in the Bund market. Tammo, it was a pleasure to celebrate the Finance Agency's 25th anniversary with you last week. So, "happy birthday" again, and the floor is yours. Thank you.

¹ See European Central Bank: [Daily nominal effective exchange rate of the euro](#).