

29 September 2025



Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

The US continues to create waves on the global stage

Key takeaways

From sweeping commentary on European warfare to shifts in the outlook for interest rates, the US continued its role as the main source of market news last week.

Geopolitics rears its head in Europe again

During the UN's General Assembly in New York, US President Trump met with Ukraine's President Volodymyr Zelensky, and indicated that he believed Ukraine could retake the territories lost to Russia so far, with European backing. The latest episode in Trump's unconventional approach to geopolitics played havoc with prices in commodities markets: the price of oil rose amid speculation about reinvigorated conflict with Russia.

US economic news was brighter than expected

Last week, the latest data pointed to better news for the US economy. An early look at private sector survey data (the Purchasing Managers' Index, or PMI) hinted that both manufacturing and services sectors remained a positive force in the economy. Meanwhile, economic growth figures for Q2 2025 (April to June) were updated to stronger growth than previously believed. This data comes alongside mixed signals from US employment markets, which had shown some signs of weakness in recent history, but last week saw the lowest new employment claims in the US since July.

This could mean fewer interest rate cuts than investors had hoped

Intuitively, better economic data should be music to investors' ears. However, a more robust US economy could mean a slower pace of interest rate cuts than investors had been expecting this year. In comments last week, the head of the US central bank – Jerome Powell – noted that his Federal Reserve (Fed) must continue to manage a challenging set of circumstances, including not only employment market dynamics but also risks to inflation. The Fed's preferred measure of inflation – Personal Consumption Expenditures, or PCE – held steady at 2.7% in August (according to the update released last week) as widely expected. Overall, this contributed to a rather muted week for US share prices.

Market moves

US share prices were lacklustre, as investors weighed up the competing forces influencing the potential for more US interest rate cuts this year.

On this side of the Atlantic, UK share prices fared better.

The prices of both gold and oil rose, responding to concerns about a potential new chapter in the Ukraine-Russian war.

What to look out for this week

More political turbulence in the US, as Tuesday marks a government funding deadline. This could lead to another 'government shutdown' if an agreement on issuing more US debt cannot be reached.

Economic news due for release this week includes an early look at European inflation data and September's US employment figures.

If you have questions about financial markets, or our investment services, please contact the Marketing team:

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