14 July 2025

Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

US tariffs back in the spotlight

Key takeaways

US tariff news dominated the headlines, with plenty of dates and numbers being announced by the White House, however, market reaction was muted compared with previous tariff announcements. Meanwhile, in the UK, the economy shrank for the second consecutive month.

Looks like 1 August may be the new 9 July for tariffs

Financial markets appeared untroubled by the talk from President Trump of various tariff levels set to be imposed on various countries, with the deadline for negotiations to avoid/reduce ‘reciprocal tariffs’ being pushed back by three weeks to 1 August. Investors are taking encouragement from policymakers indicating that they want a successful outcome from the trade talks. Indeed, the US administration will likely be incentivised to progress the trade talks, especially if the legal foundations for tariffs look unsteady. Tariff uncertainty is becoming increasingly normalised, rather than regarded as a major new headwind, based on the view that despite all the bluster, the President’s bark will remain worse than his bite. Specifically, markets are looking through Trump’s classic negotiating tactics of raising the pressure into the final stages.

Expect less restrictive policy in the US in the coming months

So far, US economic activity data is proving remarkably resilient given the introduction of tariffs; while in aggregate, the US growth picture is not as strong as it was in late 2024, it is nowhere near as bad as feared in early April 2025. Central bank policy is still restrictive, but is expected to become less so over the next 12 months, with markets pricing in two interest rate cuts during the second half of this year. The pace of rate cuts is expected to pick up early in 2026, as the inflationary effect of the tariffs will have worked through by the end of 2025. Additionally, the chair of the central bank’s term in office will end in May 2026 and his successor is expected to be more sympathetic to the administration’s views on more rapid interest rate cuts.

UK growth stutters

On a seasonally-adjusted basis, UK gross domestic product (GDP) – the main measure of growth of the economy - shrank unexpectedly by 0.1% in May, after contracting 0.3% in April. Declining production and construction output drove this weakness, with services struggling to offset the declines. Elsewhere, Andrew Bailey, the Bank of England governor, said that the weakening jobs market could prompt further cuts in interest rates, which currently stand at 4.25%. Interest rates will be reviewed at the Bank’s next policy meeting on 7 August.

Market moves

Most stock markets finished the week in positive territory, unruffled by the focus on US tariffs.

However, there were some renewed jitters in global bond markets around fiscal sustainability. Bond yields rose in pretty much every major economy, led by Japan, which saw a big spike in longer-dated bond yields, pushing the 30-year yield back above 3%. (Bond yields and bond prices move in opposite directions.)

What to look out for this week

The latest US consumer price data is published on Tuesday, followed by producer price data and industrial production data on Wednesday. Retail sales data follows on Thursday along with the preliminary July University of Michigan survey on Friday. Consumer price data will also be published in the UK on Wednesday and Japan on Friday.

The second quarter earnings season kicks off this week with US banks reporting Q2 results.

A meeting of G20 finance ministers and central bank governors is scheduled on Thursday and Friday.

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

marketing.hwam@handelsbanken.co.uk

Important Information

Handelsbanken Wealth & Asset Management Limited is authorised and regulated by the Financial Conduct Authority (FCA) in the conduct of investment and protection business, and is a wholly-owned subsidiary of Handelsbanken plc. For further information on our investment services go to wealthandasset.handelsbanken.co.uk/important-information. Tax advice which does not contain any investment element is not regulated by the FCA. Professional advice should be taken before any course of action is pursued.

- Find out more about our services by contacting us on 01892 701803 or visiting our website: wealthandasset.handelsbanken.co.uk
- Read about how our investment services are regulated, and other important information: wealthandasset.handelsbanken.co.uk/important-information
- Learn more about wealth and investment concepts in our Learning Zone: wealthandasset.handelsbanken.co.uk/learning-zone/
- Understand more about the language and terminology used in the financial services industry and our own publications through our Glossary of Terms: wealthandasset.handelsbanken.co.uk/glossary-of-terms/

All commentary and data is valid, to the best of our knowledge, at the time of publication. This document is not intended to be a definitive analysis of financial or other markets and does not constitute any recommendation to buy, sell or otherwise trade in any of the investments mentioned. The value of any investment and income from it is not guaranteed and can fall as well as rise, so your capital is at risk.

We manage our investment strategies in accordance with pre-defined risk objectives, which vary depending on the strategy's risk profile.

Portfolios may include individual investments in structured products, foreign currencies and funds (including funds not regulated by the FCA) which may individually have a relatively high risk profile. The portfolios may specifically include hedge funds, property funds, private equity funds and other funds which may have limited liquidity. Changes in exchange rates between currencies can cause investments of income to go down or up.

This document has been issued by Handelsbanken Wealth & Asset Management Limited. For Handelsbanken Multi Asset Funds, the Authorised Corporate Director is Handelsbanken ACD Limited, which is a wholly-owned subsidiary of Handelsbanken Wealth & Asset Management, and is authorised and regulated by the Financial Conduct Authority (FCA). The Registrar and Depositary is The Bank of New York Mellon (International) Limited, which is authorised by the Prudential Regulation Authority and regulated by the FCA. The Investment Manager is Handelsbanken Wealth & Asset Management Limited, which is authorised and regulated by the FCA.

Before investing in a Handelsbanken Multi Asset Fund you should read the Key Investor Information Document (KIID) as it contains important information regarding the fund including charges and specific risk warnings. The Prospectus, Key Investor Information Document, current prices and latest report and accounts are available from the following website: wealthandasset.handelsbanken.co.uk/fund-information/fund-information/, or you can request these from Handelsbanken Wealth & Asset Management Limited or Handelsbanken ACD Limited: 77 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS or by telephone on +44 01892 701803.

Registered Head Office: No.1 Kingsway, London WC2B 6AN. Registered in England No: 4132340 wealthandasset.handelsbanken.co.uk