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Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

Stock markets hold on to their brighter mood

Key takeaways

Following an intense and volatile period for financial markets, a tentative recovery in share prices continued last week. Influenced by a range of factors, an interest rate cut from the US central bank in the coming weeks looks increasingly unlikely.

Investors welcomed signs of resilience in the US jobs market

177,000 new jobs were added to the US economy in April, according to the latest figures released by the Bureau of Labor Statistics. This was slightly higher than expected, although jobs figures for February and March were revised to a lower level than initially announced. Importantly, the unemployment rate held steady at 4.2%, despite some limited job losses in the manufacturing sector and federal government. Investors in financial markets reacted positively to the news.

Fresh signals from trade talks and economic data

In a slight change from the previous week, last week China appeared more willing to consider trade talks with the US. The Chinese Commerce Ministry saying that it was ‘evaluating’ advances from the White House, though it emphasised the need for sincerity in any negotiations. Meanwhile, US economic growth data was released, covering the first quarter of 2025. This showed that the US economy had contracted in the opening three months of the year. In other economic news, the latest manufacturing sector survey data, though still weak, was not as weak as analysts had broadly expected.

Markets no longer expect imminent US interest rate cuts

Signals from bond markets showed that investors no longer think that policymakers at the US central bank – the Federal Reserve (Fed) – will cut interest rates at their June meeting (they do not expect a cut at this week’s meeting either). Investor views have been influenced not only by encouraging employment data, but also by the postponement of some of the most potentially damaging ‘tit-for-tat’ tariffs with major US trading partners. This better backdrop could lead the Fed to conclude that the economy does not need further help (in the form of a rate cut) at present. President Trump has previously made sweeping demands of the Chair of the Fed – Jerome Powell – on social media; however, Trump is unlikely to influence Powell’s actions, and the Fed should continue to act independently.

Market moves

Stock markets continued to show signs of recovery last week. Europe and Asia Pacific (excluding Japan) were the best regional performers among major markets in sterling terms.

The price of gold (traditionally a ‘safe haven’ in times of strife) fell back slightly, responding to a more optimistic market mood.

The oil price dropped further, driven lower by a combination of economic concerns (pointing to lower demand for energy ahead) and higher production from the OPEC consortium (increasing the available supply of oil at a time when demand is lower).

What to look out for this week

Interest rate decisions are due from the Bank of England and the US Federal Reserve this week, but neither is expected to make a change on this occasion.

A mixed bag of economic updates is also expected over the coming days, from retail sales data in Europe to construction figures in the UK.

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

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