8 September 2025

Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

Back to school with a bump

Key takeaways

Politics clung onto the spotlight in the UK last week, while on the international stage we heard crucial news about the state of US employment.

A dreary summer for the US jobs market

On the first Friday of every month, economists and financial markets watch closely to find out the latest news from US employment markets. As the world's most influential economy, driven by the strength of its consumers, what happens in the US workforce can have an influence on a global scale. Last week, August's employment figures showed weaker hiring rates in the US, with the monthly addition of just over 20,000 new employees marking a recent low. While this signals a deterioration, rather than a collapse, it was substantially lower than the roughly 75,000 new jobs that economists had predicted.

Bad news is good news for US interest rates

Jobs news may have been weaker than expected, but markets had some cause to welcome the surprise, as it increases the chance of an interest rate cut by the US central bank this month. Investors believe that this weaker jobs figure means that the US Federal Reserve (Fed) is now well-primed to cut interest rates in order to stimulate economic activity in the US. Inflation – which, alongside employment stability, is among the Fed's key areas of management – remains a critical area to watch, particularly as the Fed attempts to assess the level of impact President Trump's tariffs could have on pricing pressures for US consumers.

A testing week for UK politics

On home shores, the ripple effects of Labour's welfare bill are still being felt, particularly when it comes to government finances. With the deputy prime minister, Angela Rayner, standing down from office last week, there are questions in some quarters about the Labour Party leadership. A well-publicised hole in government finances, and related pressure from the bond market could theoretically force changes at the top. However, financial markets are typically very wary of change, and any sweeping alterations to Labour leadership could lead to a more politically left-wing Cabinet, potentially increasing government spending. For now, markets are watching and waiting.

Market moves

It was a relatively quiet week in stock markets, with modest gains in most major regions.

Meanwhile, bond markets had a bouncy week, with prices falling (and yields, which always move in the opposite direction to prices, rising) early in the week, before settling back into positive territory.

Gold has had a remarkable 2025 so far, and that continued last week, with the price of gold reaching new highs. As a reminder, gold is our only direct exposure to commodities within our multi asset funds.

What to look out for this week

More US inflation data is due for release this week, including the latest Consumer Price Index (CPI) reading on Thursday.

The European Central Bank meets on Thursday, and analysts expect them to hold European interest rates steady for now. Elsewhere in Europe, the French prime minister, Francois Bayrou, faces a confidence vote on his government spending plan.

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

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