

26 August 2025



Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

Markets are waiting for interest rate news

Key takeaways

Stock markets enjoyed speculation that more interest rate cuts could soon be on the way in the world's most dominant economy.

Interest rate cuts could be imminent in the US

During a speech at an economic conference, the head of the US Federal Reserve – Chair Powell – hinted that his central bank could cut interest rates in September. The news pushed stock market prices higher as investors looked forward to the effect of interest rate cuts, including a potential boost to economic activity. Bond prices also increased, while bond yields (which always move in the opposite direction to prices) fell. Powell's speech was not a firm commitment to cut rates, but financial markets are now very expectant.

High prices and low economic growth present a UK conundrum

At the same conference, Governor Bailey – the head of the Bank of England – also highlighted his concerns about the UK's 'acute challenge' when it comes to economic growth. News emerged last week that UK inflation had risen again, with transportation and travel costs, as well as higher food prices, pushing inflation higher. This news could reduce the likelihood of another Bank of England interest rate cut this year, as the Bank must consider pricing pressures as part of its mandate. Given that the Bank must balance inflation concerns with economic growth priorities (which would normally lead to rate cuts), this is a challenging situation for the Governor and his policymaking committee.

Good news at last for European manufacturing

New orders placed with European manufacturers increased in August, according to the latest private sector survey data (the Purchasing Managers' Index, or PMI). This sign of growth moves the PMI figure for Europe's manufacturing sector out of contractionary territory for the first time in three years. While this is a positive sign for economic growth, inflationary pressures are edging higher in Europe too, reducing the chances of more rate cuts by the European Central Bank.

Market moves

Prices in both stock and bond markets broadly rose last week, in expectation of interest rate cuts at the US central bank in September.

The US dollar weakened slightly versus its international peers.

What to look out for this week

Among the economic data set for release this week, investors will be especially interested in the Personal Consumption Expenditures (PCE) figures for the US. PCE is the US central bank's preferred gauge of inflation, so a gentler reading could add weight to calls for interest rate cuts in September.

The latest earnings report from technology giant Nvidia will be issued on Wednesday and could provide interesting insight into the outlook for the tech sector.

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