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Handelsbanken

Wealth & Asset Management

WEEKLY BULLETIN

Stock markets spooked as investor nerves are tested

Key takeaways

Following six weeks of consecutive rises, the S&P 500 fell back last week as investors recalibrated the outlook for interest rates, with Friday's October jobs report keenly awaited. Across Europe, shares weakened.

Bond yields rise sharply as US election draws near

US government bond yields continued to rise (and prices, which move inversely to yields, fell), as investors reduced expectations for how much central banks, notably the US central bank, will cut rates. As well as the release of upbeat economic data possibly weakening the case for additional near-term interest rate cuts, some investors believe that the very high levels of US national debt, currently \$35.8 trillion, may force US interest rates to increase as investors will need a higher payout to compensate for the weak state of the federal government's finances. Manifesto proposals by US presidential candidates Donald Trump and Kamala Harris are both expected to increase the US national debt.

European economies in the doldrums

Private sector survey data (purchasing managers indices) across the Eurozone for October shows that the region's economic activity continued to ease. The 49.7 figure was below the 50 point mark separating growth from contraction, and reflected a poor performance in the manufacturing sector. This was only marginally compensated by the services sector, which although it was in positive territory, continued to weaken to an eight-month low. The economic backdrop in the UK was similarly downbeat, with the important services sector weakening and barely growing. The risks to economic growth in the UK remain to the downside, and suggest the Bank of England may be forced to cut interest rates by more than what is currently being anticipated, in an effort to stimulate economic output.

Market moves

Most global stock markets finished lower last week, with larger company shares generally holding up better than those of smaller companies.

EV manufacturer Tesla delivered its second best daily performance, rising 22% following strong third quarter results and an upbeat 2025 delivery outlook.

Bonds continued their recent sell-off, with US government bonds particularly hard hit.

Oil prices rose slightly but remain well down from recent highs. Gold reached a new intraday record high, while silver rose to a 12-year high.

What to look out for this week

Five companies accounting for about one-quarter of the total market value of the S&P 500 (Alphabet, Microsoft, Meta, Apple and Amazon) will report third-quarter earnings.

In the UK, the focus will be on the Autumn Budget on Wednesday – the Labour Government's first budget in almost 15 years.

On Thursday, the US central bank's preferred inflation measure, the Personal Consumption Expenditures Price Index will be released.

On Friday, October's US jobs report will be released. In the previous month, the number of jobs created rose by 254,000, much higher than expected.

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

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