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WEEKLY BULLETIN

Forget the court battles, investors want the good news

Key takeaways

Despite the long arm of the law reaching into President Trump's trade wars, financial markets remained decidedly optimistic last week.

A breakneck week for trade tariffs

Within the space of just one week, the US treated the world to a 50% tariff imposed on the EU, the same tariff being delayed by five weeks, the US Court of International Trade ruling that a large swathe of the White House's tariffs were illegal, and the Court of Appeal granting a temporary stay to leave these tariffs in force for the time being. The White House has until 9 June to respond. It's worth noting that there are a few exceptions not covered by the court ruling, including the tariffs on steel, aluminium and automobiles.

The White House will look for an alternative route

The US Court of International Trade may have ruled that the Trump administration did not have the authority to impose most of the tariffs it had previously announced, but will this stop the president? The ruling covers the 10% baseline tariffs on goods entering the US, as well as the 25% tariffs placed on Canadian and Mexican products, the extra 20% tariff loaded onto China, and all the reciprocal tariffs that had been paused until early July. With further appeals to the Supreme Court now appearing likely, the uncertainty around tariffs could linger beyond this July deadline. What's more, the White House has indicated that it could turn to 'alternative powers' should it lose its court appeal. For now, this looks more like a temporary setback than a permanent blockade to the Trump administration's plans.

Upbeat consumer data is music to investors' ears

Meanwhile, investor attention turned to US consumer sentiment, which has moved decidedly higher according to the latest research data. Some of the groups surveyed reported feeling their best in years. Consumers are the driving force behind US economic health, with consumer spending accounting for nearly 70% of the US economy. Needless to say, an upbeat mood among US consumers was music to the ears of investors: share prices on the US stock market rose accordingly. Investors were also buoyed by better-than-expected earnings announced by US businesses in the first quarter of 2025.

Market moves

Stock markets had a bumpy run in May, but ended the month in a better mood, with positive gains in most major regional markets.

Reflecting this pro-risk feeling, bond prices were slightly weaker overall (meaning that bond yields rose).

However, the prices of longer-dated bonds were stronger than previously (their yields fell), helped by news that Japan's Ministry of Finance would reduce the issuance of long-dated bonds. This positivity then echoed into other regions, where investors have been worried about the extent of government borrowing through long-term debt issuance.

What to look out for this week

The eyes of the market will be on the latest US jobs report, covering May. Despite surprising resilience from the US labour market in recent years, history suggests that we should expect some weakness, with evidence continuing to point towards a slowdown in demand for labour.

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

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Important Information