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Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

Trump takes the headlines again

Key takeaways

It should no longer come as a surprise that President Trump has taken over the headlines. This week, it was his apparent attempt to disrupt the US central bank which caught the media's attention.

Trump is pushing for change at the US central bank

The president's team unceremoniously fired Lisa Cook, a member of the board of governors at the US Federal Reserve (Fed), citing mortgage fraud. Cook's removal would allow Trump to appoint a replacement of his choosing to the board, potentially 'stacking the deck' in his favour when it comes to US interest rate decisions, which are made by the Fed. In response, Cook is suing Trump, and has applied for an injunction to allow her to continue in her role while the case plays out. We are still waiting to hear the court's verdict on this.

Markets are interpreting changes in their own way

Trump's goal may be to lower the cost of the US government's debt, but ironically the interest paid on longer-dated bonds is rising. This is because although markets expect more interest rate cuts in the near term, they anticipate potentially higher inflation over the longer term. In short, markets are hinting that missteps could take place in the future, causing inflation to move higher. History offers stark lessons when it comes to politicians meddling with the credibility of central banks, with this typically leading to higher inflation, volatile economic growth and a weaker currency. The latest situation remains very much ongoing, and we'll be watching developments closely.

Stubbornly high US inflation, despite progress

Sticking with the world's most influential economy, last week saw the release of a spate of more encouraging US economic data. From an improvement in growth figures in the second quarter of the year, to lower weekly unemployment claims, investors were given some reassurance about the outlook for the US economy. However, the latest personal consumption expenditures (PCE) inflation figure – which is the Fed's preferred measure of inflation – pointed to stubbornly high pricing pressures. Uncertainty over the medium-term inflation impact of tariffs is certainly making the Fed's job difficult at the moment, and tariff headlines also appear to be picking up again – another area to watch.

Market moves

It was a fairly quiet and subdued week for global stock markets. European share prices fell amid political instability in France, while US shares eked out small gains.

Bond prices were slightly higher (in sterling terms), with the exception of UK government bonds, which fell slightly.

The price of gold rose, adding to its fantastic 2025 run so far.

What to look out for this week

Economic data due for release this week includes employment figures for Europe, manufacturing and services data for the US, and retail sales news in the UK.

Most closely watched will be US employment data for July, which will be released on Friday.

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

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