

Markets recover war losses

Key takeaways

US stock markets surged to new record highs with the tech-heavy Nasdaq Index enjoying its best run since 1992 amid a de-escalation in the Middle East and plummeting oil prices.

S&P Index comes roaring back

The S&P 500 Index of US companies hit the first of several new record highs last Wednesday, on its way to three consecutive weekly gains of more than 3%. The Nasdaq tech index also passed a record high on the back of 13 consecutive daily gains, its best winning streak since 1992.

Global stock markets have now recovered the ground lost to the Iran war while the prevailing sentiment is that, despite Mr Trump's swaggering rhetoric, the conflict has quietly moved to the 'de-escalation' stage. The course of the war has largely mirrored that of other geopolitical upsets. It took four weeks for markets to reach their nadir, and just two weeks for them to recover their losses. Within this, the S&P 500 Index rallied 10% in 10 days, its strongest bounce since the Covid rebound in 2020.

US banks lead the way

Wall Street's 'Big Six' banks set the tone for US earnings season last week, with record first-quarter numbers including a 30% jump in profits at Morgan Stanley. Although the banks made great trading gains due to the volatility triggered by the Iran war, they also stressed the continuing strength of US consumer spending.

This US earnings season is expected to be an exceptional one. There looks to be a cyclical upswing underway in the US economy amid clear indications that the Iran war has now been priced-in by markets. Elsewhere, unprecedented levels of corporate investment into the AI buildout continue while President Trump's 'One Big Beautiful Bill' will help to bolster US companies, as will the first quarter's weak US dollar. Upgraded earnings forecasts now point to 13% US earnings growth in the first quarter, followed by 20% in the second.

UK banks called to number 11

The UK's biggest banks announce their first-quarter results in the coming weeks, including details of how the Iran war has impacted their loan books. In the meantime, Chancellor Rachel Reeves has called a summit of bank leaders on Wednesday, the same day that Mr Trump's latest ceasefire deadline expires.

Top executives from Barclays, HSBC, Lloyds, NatWest, Santander and Nationwide (the UK's biggest building society) are heading to Downing Street to discuss potential ways to mitigate the economic pain of the war. The International Monetary Fund (IMF) recently downgraded its forecast for UK GDP growth to just 0.5% in 2026 – the biggest downgrade within the G7 economies.

Although last week's GDP figures showed 0.5% growth prior to the war, this week sees the first UK inflation print to include post-war data with forecasters expecting a nasty jump to 3.3%.



Market moves

Global stock markets surged 3.1% last week, led by US markets, as the 'relief rally' continued to gain momentum.

The MSCI North America Index jumped 3.7%. Emerging market and European shares both gained north of 2%, while UK shares were only modestly positive.

UK and US government bonds eked out small gains, thanks mostly to a 17% drop in the oil price. Gold also added more than 1% to be up over 10% in 2026.

What to look out for this week

Kevin Warsh's delayed nomination hearing to become Chairman of the US Federal Reserve next month, gets underway on Tuesday.

Tuesday also brings UK average earnings and employment numbers and US retail sales and business inventory data.

Wednesday will see the first UK inflation data since the start of the Iran war, followed by consumer confidence and retail sales numbers on Friday.



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 is a trading name of Handelsbanken Wealth & Asset Management Limited which 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. For Handelsbanken Multi Asset Funds, the Authorised Corporate Director is Handelsbanken ACD Limited, which is a wholly-owned subsidiary of Handelsbanken Wealth, 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, 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 or Handelsbanken ACD Limited: 25 Basinghall Street, London EC2V 5HA or by telephone on +44 01892 701803.

Registered Head Office: 25 Basinghall Street, London EC2V 5HA. Registered in England No: 4132340

wealthandasset.handelsbanken.co.uk