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Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

Another weekend at the White House

Key takeaways

In a chillingly familiar sequence of events, all major regional stock markets made robust gains last week, led by Japan, while bond markets also delivered. Investors were then left rubbing their eyes with news on Sunday night that the US Justice Department had subpoenaed Jay Powell, the chair of the Federal Reserve.

Barbarians at the gates…

In a video statement on Sunday, the chair of the US Federal Reserve (Fed), Jerome Powell, revealed that he was now facing criminal indictment on charges connected to the renovation costs of the Fed's office buildings, and a related Senate statement he gave last summer. Mr Powell stated, "This is about whether the Fed will be able to continue to set interest rates based on evidence and economic conditions – or whether instead monetary policy will be directed by political pressure or intimidation."

This is the latest salvo in a year-long attack on the Fed and its members aimed at forcing the bank to cut interest rates in time for the US mid-term elections. Markets reacted quickly; the US dollar fell once more, US stock market futures declined, while gold and silver rallied to new record highs.

Guns blazing: defence stocks help S&P to new record high

The S&P 500 Index of leading US companies hit a new all-time high on Friday, led by stocks in the aerospace and defence sectors. Mid-week, Mr Trump undermined US defence companies with a set of sweeping orders to invest more in factories or face curbs on the dividends they pay, future share buybacks, and the pay their executives receive.

They bounced back almost immediately following his call for Congress to boost US military spending some 50% from $901bn in 2026, to $1.5trn in 2027. As a frame of reference, we estimate that this would make US defence spending the 17th largest global economy on the planet.

Rational exuberance: US earnings season kicks off this week

The US fourth-quarter earnings season commences this week with 70 companies announcing their results. Traditionally, the giant US banks are among the first group to report, with analysts taking these results as a bellwether for the wider US economy.

Optimism is running high. FactSet, the data provider, is forecasting earnings growth of 8.3% for the S&P 500. Meanwhile, investors will be seeking proof that the hundreds of billions being spent on the AI buildout is coming through on balance sheets. This will put Taiwan Semiconductor (TSMC), the world's biggest microchip foundry, and Infosys, a leading tech and AI consultant, firmly in the spotlight when they report this week.

Market moves

Global stock markets progressed more than 2% last week with all major regional markets making robust gains.

Thanks partly to a weaker yen, stock markets in Japan proved to be the top performers. Meanwhile in the UK, the FTSE 100 Index pushed above the 10,000 mark for the first time.

Both gold and silver powered to new record highs last week as the added geopolitical tensions of Venezuela and Iran were felt. Both precious metals then rallied further on the news that charges had been brought against the Fed chair.

What to look out for this week

A crowded calendar of US economic data this week sees CPI numbers on Tuesday, followed by existing home sales on Wednesday, and US jobless claims and retail sales on Thursday. The US data week ends with industrial production numbers on Friday.

Elsewhere, this Thursday will see the latest UK GDP numbers announced, with a meagre 0.2% growth currently forecast.

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

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