

Weekly market commentary

Week ending 12 September 2025

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Welcome to our weekly market update. Our focus is on providing clear, concise insights into stock and bond market movements and the broader economic landscape.

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This week's highlights

- **Political instability:** in the UK and France.
- **US jobs and inflation:** data drives interest rate cut expectations.
- **Oracle's surge:** stock jumps 36%.

Market review

This week saw significant political shifts across the globe, showing growing instability. In France, Prime Minister François Bayrou resigned after losing a confidence vote over austerity plans. His successor, Sébastien Lecornu, faced immediate unrest as tens of thousands joined the "Block Everything" protests, reflecting deep dissatisfaction with President Macron's leadership. Investors responded nervously, with French bond yields rising 0.05% – now nearly level with Italy's, echoing market concerns last seen during the Eurozone crisis.

In the UK, the Deputy Prime Minister stepped down following an ethics probe into unpaid tax. Prime Minister Keir Starmer initiated a cabinet reshuffle, though markets remained calm. However, investors are watching closely for any signs of flexibility aimed at improving poor polling figures.

In the US, scrutiny intensified around the Bureau of Labor Statistics after President Trump dismissed Commissioner Erika McEntarfer over alleged data manipulation. A recent revision showed 911,000

fewer employed, prompting markets to fully price in an interest rate cut at the next Federal Reserve meeting. Inflation data aligned with expectations, with core inflation rising 0.3% month-on-month.

The European Central Bank held rates steady, citing contained inflation and easing economic risks. Meanwhile, Mexico bowed to US pressure, imposing up to 50% tariffs on Chinese goods – becoming one of the first allies to align directly with US trade policy.

In equities, Oracle soared 36% in a single session after reporting a 359% year-on-year surge in contracted cloud revenue, driven by major AI infrastructure deals. Analysts raised price targets, citing strong long-term growth potential.

Outlook

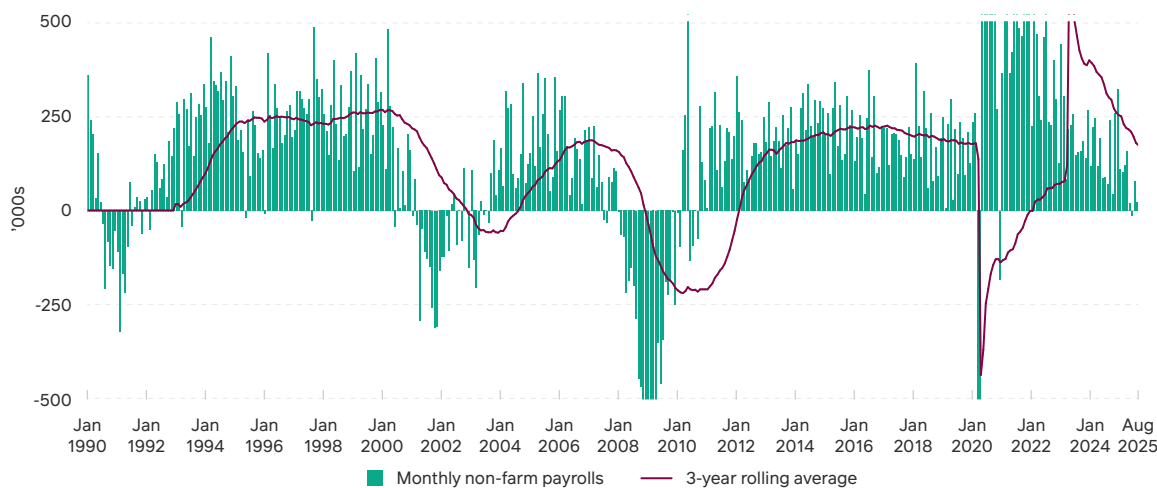
The global economy has remained remarkably resilient, despite challenges surrounding tariff implementation and ongoing geopolitical tensions. While corporate earnings have been solid, markets remain reactive to uncertainty around central bank interest rates, inflation and growth data.

Chart of the week

US unemployment slowdown

Following a sharp downward revision of 911,000 to US employment figures this week, investors were surprised and quickly reassessed the outlook for economic growth. The chart shows monthly payroll trends over the past 35 years, with a noticeable slowdown in hiring emerging in 2025. While this is concerning, history shows that employment can recover after periods of weakness – though it’s something to watch closely.

In response, the US Federal Reserve faces a delicate balancing act: supporting growth while keeping inflation in check. Their next steps will be key in shaping market confidence and economic momentum.



What this means for you

Varying inflation levels, trade tariff uncertainty and geopolitical tensions continue to influence market performance across the globe. This strengthens the importance of maintaining a well-diversified long-term investment approach, rather than reacting to short-term market swings. By staying committed to carefully considered plans, investors can navigate through periods of volatility and uncertainty.

Need help?

If you have any questions in relation to this document, please discuss them with your financial adviser.