FE Investments
WEEKLY MARKET COMMENTARY BY ROB GLEESON
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TRUMP'S ATTENTION RETURNS TO TARIFFS BUT MARKETS TAKE THEM IN THEIR STRIDE

This week the delay on Donald Trump's reciprocal tariffs expired with little progress on trade talks. Trump has again pushed the deadline for these additional tariffs, however, countries are being notified of the new rates they will face on 1 August if no deal is concluded. Among those receiving higher rates are key trading partners Japan and South Korea, which are facing a 25% levy, and Canada, which is looking at 35%. The lack of reaction suggests investors may be overlooking the impact of tariffs or they are dining on TACOs again as they bet "Trump always chickens out".

Despite the relaxed mood in markets, tariffs are having an effect. We've seen EU car makers report slowing sales in the US – particularly among luxury brands – while Japanese clothing retailer Uniqlo has warned that US tariffs would drive up prices and hit sales in the US. Meanwhile UK GDP declined 0.1% in May. This is not all to do with US tariffs - as a drop in construction played a part in the drop in activity - but at least some of the decline in manufacturing has been put down to US tariffs. If investors are too optimistic or Trump sticks to his word there may be volatility ahead.

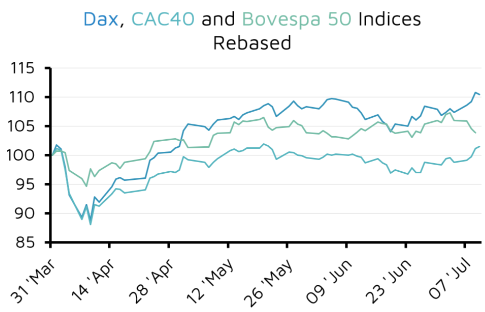
THE MARKETS THIS WEEK

FTSE 100	S&P 500	Nikkei 225	STOXX 600	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Copper	GBP USD
+1.81%	+0.09%	-0.78%	+1.75%	+1.07%	+0.03%	+0.11%	+0.44%	+0.82%	+9.32%	-0.96%

GLOBAL: US SETS OUT TARIFFS BUT MAKES SLOW PROGRESS WITH DEALS

President Donald Trump set out some of the reciprocal tariff rates facing countries who have not agreed a trade deal with the US, although the start date for the higher rates is delayed until 1 August. Countries including Japan and South Korea face tariffs of between 25% and 40%. There is a strong political element in the new tariff rates as BRICS countries face an additional 10% rate for their "anti-American policies". Brazil has been threatened with additional tariffs of 50% as Trump criticised its approach to free speech and called for the prosecution of former president Jair Bolsonaro to be halted. The Brazilian real declined and Brazilian coffee climbed but Asian equities were little changed.

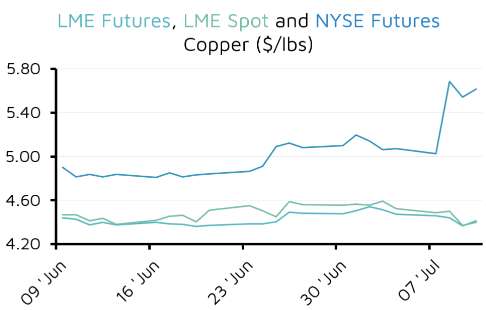
The US has concluded only three trade deals and the delay provides more time for negotiation as Trump said an agreement with India is close. European trade commissioner Maros Sefcovic said a temporary deal could be agreed soon as the EU tries to limit tariffs to 10% on its exports. This contributed to a gain for most major European indices this week.



COMMODITIES: COPPER SURGES IN NEW YORK ON 50% TARIFF THREAT

The threat of 50% tariffs on US copper imports before the end of summer threw rattled commodity markets this week. Prices in New York jumped 14% to $5.69 a pound on Tuesday afternoon. New York copper traded at a 28% premium over London futures, as prices in London sank 2% on the expectation that tariffs would ultimately curb demand and ease the market tightness. Traders are rushing the metal to the US, creating a dearth of inventory in Asia and Europe. US hoarding has caused an anomaly in the London prices where copper for immediate delivery is 4% more expensive than copper delivered in three months' time. Usually, futures are priced higher than spot trades to account for storage and financing costs of commodities.

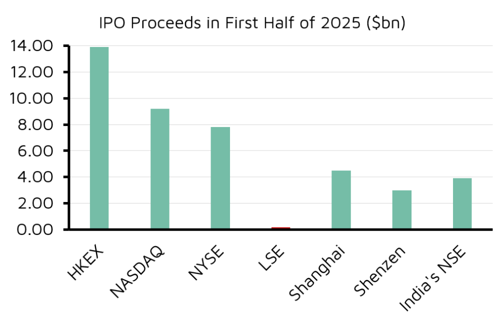
Big trading houses like Mercuria and Vitol, which have been growing their metals businesses this year, banked on the mayhem. Shares in global miners Anglo American and BHP gained 5.4% and 3.8% respectively.



MARKETS: HANG SENG SEES RECORD LISTING AS SHEIN RECONSIDERS UK

The number of companies planning to list on the Hong Kong stock exchange has hit an all-time high as the territory's attempts to boost its status as a financial hub pay off. Hong Kong has been the busiest market for new listing in 2025 with almost $14bn raised in the first six months. The next busiest market was the Nasdaq which raised just over $9bn. The surge in listings is due to a pick-up in demand from global investors being matched by many Chinese companies choosing the Hang Seng exchange for a primary or secondary listing as they look for a venue to raise capital from overseas.

Meanwhile giant Chinese online retailer Shein has apparently filed for a listing in Hong Kong as it grows tired of waiting for approval for an IPO in London. The choice of London for one of the bigger IPOs expected in 2025 was seen as a big show of confidence on the London Stock Exchange following a number of high profile exits. The LSE has experienced a record low volume of IPOs so far this year with only £160m raised from five listings.



Data sourced from Investing.com, KPMG and London Metals Exchange