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Market Snapshot

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The US rolled out a sweeping set of secondary tariffs, targeting countries and companies accused of circumventing trade rules or supporting adversarial regimes. Among the most aggressive measures is a 40% automatic surcharge on trans-shipped goods – items rerouted through third countries to mask their true origin – now enforced without appeal. President Trump also introduced penalty tariffs of up to 100% on countries purchasing Russian-origin goods, with India already facing a 25% surcharge on top of its existing 25% rate, bringing the total to 50%.

Equities rose as earnings season proved supportive. The FTSE 100 was flat over the week by mid-session on Friday, with the more UK-focused FTSE 250 trading -0.1%.

Donald Trump

President Donald Trump's sweeping new tariff regime – up to 50% on some country's imports – triggered a wave of diplomatic backlash and economic countermeasures. While some countries scrambled to negotiate exemptions, others launched retaliatory tariffs or sought alternative trade alliances. The fallout is driving new partnerships, economic recalibrations, and a rethinking of global trade norms.

- **Switzerland:** Among the hardest hit was Switzerland. Mr Trump imposed a 39% tariff on Swiss goods, citing the country's \$39bn trade surplus and accusing it of "stealing" from the US. The move stunned Swiss officials, especially President Karin Keller-Sutter, who believed she was close to securing a 10% cap like the UK's deal. Swiss pharma giants **Roche** and **Novartis** were singled out by U.S. officials demanding lower drug prices. Swiss President Karin Keller-Sutter returned from Washington empty-handed after her proposal for a reduced 10% rate was rejected, and talks failed to yield a compromise. The tariffs now affect nearly 60% of Swiss exports to the US, its largest trading partner, prompting fears of stagnation and job losses. The US also imposed a steep 39% tariff on imports of one-kilogram and 100-ounce gold bars from Switzerland, a

move that has sent shockwaves through global bullion markets and driven gold prices to record highs.

- **India:** The United States slapped a punitive 25% tariff on Indian goods – on top of an existing 25% levy – raising the total duty to 50%, in retaliation for India's continued purchases of Russian oil. The move, formalised through an executive order signed by President Trump, is part of a broader strategy to choke off funding to Moscow amid the ongoing war in Ukraine. The White House framed the decision as a national security measure, accusing India of undermining Western sanctions and enabling Russia's war machine. New Delhi condemned the tariffs as "unjustified and unreasonable," arguing that its energy imports are driven by market needs and national interest, not geopolitics.
- **European Union:** The EU secured a 15% tariff cap after intense negotiations, avoiding harsher penalties. Brussels framed the deal as a stabilising force for transatlantic trade. However, sectors like French wine still face steep duties, prompting calls for further talks.
- **China:** Beijing responded with tariffs on US coal, Liquefied Natural Gas (LNG), and agricultural machinery, while tightening export controls on rare earths. China also filed a complaint with the World Trade Organisation, accusing the US of violating trade norms. China and the United States concluded high-level trade talks in Stockholm this week without reaching a deal to extend their 90-day tariff truce, raising fears of a renewed escalation. The pause, which had temporarily reduced US tariffs from 145% to 30% and Chinese duties from 125% to 10%, is set to expire on August 12, potentially triggering a return to triple-digit levies that would severely disrupt global supply chains.
- **Canada:** The US's northern neighbours were hit with a 35% tariff, particularly targeting fentanyl-linked goods. Prime Minister Mark Carney pledged to diversify exports and protect jobs.

- **Mexico:** The US's southern neighbours secured a temporary reprieve, with President Trump offering a 90-day window for renegotiation.
- **Japan and South Korea:** Both nations introduced counter-tariffs on US electronics and beef, while accelerating trade talks with the EU and ASEAN. Tokyo called the move “regrettable,” and Seoul warned of supply chain disruptions.
- **Australia:** Australia chose not to retaliate, positioning itself as a stabilising force. Prime Minister Albanese emphasised long-term economic cooperation over short-term retaliation.

Economics

In a finely balanced decision, the Bank of England cut its base interest rate by 25 basis points to 4% – its lowest level since early 2023 – marking the fifth reduction in a year as policymakers grapple with a fragile economy and persistent inflation. The Monetary Policy Committee (MPC) reached the verdict through a rare two-round vote, reflecting deep divisions over whether to ease monetary policy amid rising unemployment and sluggish growth, despite inflation ticking up to 3.6% in June. Governor Andrew Bailey emphasised the need for a “gradual and careful” approach, warning against premature or excessive cuts that could reignite inflationary pressures. The Bank's latest Monetary Policy Report projects inflation peaking at 4% in September before easing toward the 2% target in 2026, though risks remain elevated due to wage growth, food prices, and geopolitical factors. Looking ahead, the MPC signalled that future rate cuts are likely but not guaranteed, with decisions hinging on continued disinflation and job market trends. Markets now anticipate at least two more cuts by mid-2026, potentially bringing the base rate down to 3.5%.



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UK house prices posted their strongest monthly rise of 2025 in July, climbing 0.4% to an average of £298,237, according to the latest Halifax House Price Index. While annual growth eased slightly to 2.4% from 2.7% in June, the market showed resilience amid easing mortgage rates and rising wages. Northern Ireland led regional gains with a 9.3% year-on-year increase, followed by Scotland and the North West of England. Halifax noted that affordability pressures remain, especially for homeowners exiting

pandemic-era fixed-rate deals, but more flexible lending criteria and expectations of further Bank of England rate cuts are supporting buyer confidence. The lender anticipates modest price growth through the remainder of the year, buoyed by steady demand and improving affordability conditions.

UK retail footfall fell 0.4% year-on-year in July, marking a second consecutive summer dip despite warmer weather and major events like the Women's Euros. High streets saw a 1.7% decline, while shopping centres slipped 0.3%, though retail parks bucked the trend with a 1.7% rise, buoyed by new store openings. Regional disparities persisted: Wales posted a modest 0.4% increase, but footfall dropped in England, Scotland, and Northern Ireland, with the latter seeing a sharp 3% fall. The British Retail Consortium warned that one in seven shops remain vacant, urging deeper business rate cuts to revive town centres. Analysts noted that while the footfall trend is improving compared to last year's lows, cautious consumer sentiment and rising costs continue to weigh on in-store visits, leaving retailers reliant on value and experience to convert foot traffic into sales.



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China's trade data for the first seven months of 2025 showed resilient growth despite global headwinds, with total goods trade rising 3.5% year-on-year to ¥25.7 trillion (approx. \$3.6 trillion). July alone saw a 6.7% surge, marking the second consecutive month of expansion, as exports jumped 8% and imports climbed 4.8%. Mechanical and electrical products continued to dominate exports, accounting for 60% of the total, with notable gains in integrated circuits and automobiles. Trade with ASEAN rose 9.4%, reinforcing its position as China's top partner, while trade with the US fell 11.1%, reflecting ongoing geopolitical tensions. Private enterprises led the charge, contributing over half of total trade, while state-owned firms saw an 8.8% decline. The data underscores China's shifting trade dynamics and its growing reliance on regional and Belt and Road partners amid a complex global landscape.

Geopolitics

Donald Trump's deadline for Russia to show its willingness to end the war in Ukraine passed on 8 August. It comes after Trump said he would meet

with Vladimir Putin even if the Russian leader wouldn't meet with Volodymyr Zelenskyy. Two White House officials reportedly said that secondary sanctions on Russia are still expected to be implemented on Friday – despite ongoing discussions about a Trump-Putin meeting.



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At its 3 August meeting, the Opec+ alliance – led by Saudi Arabia and Russia – announced a fresh oil production increase of 547,000 barrels per day (bpd) for September, continuing its phased reversal of earlier voluntary cuts. The decision, made during a brief virtual session, reflects growing confidence in global market fundamentals and a strategic push to reclaim market share. The move signals Opec+'s shift from price protection to volume-driven strategy, aiming to regain market share lost to non-Opec producers.

Companies

In a landmark decision, the UK Supreme Court ruled in favour of car finance lenders, overturning a previous Court of Appeal judgment that had deemed “secret” commission payments between car dealers and lenders unlawful unless fully disclosed. The ruling significantly narrowed the scope for consumer compensation. The case revolved around whether car dealers owed a fiduciary duty to customers when arranging finance deals that included undisclosed commissions. The Supreme Court concluded they did not, stating that dealers were acting in their own commercial interests and that such commissions were not automatically illegal. The ruling was met with immediate relief in financial markets. Shares in major lenders surged, with shares in the highly exposed **Close Brothers** jumping by more than a fifth as **Lloyds Banking Group** shares were propelled to the top of the FTSE 100 leaderboard.

The decision alleviated fears of a worst-case scenario where lenders faced tens of billions in compensation payouts.

In a move that reignited debate over executive compensation, **Tesla's** board awarded chief executive Elon Musk a fresh stock package worth nearly \$30bn, despite a Delaware court twice striking down a previous \$56bn deal and amid falling vehicle sales and Musk's increasingly political public persona. The controversy stems from Musk's original 2018 pay

package, which was performance-based and tied to Tesla's market cap and operational milestones. Though shareholders approved it, a Delaware judge ruled in January 2024 that the deal was flawed due to conflicts of interest, lack of board independence, and insufficient disclosure. Tesla attempted a legal workaround by holding a second shareholder vote in June 2024, which passed with 76% support. However, the court rejected this ratification, reaffirming its decision to void the package. Mr Musk responded by criticising Delaware's legal system, calling it “corrupt,” and reincorporating Tesla in Texas. The legal battle continues, with appeals pending and broader implications for corporate governance in the US. But is he worth a \$30bn payday? This is a high-stakes bet on one man's ability to reinvent Tesla's future. Tesla's share price has been volatile, and sales have dipped amid rising competition and delayed product rollouts. Yet, the board clearly believes that Musk's visionary leadership and brand power remain irreplaceable. It depends on whether he can deliver on his promises in artificial intelligence (AI), robotics, and autonomous tech, while keeping Tesla's core business afloat.

BP's announcement of its largest find in 25 years may turn out to be a defining moment in the company's strategic reset. Following a retreat from its earlier push into renewables that had alienated parts of its investor base, its new strategy involves a pivot back to oil and high-margin fossil-fuel assets. The find, in the Santos Basin offshore Brazil, is BP's tenth successful well this year and part of an aggressive global exploration campaign aimed at boosting output to 2.5 million barrels of oil equivalent per day by 2030. The find has reaffirmed oil's central role in its growth strategy. The company beat market expectations in its second-quarter results, posting an underlying replacement cost profit of \$2.35bn – well above the \$1.81 billion consensus forecast – despite a year-on-year decline. The outperformance was driven by strong oil trading and robust refining margins, offsetting weaker gas prices and softer upstream realisations. Strategically, the company continued to streamline its portfolio, including divestments in renewables and progress in core oil and gas operations, as part of its broader reset toward disciplined growth and energy transition focus.

Taiwan Semiconductor Manufacturing Company (TSMC) launched legal action and internal disciplinary measures following the discovery of a potential trade secret breach involving its cutting-edge 2-nanometer chip technology, a move that underscores the high stakes in the global semiconductor race. The company's internal monitoring flagged unauthorised activities by several former employees, prompting swift investigations and a zero-tolerance

response. While details remain under judicial review, the suspected leak of proprietary information tied to its most advanced chip process could have far-reaching implications for TSMC's competitive edge, especially as it leads the global supply of AI and high-performance computing chips. The incident highlights the growing risks of industrial espionage in a sector where intellectual property is both a strategic asset and a geopolitical flashpoint.

Diageo's second-quarter results revealed modest organic net sales growth of 1%, driven by strong performances in tequila and Guinness, but were overshadowed by operational pressures and the abrupt departure of chief executive Debra Crew. Reported operating profit fell 4.9%, and earnings per share dropped nearly 10%, weighed down by foreign exchange losses and a weaker contribution from Moët Hennessy. Ms Crew's exit, announced amid a broader leadership shake-up, follows a challenging tenure marked by sluggish US demand, restructuring efforts, and a \$500m cost-cutting drive. The company also withdrew its medium-term guidance, citing macroeconomic and geopolitical uncertainty, and pledged more frequent near-term updates. An interim dividend of 40.5 cents was declared, but investor sentiment remains cautious as Diageo navigates strategic recalibration and market headwinds.

Palantir's second-quarter results marked a watershed moment for the AI-driven software firm, as it surpassed \$1bn in quarterly revenue for the first time – up 48% year-on-year – and significantly raised its full-year guidance, signalling accelerating enterprise adoption of its Artificial Intelligence Platform (AIP). The company beat Wall Street expectations on both revenue and earnings, with US commercial revenue soaring 93% and total contract value hitting a record \$2.27bn. This performance is significant in the wider market context as it underscores the growing monetisation of AI infrastructure beyond Big Tech, validating investor enthusiasm for scalable, profitable AI applications. The results also reflected broader trends in government and enterprise digitisation, reinforcing AI's role as a transformative force across industries.

WPP reported a challenging second quarter prompting the advertising giant to cut its full-year profit forecast. Headline operating profit for the first half dropped 36.2% to £412m, while reported operating profit plunged nearly 48% to £221m, impacted by goodwill impairments and severance costs. The company cited macroeconomic pressures, client budget constraints, and a slowdown in new business as key factors behind the downturn. Despite setbacks – including the loss of major accounts like Coca-Cola's North American media – WPP highlighted strategic progress in artificial intelligence

(AI) and data capabilities, including the acquisition of InfoSum and the rollout of its Open Intelligence platform.

InterContinental Hotels Group delivered a solid second-quarter performance, reporting a 13% rise in operating profit and a 19% increase in adjusted earnings per share, driven by record hotel openings and robust system growth. The company expanded its global estate to over one million rooms. Revenue per available room (RevPAR) rose 1.8% globally, although Greater China saw a 3.2% decline. Fee margin improved by 390 basis points to 64.7%, supported by cost efficiencies and ancillary revenue streams. Despite some softness in the Americas and macroeconomic headwinds, Chief executive Elie Maalouf expressed confidence in meeting full-year profit expectations and highlighted long-term growth prospects, particularly in branded residential and conversion opportunities.

Hikma Pharmaceuticals reported a 6% rise in first-half revenue to \$1.66bn, driven by strong performances in its Injectables and Branded segments, particularly in Europe and the Middle East. Despite this top-line growth, core operating profit fell 7% year-on-year, reflecting foreign exchange headwinds, a shift in product mix, and tough comparators from 2024. The company reaffirmed its full-year guidance, projecting revenue growth of 4% to 6% and core operating profit between \$730m and \$770m. Hikma also announced a \$1bn investment plan to boost US manufacturing and R&D by 2030, underscoring its commitment to long-term growth and supply chain resilience.

CRH delivered a robust second-quarter update, reporting a 6% rise in revenue to \$10.2bn, driven by strong demand, disciplined pricing, and strategic acquisitions. Net income edged up 2% to \$1.3bn, while diluted earnings per share rose 3% to \$1.94. The building materials giant completed 19 acquisitions year-to-date, including a \$2.1bn deal for Eco Material Technologies, aimed at accelerating its cementitious growth strategy. CRH also ramped up shareholder returns, with \$0.8bn in buybacks and a 6% dividend hike. Chief executive Jim Mintern cited resilient infrastructure and non-residential activity as key growth drivers and raised full-year guidance.

Walt Disney reported a mixed third-quarter update, with earnings per share beating expectations at \$1.61 – an 11% surprise – while revenue came in slightly below forecasts at \$23.65bn. Chief executive Bob Iger emphasised the company's strategic momentum, highlighting the integration of Hulu into Disney+ and the upcoming launch of ESPN's direct-to-consumer platform as key growth drivers. Disney also announced a landmark deal with the NFL and exclusive rights to WWE Premium Live

Events, reinforcing ESPN's position in digital sports. Theme parks and experiences continued to perform strongly, with expansions underway globally and record revenue at Disney World. Despite the earnings beat, the shares dipped amid investor caution over streaming saturation and macroeconomic pressures. Management raised its full-year guidance, citing confidence in its diversified portfolio and long-term growth strategy.

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