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# Market Snapshot

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US equity markets continue to trade near record highs, despite the Middle East crisis showing no sign of being near resolution. The primary driver of this resilience has been the technology sector, where recent quarterly results have strengthened confidence in earnings expectations. As a result, the market increasingly reflects what can be described as a two-speed economy – strong earnings momentum in technology contrasted with a more fragile outlook across energy-sensitive and industrial sectors. Gains continue to come from a narrow range of mega-cap technology stocks.

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## Middle East

The situation in the Middle East remains highly fluid and increasingly difficult to interpret with any confidence. Recent diplomatic signals have done little to improve clarity. The latest one-page proposal put forward to Iran from Washington appears to reinforce entrenched positions rather than signal progress. There is little evidence that either side is willing to compromise meaningfully, suggesting negotiations remain at an impasse.

At the same time, operational conditions in the region have deteriorated. Iran now appears to exert effective maritime control over the Strait of Hormuz, with reports indicating that commercial vessels are no longer transiting the choke point. This represents a critical escalation, given the strategic importance of the Strait to global energy flows. It remains unclear whether shipping companies will be willing to resume passage under conditions that may

involve Iranian tolls or guarantees, and uncertainty on this front is contributing to heightened volatility in energy markets.

Adding to the complexity, there has been a notable shift in US policy. Donald Trump's apparent reversal of earlier plans to actively assist the safe passage of vessels through the Strait underscores the lack of a consistent strategy. This policy ambiguity is feeding into broader uncertainty about how the situation may evolve in the coming weeks.

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Domestically, President Trump faces a challenging backdrop. Rising gasoline prices are becoming an increasingly sensitive issue as the mid-term elections approach. In the US, energy costs are already feeding through to consumer sentiment, and sustained price increases could have material political consequences. This places additional pressure on the administration to stabilise the situation, while at the same time limiting the range of policy options available.

Looking ahead, President Trump's visit to China on 14-15 May is likely to be a key focal point. He will need to present credible plans or at least a coherent framework for managing the current crisis when he meets President Xi Jinping. Notably, Iran has already taken a proactive diplomatic stance, with its foreign minister visiting both China and Russia to press its case. This suggests that geopolitical alignment and influence in the region are actively being contested, further complicating the landscape. Israel also remains a wildcard in the situation and clearly has aims that are different to those of Washington.

## Economics

The latest US Job Openings and Labour Turnover (Jolts) survey data showed the US labour market continuing to cool gradually, with job openings little changed at about 6.87 million in March, broadly in

line with expectations and slightly below the previous month. Despite the modest decline in vacancies – part of a downward trend in recent months – hiring picked up strongly, while layoffs also edged higher, indicating some softening beneath the surface. The data suggest a rebalancing labour market, with the ratio of openings to unemployed workers falling to around 0.95 and quits only marginally higher, signalling weaker worker confidence and easing wage pressures even as overall conditions remain relatively stable.

Economists expect the US non-farm payrolls report,



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released later on Friday, to show a marked slowdown in hiring but not a collapse in the labour market. Consensus forecasts suggest the economy added roughly 55,000–65,000 jobs in April, down sharply from 178,000 in March, reflecting a more cautious hiring environment. The unemployment rate is expected to hold steady at around 4.3%, indicating that companies are slowing recruitment rather than cutting staff aggressively. Meanwhile, wage growth is seen staying relatively firm, with average hourly earnings rising about 0.3% month-on-month and roughly 3.8% year-on-year, suggesting inflation pressures from pay are easing only gradually.

The US ISM services data showed the sector continuing to expand but with clear signs of cooling beneath the surface, as the headline PMI edged down to 53.6 in April from 54.0 in March, broadly in line with expectations. While business activity strengthened, with that sub-index rising to 55.9, new orders fell sharply, pointing to softer demand ahead, and the employment index remained in contraction at 48, signalling weakening hiring conditions.

## Company news

**HSBC** reported a mixed set of first-quarter results, with revenues rising about 6% to \$18.6bn but pre-tax profit slipping to \$9.4bn, missing market expectations as higher credit losses – including a \$400m fraud-related charge tied to collapse UK lender Market Financial Solutions and increased provisions linked to Middle East tensions – weighed on earnings. The disappointment triggered a sharp

sell-off in the shares, which fell around 5%–6% in London.

**Shell** reported stronger-than-expected first-quarter results, with adjusted earnings of about \$6.9bn, as higher oil and gas prices alongside robust trading and refining performance offset ongoing market volatility. The energy group highlighted solid performance across its integrated portfolio and announced a \$3bn share buyback alongside a 5% increase in its dividend, underscoring continued emphasis on shareholder returns.

Danish-listed shipping group **Maersk** reported first-quarter results that broadly beat expectations, but management noted a more fragile trading environment. It maintained its full-year guidance and forecast global container demand growth of 2–4%, citing resilient demand despite persistent overcapacity and market volatility. Management said the escalating conflict in the Middle East – including disruption to routes and the closure of the Strait of Hormuz – had so far had only limited direct impact on first-quarter financials, but warned it was clouding the outlook by driving up fuel costs, constraining trade flows in the Gulf and forcing continued vessel rerouting away from the Red Sea, leaving freight rates and demand prospects highly uncertain.

High street stalwart **Next** delivered a better-than-expected start to the year, reporting a 6.2% rise in first-quarter full-price sales, ahead of its own 4% forecast, driven by particularly strong trading in the early weeks of the period. The outperformance, worth around £28m in additional sales, translated into a modest upgrade to full-year profit guidance, now seen at about £1.22bn.

**Hiscox** reported a solid start to the year, with first-quarter insurance contract written premiums rising 10.2% to about \$1.7bn, driven by accelerating growth in its retail division and more selective expansion in large-risk “big-ticket” lines, while losses remained within expectations thanks to a relatively benign catastrophe environment. The group remains in the spotlight over potential takeover interest, with foreign rivals previously reported to be exploring bids, although no formal offer has emerged and the company has not commented, leaving the situation unresolved but underpinning investor attention as the sector consolidates.

**Novo Nordisk** reported a stronger-than-expected start to the year, with first-quarter revenues at the Danish group rising sharply to around DKK 96.8bn and operating profit surging, driven by robust demand for its GLP-1 obesity treatments, particularly the newly launched oral Wegovy pill. The pill delivered sales of roughly DKK 2.26bn – more than

double forecasts – and rapidly reached around 1.3 million prescriptions in the US, underpinning a profit beat and prompting the company to raise its full-year guidance.

**Renishaw** reported a strong third-quarter trading update, with revenue rising 14% to a record £206m, driven by robust demand from semiconductor, electronics and aerospace and defence customers. The performance capped an accelerating trend through the year, with nine-month sales up 9.5% to £571.6m, supported by growth across all divisions and regions and a marked expansion in the order book. The FTSE 250 engineering group reiterated its upgraded full-year guidance.

**J D Wetherspoon** reported steady but slowing growth in its third-quarter trading update, with like-for-like sales rising 3.4% in the 13 weeks to late April and total sales up 4.1%, leaving year-to-date growth at 4.3% and 4.9% respectively. The pub group said trading continued to outperform broader industry benchmarks, marking its 43rd consecutive month ahead of the sector, although momentum eased slightly compared with earlier in the year.

**Balfour Beatty** reported a solid start to 2026 in its latest trading update, with the construction group saying performance to date was in line with expectations and reiterating guidance for high single-digit growth in operating profit this year. Momentum has been supported by strong demand across key infrastructure markets, particularly UK energy, US buildings and transport, alongside a steady flow of new contract wins, while the forward order book remained stable and underpinned by a disciplined approach to risk and bidding.

**Walt Disney** reported a solid but mixed set of first-quarter results, with revenue rising about 5% year-on-year to roughly \$26bn and comfortably beating market expectations, driven by record performance in its theme parks and improving profitability in its streaming business. The experiences division, which includes parks, cruises and resorts, generated more than \$10bn in quarterly revenue for the first time, underpinning group growth as higher attendance and increased spending per visitor offset softer international demand.

US-listed **Arm Holdings** reported record full-year results, underpinned by continued strong demand

for its chip designs in artificial intelligence and cloud computing, with revenue rising 23% to \$4.92bn – its third consecutive year of more than 20% growth. The performance was driven by robust gains in both licensing and royalty income, with data centre royalties more than doubling and total royalty revenue reaching \$2.61bn, reflecting increased adoption of higher-value architectures and AI-related workloads.

**Infineon** reported a solid set of second-quarter results, with revenue rising 6% year-on-year to €3.8bn and net profit increasing to €301m, as strong demand for power semiconductors used in AI data centres more than offset continued weakness in parts of its automotive business. Segment profitability at the German group remained robust, with margins around 17%, while order intake and backlog strengthened markedly, reflecting improving conditions across key end markets. The company raised its full-year outlook, now expecting revenue above €16bn.

Germany's **BMW** reported a weaker first-quarter performance, with pre-tax profits falling about 25% year-on-year to €2.3bn and revenues declining 8.1% to €31bn, as softer demand in China, tariff pressures and a tougher pricing environment weighed on earnings. Automotive margins also narrowed, although still came in ahead of analyst expectations and helped reassure investors. Vehicle deliveries fell 3.5% and electric vehicle sales dropped sharply, highlighting ongoing challenges in key growth markets, but the group maintained its full-year guidance and pointed to cost discipline and upcoming electric models under its “Neue Klasse” platform as drivers of a potential second-half recovery.

Italian utility **Enel** reported broadly resilient first-quarter results, underpinned by continued strength in its regulated networks and international operations, as the Italian utility pressed ahead with its strategy focused on grids and renewables. While detailed group figures were limited, performance across key subsidiaries pointed to solid underlying momentum.

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