

Garry White, Chief Investment Commentator, Charles Stanley

Market Snapshot

Published 26 June 2026

Global markets navigated a dense stretch of economic signals, policy signals and geopolitical noise this week, with investors recalibrating expectations for growth, inflation and interest rates. Equities were choppy but broadly resilient, bond yields moved unevenly as rate-cut timing was reassessed, and commodities reflected both demand uncertainty and supply-side tensions. Corporate updates offered a mixed read on earnings momentum. Taken together, the backdrop remains finely balanced – a market still searching for conviction as it weighs slowing activity against the prospect of easier financial conditions later in the year.

The FTSE 100 was down 0.8% over the week by mid-session on Friday.

0.8%

Kevin Warsh's vow to rein in inflation has bolstered the new Federal Reserve chair's credibility in financial markets, big fund managers say, helping to drive down investors' expectations for long-term price rises.

The FTSE 100 was down 0.8% over the week by mid-session on Friday, with the more UK-focused FTSE 250 trading 1.0% lower.

Middle East

Recent developments in the Middle East highlight a fragile and repeatedly tested ceasefire process, undermined by ongoing missile exchanges and deep political divisions. A truce between the US and Iran brokered in April has been repeatedly strained by renewed strikes, including missile attacks and retaliatory airstrikes in June, underscoring persistent mistrust and competing strategic goals. Parallel tensions between Israel and Iran-backed Hezbollah in Lebanon have further complicated the picture, with intermittent cross-border attacks

continuing even after a US-backed ceasefire agreement that depends on Hezbollah halting fire and withdrawing from southern areas. Diplomatic efforts have continued, including planned US-led talks and attempts to link ceasefires to wider peace negotiations, but progress has been slow and repeatedly disrupted by flare-ups in violence. Overall, the peace process remains highly uncertain, with short-term ceasefires providing only temporary relief amid a broader pattern of escalation, stalled negotiations and unresolved regional rivalries.

Economics

The US economy expanded at a stronger-than-expected pace in the first quarter, according to the third GDP estimate, with growth revised up to an annualised 2.1% from 1.6% previously and 0.5% in the final quarter of 2025. The upward revision was largely driven by a downward adjustment to imports, which mechanically boosts GDP, rather than a broad-based strengthening in domestic demand. While investment, exports and government spending made solid contributions, consumer spending – the main engine of growth – was revised lower, signalling a softer underlying momentum in household demand.

S&P Global's flash PMI readings for June pointed to a still-fragile global economic backdrop, with uneven performance across major economies. In the eurozone, the composite index rose to a three-month high of 49.5, signalling a slower pace of contraction as inflationary pressures eased and confidence edged higher, although demand and employment remained weak. The UK continued to underperform, with the composite PMI at 49.4, marking a second month of contraction as a sharp downturn in services offset resilient manufacturing, alongside falling employment and still-elevated costs. By contrast, the US showed comparatively stronger momentum, with faster growth driven by manufacturing, albeit accompanied by softer employment trends and persistent price pressures. Overall, the surveys indicate subdued global growth, with manufacturing holding up better than services, while easing inflation is tempered by weak demand and fragile labour markets.



The latest US state employment and unemployment data for May showed a largely stable labour market, with the national jobless rate unchanged at 4.3%

The CBI's industrial trends survey for June pointed to a sharp deterioration in UK manufacturing conditions, with order books falling to their weakest level since September 2020 amid fragile demand at home and abroad. The headline orders balance dropped to -45 from -41 in May, while output declined across most sectors in the three months to June and is expected to contract further in the quarter ahead. Export orders also remained well below normal and employment intentions weakened, underscoring the breadth of the downturn. Although selling price expectations eased from recent highs, they stayed elevated by historic standards, reflecting ongoing cost pressures even as energy and supply chain conditions begin to stabilise.

The latest US state employment and unemployment data for May showed a largely stable labour market, with the national jobless rate unchanged at 4.3% and little movement across most states. Unemployment rates fell in six states and rose in two, while remaining broadly steady in the rest, underscoring a lack of momentum in regional labour conditions. Payroll employment was largely flat on the month in nearly all states, pointing to subdued hiring activity, although the labour market remains relatively tight by historical standards. South Dakota continued to post the lowest unemployment rate at 2.1%, while the District of Columbia recorded the highest at 6.1%, highlighting persistent regional disparities. Overall, the data suggest a steady but cooling labour market, with limited job growth and only modest shifts in unemployment across the country.

Company news

Bunzl reported a resilient but challenging full-year performance, with revenue edging up 3.0% at constant exchange rates to £11.8bn, largely driven by acquisitions, while underlying growth remained minimal. Profitability came under pressure, with adjusted operating profit falling 4.3% to £910m and margins narrowing to 7.7% amid weaker end markets and operational issues, particularly in North America. Bunzl completed eight acquisitions during the year and a £200m share buyback, while signalling a more stable outlook for 2026, with expectations for modest revenue growth but slightly lower margins.

FedEx reported stronger-than-expected fourth-quarter results, with adjusted earnings per share of \$6.31 on revenue of \$25.0bn, both ahead of market forecasts, driven by higher package volumes, improved yields and continued cost savings from its network transformation programme. Net income edged lower year on year to \$1.6bn, reflecting rising labour, transportation and fuel costs, while margins remained under pressure despite operational improvements. The quarter marked the final reporting period to include the freight division before its spin-off, with the group highlighting strong momentum in premium and international segments.

Sunbelt Rentals reported a solid set of latest full-year results, with record revenue of \$11.2bn and rental growth of 3.4%, underpinned by continued demand across North American construction and infrastructure markets. Profitability remained strong, with adjusted EBITDA rising to \$4.7bn and margins holding above 40%, supported by disciplined pricing and a growing higher-margin specialty business. Fourth-quarter performance showed stronger momentum, with rental revenues up 8% and particularly robust growth in the specialty segment, reflecting exposure to large-scale projects such as data centres and energy infrastructure. The group also generated strong cash flow and returned nearly \$1.9bn to shareholders, while management highlighted continued expansion opportunities despite mixed conditions in local construction markets.

Halfords reported a stronger-than-expected full-year performance, with like-for-like sales rising 4.8% and revenue increasing to about £1.8bn, supported by solid growth in both its retail and autocentres divisions despite a subdued consumer backdrop. Underlying profit before tax climbed 4.1% to £45.4m, beating forecasts, while gross margins expanded by 210 basis points to a high of roughly 53% as improved pricing, sourcing and operational execution offset inflationary cost pressures. The group also returned to statutory profitability, generated strong cash flow and lifted its dividend, reflecting improved financial resilience.

H&M reported mixed recent results, with profitability improving despite flat or declining sales as it continues to push through a cost-focused turnaround. In its latest quarterly update, net sales were broadly flat year-on-year in local currencies, reflecting ongoing store rationalisation and subdued consumer demand, although online growth remained a bright spot. Margins strengthened, with gross margin rising to about 56.6% and operating profit increasing, supported by tighter cost control, improved inventory management and fewer markdowns. However,

earnings were weighed by one-off restructuring charges linked to organisational changes, while store closures and portfolio optimisation continued to dampen top-line growth. The group said it expects margins to remain stable but flagged some pressure from external costs, as it continues to invest in digital capabilities and streamline its store footprint.

Powered by

**CHARLES
STANLEY** 

The value of investments can fall as well as rise. Investors may get back less than invested. Past performance is not a reliable guide to the future. This article is not personal advice based on your circumstances. No news or research item is a personal recommendation to deal. Charles Stanley and Co. Limited is authorised and regulated by the Financial Conduct Authority.