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INVESTMENT MANAGEMENT

Garry White, Chief Investment Commentator, Charles Stanley

Market Snapshot

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60 second market summary

In an essentially quiet week for markets, Federal Reserve (Fed) chair Kevin Warsh's speech at the Jackson Hole symposium will be the key event for global markets this week, as investors look for clues on the future path of US interest rates following a run of mixed economic data and stubborn inflation. Recent figures showed headline PCE inflation unexpectedly held at 3.7% in July, while core PCE remained elevated at 3.3%, suggesting price pressures are easing only gradually. Markets will be listening closely for Warsh's assessment of the inflation outlook, the resilience of the US economy and whether the Federal Reserve remains comfortable with current policy settings.

Adding pressure on the outlook for US interest rates, Corporate America is in exceptional shape. US corporate profits hit a record high in the second quarter, underlining the strength of US businesses despite concerns in some quarters that the economy is stalling. Data from the Bureau of Economic Analysis showed profits from current production jumped by $400.9bn during the quarter, lifting total annualised corporate profits to $4.83tn, while after-tax profit margins rose to 19.4% of gross value added, the highest level since records began in the 1940s. The figures suggest companies are benefiting from strong pricing power, productivity gains and continued investment, particularly in AI-related infrastructure, even as GDP growth eased to a year-on-year figure of 1.5%. This week, Nvidia dominated headlines after reporting record quarterly revenue of $96.2bn, more than double the level of its prior year.

The FTSE 100 was +0.4% over the week by mid-session on Friday.

0.4%

In the Middle East, the US stepped up pressure on Iran through Operation Economic Outcast, described by Treasury Secretary Scott Bessent as an "economic D-Day", raising the prospect of tougher secondary sanctions on countries and companies that continue to do business with Tehran.

Elsewhere, trade tensions between the US and Canada intensified after talks aimed at avoiding new tariffs collapsed. As a result, US tariffs of 50% on around $20bn of Canadian goods came into effect, prompting Canada to suspend negotiations and threaten retaliatory measures.

The FTSE 100 was +0.4% over the week by mid-session on Friday, with the more UK-focused FTSE 250 trading +1.6%.

Middle East

For the pessimists, Washington escalated pressure by unveiling what Treasury Secretary Scott Bessent described as an "economic D-Day" on Iran, raising the risk of tougher secondary sanctions on countries and companies doing business with the country. It has been officially designated Operation Economic Outcast by the US Treasury. Tehran responded with warnings over shipping through the Strait of Hormuz. Shipping traffic through the economically significant waterway remained well below pre-conflict levels.

For the optimists, hopes of a de-escalation increased after Iran and Oman advanced discussions on a framework to secure navigation through the strait, helping oil prices retreat from recent highs despite continued geopolitical uncertainty. For markets, the crisis remains primarily an energy story, with any disruption to Hormuz threatening higher oil prices, renewed inflation pressures and increased volatility across global equities and bond markets.

Other geopolitics

US-Canada trade tensions flared sharply after negotiations between Washington and Ottawa broke down, allowing US tariffs of 50% on roughly $20bn of Canadian goods to take effect. The duties, imposed under a rarely used provision of US trade law, target a range of products including consumer goods, food and industrial materials, with the

Trump administration citing what it regards as discriminatory Canadian trade practices.

A last-minute three-day delay briefly raised hopes of a breakthrough, and Trump initially claimed the two sides had reached a deal, but talks subsequently collapsed, prompting Canadian Prime Minister Mark Carney to suspend negotiations and pledge dollar-for-dollar retaliation. Market participants appear to consider the confrontation a negotiating tactic, as experience supports this view. The base case continues to expect both sides to return to the bargaining table, however this does carry a large degree of risk.

Economics

The Federal Reserve is now seen as more likely to raise interest rates following an important inflation data release ahead of the Jackson Hole symposium of central bankers, which gets into gear on Friday. The Personal Consumption Expenditures (PCE) Price Index, which the Fed uses to set its inflation target, increased 3.7% in the 12 months to the end of July, the Commerce Department's Bureau of Economic Analysis said on Wednesday. A consensus view stood at 3.6%.

Confidence in the US economy declined again in August as gasoline prices rose above $4 per gallon. Due to the ongoing Middle East conflict. The Conference Board said its consumer confidence index dipped to 89.4 in August from 90.2 in July. That was the lowest level in seven months but was essentially within the same tepid range it has been in since the beginning of the year.

Company news

Nvidia delivered another blockbuster set of results, reinforcing its position at the centre of the AI boom. Second-quarter revenue more than doubled year-on-year to a record $96.2bn, while adjusted earnings per share rose to $2.22, both comfortably ahead of analysts' expectations. The data centre business remained the key growth engine, with revenue surging 117% to $89bn as demand for AI infrastructure continued to accelerate, while chief executive Jensen Huang said the global AI buildout was running at "full steam". Investors were also encouraged by guidance for third-quarter revenue of around $108bn, ahead of Wall Street forecasts, and management's upbeat outlook for growth. Nvidia shares rose about 4% in after-hours trading following the release, as the results eased concerns that spending on AI infrastructure might be slowing and reinforced confidence that the company can maintain its extraordinary growth trajectory.

Synopsys delivered a strong third-quarter performance, with revenue climbing 42% year-on-year to $2.48bn, comfortably ahead of analyst expectations. Management raised full-year guidance, citing sustained AI-driven demand for advanced chip-design tools and verification hardware. The company also highlighted improving margins and early cost synergies from its Ansys acquisition alongside a strengthened balance sheet after repaying a $4.3bn term loan.

Prudential increased its share buyback after an upturn in new business delivered higher profits in the first half of the year. A strong performance in Hong Kong, Malaysia and Singapore boosted pre-tax profits by 10% to $1.8bn.

Danish group **Lego** reported a 21% revenue jump in the first half of 2026 to a new record. Results were boosted by its product lines such as botanical bouquets, Formula 1 race cars and collectible sets.

Zoom shares fell following its second quarter figures, despite beating Wall Street earnings forecasts. Markets were disappointed by its third-quarter guidance, which came in below Wall Street expectations.

Shares in US retailer **Abercrombie & Fitch** soared after the company reported second-quarter earnings and a profit outlook above market expectations.

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