



Article MARKET COMMENTARY

Weekly round-up: 14-18 July

Tom Watts recaps the past week's events and looks ahead to the next.

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Duration: 4 Mins

Date: 18 Jul 2025

This week

US President Donald Trump was as active as ever on his social media platform this week, sharing his views covering a pretty wide spectrum. He started the week by announcing that he was not planning to sack the head of the US Federal Reserve; despite confirming he had floated the idea with Republican lawmakers on Tuesday evening. However, it was his more irreverent news that failed to capture the financial headlines on Thursday, as he

declared that he convinced fizzy drinks behemoth, Coca-Cola, to use real cane sugar in its drinks sold in the US. 'It's just better!' Trump proclaimed afterwards.

Trump's foray into the world of carbonated drinks this week acted as something of a metaphor for financial markets as two higher than expected inflationary readings, both here and in the US, took some of the fizz out of hopes that central banks will look to cut rates any time soon.

Britain's annual rate of inflation came in at 3.6%, higher than the 3.4% forecast, rising to a rate not seen since January 2024. Higher costs for petrol, air fares and train tickets were the biggest contributor to the rise in the inflation between May and June, the report said, also noting increases in the cost of food, clothing, and alcohol.

Despite this, Governor Andrew Bailey couldn't bottle up his views, saying interest rates are likely to remain on a gradual downward path, as a weaker labour market puts downward pressure on wage growth and the outlook for economic growth remains lacklustre.

Indeed, labour data released on Thursday morning was less than sparkling, showing that not only did the unemployment rate tick up to 4.7%, the number of vacancies also fell to 727,000 for the April to June period, marking three consecutive years of declining job openings. This means that the number of roles open is now at its lowest in 10 years, excluding the plunge seen during the pandemic when lockdowns stopped firms from hiring.

For those investors with a thirst for inflation news, the US also released its equivalent data this week, showing that prices increased by the most in five months during June, suggesting tariffs were starting to have an impact and potentially keeping the Federal Reserve from a rate cut until at least September.

Coming in at 2.7% at an annual rate, slightly higher than the 2.6% expected, many expect the tariff-induced rise in inflation to become more evident in the next two monthly readings, noting that when Trump slapped tariffs on washing machines in 2018 for example, it took several months for the duties to pop up in the inflation data.

This is not to say that all data released this week was soda-pressing, Monday saw the British Retail Consortium (BRC) reveal that British shoppers spent more freely last month as unusually hot weather boosted demand for fans and summer clothing. A separate report from Barclaycard also backed up the data showing increased spending on essentials such as suntan lotion and hay fever medication.

Such news, coupled with some stock specific gains allowed the UK blue chip index to close above a fresh record high on Monday, temporarily passing the 9,000 mark for the first time, a nice little artificial sweetener for domestic investors...

Next week

With the coming week ushering in the time all school children spend their year counting down to, whilst many parents start wondering how they can make it through the next six weeks, the summer holidays, for better or worse, start on Monday for most.

However, for economists, it's time for a little home schooling on Monday morning as online estate agent Rightmove provides its Housing Price Index data. The numbers usually act as a leading indicator of the housing industry's health as rising house prices often attract investors and spur industry activity. When a house is bought or sold, it creates a ripple effect across many different sectors, from solicitors and surveyors to DIY shops all cashing in, making the data both important and far-reaching.

The second half of the week should prove educational,

characterised by a slew of Purchasing Managers' Index (PMI) readings. Covering both the Manufacturing and Services sectors for Germany, France, an overall European composite, the UK and US. The readings will give us an invaluable sense of the global economy at a company level as businesses will be asked to rate the relative level of business conditions including employment, production, new orders, prices, supplier deliveries and inventories.

The end of the week should give us a much better learning of how the domestic shopper is feeling. Friday will first provide us with the results of a consumer confidence survey of around 2,000 people, asking respondents to rate the relative level of past and future economic conditions, including personal financial situation, climate for major purchases and overall economic situation.

Coupled with this, we also receive retail sales figures in the UK, showing the change in the total value of inflation-adjusted sales. With the British Retail Consortium having just released some very upbeat sales numbers, many will hope this trend continues as sunny weather draws shoppers to the high street.

The information in this blog or any response to comments should not be regarded as financial advice. If you are unsure of any of the terminology used, you should seek financial advice. Remember that the value of investments can go down as well as up, and could be worth less than what was paid in. The information is based on our understanding as at 18th July 2025.

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