

London Markets Steady as Global Equities Waver

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London's financial markets are expected to open cautiously on Friday, as investors weigh mixed signals from global equities, commodities, and central bank outlooks.

The FTSE 100 closed higher for a fourth straight session on Thursday, extending modest gains as defensive sectors helped offset weakness in global growth-linked stocks. Analysts

suggest the London benchmark could see a muted start, with futures pointing to a narrow range amid subdued trading across Asia.

The cautious tone in London follows volatile sessions in the United States and Asia. Wall Street posted its fifth consecutive day of declines on Thursday, the longest losing streak since January. Retail giant Walmart's weaker-than-expected earnings, rising US jobless claims, and Federal Reserve comments dampening hopes of imminent rate cuts all contributed to investor unease.

The S&P 500 slipped 0.4%, the Nasdaq 100 shed 0.5%, and the Dow Jones Industrial Average retreated 0.3%. The downbeat sentiment spilt into Asian markets on Friday. Shares in Japan and Australia edged lower, though South Korea managed modest gains.

These global moves matter for UK investors, as London's blue-chip index remains heavily influenced by multinational companies with exposure to overseas markets. Sterling's relative strength against the dollar also weighs on FTSE-listed exporters, which generate a large share of their revenues abroad.

Energy prices remain a key driver for the FTSE 100, given its heavy weighting in oil and mining companies. Brent crude held below \$68 a barrel on Friday but was still on track for its strongest weekly gain since early July. West Texas Intermediate traded close to \$63.

Markets are watching developments in Russian crude flows to India, amid comments from a senior Trump administration official and speculation over new tariffs. Any disruption to supply routes could add upward pressure to prices, potentially boosting London-listed energy majors such as BP and Shell.

Meanwhile, gold traded around \$3,335 an ounce, remaining little changed from earlier in the week, as investors scaled back expectations for near-term rate cuts ahead of the Federal Reserve's Jackson Hole symposium. Stronger US manufacturing data reinforced concerns that inflationary pressures may linger, keeping central banks cautious.

Despite global headwinds, the FTSE 100 has displayed resilience, supported by steady inflows into defensive stocks such as utilities, healthcare, and consumer staples. The index remains below its year-to-date highs, but its recent performance contrasts with Wall Street's losing streak.

London's mid-cap FTSE 250, more reflective of domestic economic prospects, has also managed small gains in recent sessions. Analysts attribute this to stabilising inflation trends in the UK, alongside expectations that the Bank of England may hold rates steady before considering gradual cuts in 2025.

Foreign portfolio investors were net buyers in Indian equities on Thursday, while domestic institutions extended their buying streak for a 33rd consecutive session. In the UK, data on institutional flows will be closely watched in the coming weeks as fund managers reposition portfolios before the end of the summer.

Market participants suggest that investors remain cautious but engaged, favouring companies with strong balance sheets and defensive business models. Volatility may rise in September as political risks and central bank decisions come into sharper focus.

The next test for London markets will come with remarks from policymakers at the Jackson Hole meeting, where Federal Reserve officials are expected to outline their view on the path of US interest rates. Traders will also monitor upcoming economic data in the UK, including retail sales and consumer sentiment surveys.

For now, the FTSE 100 looks set to mirror global peers in a holding pattern, awaiting clearer signals on monetary policy and economic growth. Analysts caution that while energy and commodities could provide support, the overall outlook remains fragile amid uncertainty in the US and Asia.