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US Stocks Rebound on Fed Rate Cut Hopes

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NEW YORK, United States – U.S. markets rebounded Monday as investors bet on potential interest rate cuts following weaker-than-expected jobs data, easing fears that the economy may be slowing more than anticipated.

The S&P 500 gained 1.5 percent, erasing some of the losses from Friday's sell-off, which was triggered by July's employment report and the announcement of sweeping new U.S. tariffs. The Dow Jones Industrial Average and Nasdaq also posted strong gains, with investors increasingly confident the Federal Reserve may act to stimulate the economy.

“Traders and investors have made a lot of money by deciding that tariffs won’t matter, and they’re not going to change that now,” said Steve Sosnick, chief strategist at Interactive Brokers. “The mindset is to ignore the tariffs until they prove to be a real economic threat.”

Friday’s jobs report showed the weakest hiring numbers since the COVID-19 pandemic, prompting markets to price in a high probability of interest rate cuts. The CME FedWatch Tool indicated a 94.1 percent chance that the Fed will lower rates by a quarter-point at its upcoming September meeting.

John Plassard, head of investment strategy at Switzerland-based bank Cité Gestion, said the report has “boosted bets on further monetary easing.” However, he warned that “uncertainty reigns” as the U.S. is set to implement new tariffs on dozens of countries beginning Thursday.

Among those affected is Switzerland, where the stock market opened with a two-percent drop after returning from a national holiday. The country faces a steep 39-percent U.S. tariff, higher than rates imposed on both the EU and the UK. Markets later stabilized after the Swiss government announced plans to renegotiate terms with Washington.

European stocks also ended higher on Monday, with France’s CAC 40 and Germany’s DAX each climbing over one percent. London’s FTSE 100 was lifted by banking shares, as the industry was spared the worst of expected compensation claims linked to car loan mis-selling. Lloyds Banking Group surged nine percent, while Close Brothers rose more than 23 percent.

In Asia, results were mixed. Hong Kong and Shanghai saw gains, while Tokyo’s Nikkei 225 slipped.

The Trump administration’s tariff policy remains a key driver of market volatility. Over the weekend, President Trump dismissed the Commissioner of Labor Statistics, accusing her of manipulating job figures for political purposes.

The White House has also threatened new trade action against India, following its continued purchases of Russian oil. That announcement pressured oil prices early in the day, but crude futures later pared losses on supply concerns and geopolitical risks.

Elsewhere, oil dropped more than two percent after eight OPEC+ countries ramped up production, signaling abundant supply in the short term.

As markets await clarity on tariffs and monetary policy, analysts suggest further volatility may lie ahead. For now, however, the prospect of interest rate cuts appears to be soothing investor nerves.