

New York Stocks Rebound on Rate Cut Hopes

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NEW YORK, United States, U.S. stock markets recovered on Monday, lifted by investor optimism that the Federal Reserve may soon cut interest rates in response to weaker-than-expected job data.

The rebound followed a sharp sell-off on Friday, driven by disappointing U.S. employment figures and the announcement of new tariffs on a wide range of imports. Despite the economic concerns, traders appeared to shift focus to the likelihood of monetary easing.

“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 bias that most of them have now is: ‘Let’s not think about tariffs as being a problem until they prove that they are.’”

Markets in Europe followed suit. France’s CAC 40 and Germany’s DAX both closed more than one percent higher, as expectations for Federal Reserve action supported global confidence.

John Plassard, Head of Investment Strategy at Cité Gestion Private Bank, said in a note, “Investors seem to be taking an optimistic view, betting on an increased likelihood of further monetary easing by the Fed after Friday’s employment figures.”

According to CME’s FedWatch tool, investors now see a 94.1% probability that the Fed will cut rates by 0.25 percentage points at its next policy meeting in September.

While confidence grew on rate cut prospects, geopolitical uncertainty remains. The U.S. is set to implement a fresh wave of tariffs on Thursday, affecting dozens of countries. Tariff rates range between 10% and 41%, targeting a broad range of imports including European, British, and Swiss goods.

Switzerland’s stock exchange fell roughly 2% on Monday morning after returning from a holiday, reacting to the 39% tariff placed on Swiss exports. Losses were later pared back following news that the Swiss government plans to submit a revised trade proposal to the U.S. in hopes of negotiating a reduction.

In London, the FTSE 100 advanced, driven largely by gains in the banking sector. Lloyds Banking Group surged 9%, while FTSE 250-listed Close Brothers climbed over 23% after regulators scaled back the threat of compensation claims linked to historical auto finance agreements.

Asian markets were more mixed. Hong Kong and Shanghai saw moderate gains, while Japan’s Nikkei 225 ended slightly lower, with regional traders showing caution amid ongoing trade uncertainty and soft U.S. data.

Friday’s U.S. employment report showed the weakest job creation since the COVID-19 period, heightening concerns that global trade policies may be starting to affect domestic labor markets. Revised data for July revealed lower hiring than previously estimated.

Following the release of the figures, President Donald Trump dismissed the Commissioner of Labor Statistics, accusing her of manipulating employment data. Supporters of the move viewed it as a step toward ensuring accountability, while critics raised concerns over politicisation.

Oil markets also faced downward pressure. Prices dropped by more than 2% after eight OPEC+ nations significantly boosted output, raising expectations of an oversupplied market.

However, the decline was tempered by a warning from President Trump that India could face additional U.S. tariffs over its ongoing purchase of Russian oil, injecting fresh uncertainty into global trade dynamics.