

Market Commentary

September 2025



Key Points:

- Fears of tariffs are easing further after trade agreements and a new delay in tariff hikes between the U.S. and China
- Growth expectations are being revised upwards, but still remain lower than at the beginning of the year
- The U.S. labour market has weakened further, and revisions show that job growth was lower than previously expected

Market Outlook

Stock Market – Neutral Weight →

The global stock market rose for the fourth consecutive month in August, reaching yet another all-time high. Interest rate cuts in the U.S. are growth-positive, as long as the labour market does not weaken further. We remain overweight in Swedish and Emerging Market (EM) equities, but hold a neutral weight in Norwegian and global equities.

Bonds – Neutral Weight →

Global government bonds rose by 0.3% in August. Long-term yields in the UK and France increased, as did yields in the U.S. Signals from Jackson Hole pave the way for a rate cut in the U.S. in September. We maintain a neutral duration in government bonds and are overweight in credit exposure.

Money Market – Neutral Weight →

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The Allocation Group notes that a U.S. court ruling declared some of the tariff increases illegal.

The allocation group in Storebrand Asset Management:

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Easing Tariff Fears

Over the summer, fears surrounding the trade war and tariffs have further diminished – especially after both the EU and Japan reached agreements with the U.S. at the end of July without escalating tensions. Regarding China, Trump delayed increased tariffs in early August by an additional 90 days, until November. India was perhaps hit hardest, doubling its tariffs from 25% to 50% due to purchasing Russian oil. However, India is not one of the U.S.'s largest trading partners, even though the U.S. is India's largest export destination.

In late August, a U.S. court ruled Trump's retaliatory tariffs unlawful, but Trump has announced an appeal to the Supreme Court. His specific tariffs on copper and steel are unaffected by the ruling. In other words, tariff concerns are unlikely to disappear completely, although market fears have eased significantly since the initial announcement in April. The fear of escalation from the U.S.'s main trading partners – except for China – has largely disappeared, as most countries seem to accept the increased tariffs on exports to the U.S. unilaterally.

Upward Revisions, but Lower Growth Outlook

The full impact of the increased tariffs on foreign goods imported into the U.S. has yet to materialise. While most agree on the direction of the effect on U.S. growth and inflation, the magnitude remains uncertain. The cost of tariffs – which can be viewed as a tax – must be borne by the exporter, importer, and/or end consumer. Historically, it is often the importer or consumer who bears the cost, meaning either reduced margins for companies or higher prices for households.

In other words, the jury is still out on how much damage this will do to the U.S. economy in terms of lower growth and higher inflation. Although consensus GDP growth expectations for the U.S. have risen again due to reduced fears, they remain lower for 2025 and 2026 than before April. The same applies to inflation expectations, which have declined recently but remain higher than before the tariff announcements.

Weaker Labour Market

Despite uncertainty and turmoil caused by much of Trump's policy, the U.S. economy has shown resilience. The labour market has weakened but could be seen more as a normalisation following the extremely tight conditions post-pandemic. Downward revisions to previous months' employment numbers, released with the July figures in August, caused some concern about labour market strength.

Trump's stricter immigration policies have likely impacted the labour supply, which may explain why unemployment remains low at 4.2%, despite a slight increase. The big question now is whether the expected lower growth will further slow job growth and increase unemployment going forward.

Market Outlook

Global Equities – Neutral Weight →

Global equities (measured by MSCI World in local currency) rose another 2% in August, the fourth straight month of gains and another all-time high. Easing tariff fears and rising expectations of rate cuts in the U.S. are supporting continued risk appetite, despite weak labour market data. Market sentiment is high, and U.S. equities again appear expensive with high concentration. However, the economy still appears strong and resilient. We maintain a neutral weight in global equities.

Emerging Markets (EM) – Overweight ↗

EM stock markets in local currency also rose for the fourth straight month, although by less than developed markets. Most major markets in the index rose, except India, where the market fell, likely due to the tariff war with the U.S. Chinese equities rose further, along with growth expectations. Expected GDP growth has increased from about 4.5% to nearly 5% for 2025. We remain overweight in EM equities.

Global Bonds – Neutral Weight →

Global government bonds (JPM GBI) rose by 0.3% in August. Yields rose in the UK and France but fell in the U.S. Focus has been on signals from Jackson Hole, where the U.S. Federal Reserve suggested it may cut rates again after pausing since December 2024. Markets are pricing in a 22 basis point cut on September 17 and three more cuts over the next six months. We remain neutral in duration and global government bonds.

Key Figures as of 29.08.2025

(measured in local currencies)

Global Stocks (MSCI)	August	2025
All Countries	2,0 %	11,5 %
Developed Markets	2,1 %	11,0 %
Emerging Markets	1,4 %	16,1 %

Regions (MSCI)

North America	2,0 %	10,9 %
Europe	1,8 %	12,3 %
Asia and Oceania	4,1 %	12,2 %
Nordic	3,6 %	-0,6 %

Countries

USA (S&P 500)	2,0 %	10,5 %
Japan (Nikkei 225)	4,0 %	7,1 %
United Kingdom (FTSE 100)	0,6 %	12,4 %
Germany (GDAX)	-0,7 %	20,1 %
France (CAC)	-0,9 %	4,4 %
Finland (HEX25)	1,4 %	14,1 %
Denmark (OMXC25GI)	0,3 %	-4,1 %
Sweden (OMXS30GI)	1,8 %	8,6 %
Norway (OSEBX)	1,3 %	15,5 %

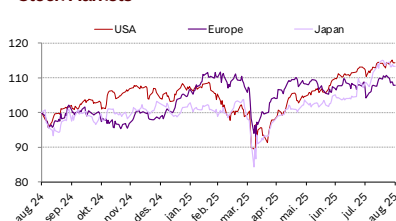
Currency (increase equals EUR appreciation)

EUR pr USD	2,3 %	13,0 %
EUR pr GBP	0,2 %	4,8 %
EUR pr JPY	-0,2 %	5,6 %

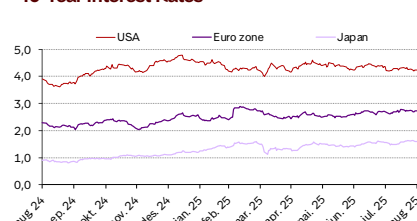
Currency (increase equals USD appreciation)

USD pr EUR	-2,2 %	-11,5 %
USD pr GBP	-2,1 %	-8,9 %
USD pr JPY	-2,5 %	-8,2 %

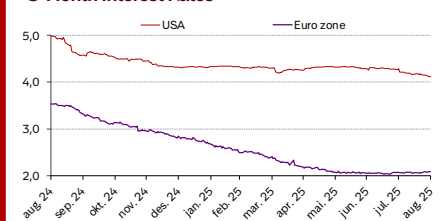
Stock Markets



10-Year Interest Rates



3-Month Interest Rates



Central Bank Rates

