# Markets rally as bets on US rate cuts boost FTSE while oil and insurers drag



Markets nudged higher in London on Wednesday as traders priced in the growing likelihood of cuts to US interest rates later this year, a shift that helped push the FTSE 100 back towards record territory. Speaking to The Independent, Joshua Mahoney, an analyst at Rostro, said market pricing for rate cuts at the remaining 2025 Federal Reserve meetings had “tipped above the 50% mark”, arguing that the base case was now for policy to be “at least 75bp lower by year‑end”, a dynamic he said was creating a “Goldilocks scenario” for equities.

The technical readings reflected that optimism. The FTSE 100 closed up modestly at 9,165.23, with the mid‑cap FTSE 250 and the AIM All‑Share showing only small moves, while US markets also rose — the S&P 500 reached fresh highs — as the dollar weakened and bond yields eased after softer inflation data. Reuters commentary noted the same theme: softer US consumer price figures reduced safe‑haven demand, trimming 10‑year Treasury yields and lifting risk assets as investors adjusted expectations for Fed timing.

Energy markets were a clear drag on the London index. The International Energy Agency, in its August oil market report published in Paris, trimmed its forecast for 2025 oil demand growth to around 680,000 barrels per day, down from a previous estimate of 700,000 bpd, and highlighted ample global stocks and uneven demand across major economies. The IEA’s revision, together with higher OPEC+ production, helped push Brent lower and left heavyweight stocks such as Shell and BP under pressure during the session.

Analysts warned the weakness in oil could be persistent. Kathleen Brooks of XTB told The Independent the IEA now expects the “peak of the supply glut” to arrive at the end of 2026, a dynamic that could cap oil prices for some time. She also flagged geopolitical risks, noting that talks between world leaders could further change the supply picture — a point echoed in market commentary that diplomatic developments might either ease or exacerbate current gluts and so swing prices sharply.

Investors also punished insurance sector risk after a profit warning. Lloyd’s insurer Beazley slumped sharply on Wednesday after lowering its full‑year premium growth guidance to “low‑to‑mid single digits”, down from a previous mid‑single‑digits forecast; the firm said changing risk patterns, including those driven by new technology and climate trends, had reduced predictability. Reuters reported that Beazley stressed it still expected an undiscounted combined ratio in the mid‑80s and that management emphasised a disciplined underwriting approach, but analysts said the downgrade signalled cyclical caution and prompted heavy selling.

Housing stocks offered a more mixed picture. Persimmon reported solid first‑half results, with pre‑tax profit edging up and revenue improving, and the housebuilder reiterated an ambition to deliver around 12,000 homes in 2026. Yet Reuters analysis and broker commentary highlighted investor unease about margin pressures from elevated build costs and affordability headwinds, which help explain why the shares failed to rally strongly despite better‑than‑expected volumes.

Elsewhere, healthcare and consumer names led the risers on a broadly constructive session while miners and some consumer staples fell back; among the notable movers in London were large gains for Spirax, AstraZeneca, GSK and Unilever, and falls for Beazley, Fresnillo and tobacco and beverages stocks. The corporate calendar for Thursday pointed to further focus on insurers and miners, with half‑year results from Admiral, Aviva and Antofagasta due, while the global economic schedule includes UK and eurozone GDP updates and US PPI and jobless claims that could test the nascent optimism.

For now, markets are trading on a clearer path to easier US monetary policy, but commentators warn that that outlook remains sensitive to fresh data and to developments in oil and geopolitics. Industry data and the IEA’s own caveats underline that the demand picture is patchy and vulnerable to change; as Reuters noted, any stronger‑than‑expected inflation or a sudden geopolitical supply shock could quickly reverse the current Goldilocks narrative.

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## Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/business/shell-international-energy-agency-persimmon-us-federal-reserve-goldilocks-b2807034.html), [[4]](https://www.reuters.com/world/uk/ftse-100-hits-1-week-high-us-rate-cut-optimism-2025-08-13/)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/business/shell-international-energy-agency-persimmon-us-federal-reserve-goldilocks-b2807034.html), [[5]](https://www.reuters.com/world/middle-east/dollar-eases-investors-eye-september-fed-cut-2025-08-13/), [[4]](https://www.reuters.com/world/uk/ftse-100-hits-1-week-high-us-rate-cut-optimism-2025-08-13/)
* Paragraph 3 – [[1]](https://www.independent.co.uk/news/business/shell-international-energy-agency-persimmon-us-federal-reserve-goldilocks-b2807034.html), [[3]](https://www.iea.org/reports/oil-market-report-august-2025)
* Paragraph 4 – [[1]](https://www.independent.co.uk/news/business/shell-international-energy-agency-persimmon-us-federal-reserve-goldilocks-b2807034.html), [[3]](https://www.iea.org/reports/oil-market-report-august-2025)
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* Paragraph 8 – [[3]](https://www.iea.org/reports/oil-market-report-august-2025), [[4]](https://www.reuters.com/world/uk/ftse-100-hits-1-week-high-us-rate-cut-optimism-2025-08-13/), [[5]](https://www.reuters.com/world/middle-east/dollar-eases-investors-eye-september-fed-cut-2025-08-13/)

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## Bibliography

1. <https://www.independent.co.uk/news/business/shell-international-energy-agency-persimmon-us-federal-reserve-goldilocks-b2807034.html> - Please view link - unable to able to access data
2. <https://www.independent.co.uk/news/business/shell-international-energy-agency-persimmon-us-federal-reserve-goldilocks-b2807034.html> - The Independent report (13 August 2025) describes how the FTSE 100 rose modestly as markets priced in likely US Federal Reserve rate cuts. It notes the index closed at 9,165.23, with the FTSE 250 and AIM All-Share also moving slightly. Analysts cited growing probability of cuts at the remaining 2025 meetings, creating a ‘Goldilocks’ backdrop. The piece highlights weaker oil prices after the IEA trimmed demand forecasts, mentions BP and Shell drifting lower, and records Beazley’s sharp fall after reducing premium-growth guidance. It also covers Persimmon’s half‑year results and its target of roughly 12,000 home completions in 2026 next year.
3. <https://www.iea.org/reports/oil-market-report-august-2025> - The IEA’s Oil Market Report – August 2025 provides authoritative data and analysis on global oil supply, demand, inventories and prices. Published in Paris, the report revises 2025 demand growth down to about 680,000 barrels per day, reduced from a prior estimate of 700,000 bpd, and raises supply growth forecasts following OPEC+ production increases. It highlights uneven demand across major economies, record refinery throughput, and elevated oil stocks, noting market vulnerabilities from shifting sanctions and weaker consumption. The IEA explains the methodology, publishes detailed tables and charts, and situates the outlook amid heightened uncertainty for prices and stock builds globally.
4. <https://www.reuters.com/world/uk/ftse-100-hits-1-week-high-us-rate-cut-optimism-2025-08-13/> - Reuters reported on 13 August 2025 that the FTSE 100 reached a one-week high, rising around 0.2% as investors anticipated US Federal Reserve rate cuts following softer US inflation data. The report notes sector differences, with healthcare and defence advancing while non-life insurers underperformed; Beazley’s shares plunged after lowering premium-growth guidance. It records falls in housing stocks despite Persimmon’s better-than-expected results, and states Shell slipped amid weaker oil markets. Reuters comments that global markets were buoyed by hopes of easier US monetary policy and that discussions between world leaders, plus energy agency analyses, were weighing on commodity prices and sentiment.
5. <https://www.reuters.com/world/middle-east/dollar-eases-investors-eye-september-fed-cut-2025-08-13/> - Reuters coverage on 13 August 2025 explained that the US dollar weakened after July inflation figures suggested only a limited impact from tariffs, increasing market confidence that the Federal Reserve may cut rates. The piece reports bond yields easing — with the 10‑year Treasury yield trimming from recent highs — and notes currency moves including sterling and the euro strengthening against the dollar. It discusses political pressures on the Fed, market reactions to inflation data, and the broader implications for global assets, emphasising how softer US inflation and growing odds of Fed easing drove equities higher and reduced safe‑haven demand.
6. <https://www.reuters.com/world/uk/uk-insurer-beazley-lowers-annual-premium-growth-forecast-2025-08-13/> - Reuters reported on 13 August 2025 that Beazley, the Lloyd’s of London insurer, lowered its full‑year premium growth guidance to 'low‑to‑mid single digits', down from a previous mid‑single‑digits forecast. The company cited weaker demand in areas such as cyber and property risk, and disclosed a fall in half‑year profits. Investors reacted negatively, sending the share price sharply lower. Beazley maintained expectations for its undiscounted combined ratio in the mid‑80s, while management emphasised a disciplined approach to underwriting amid heightened risk and unpredictability from new technology and climate change. Analysts said the move signalled cyclical caution amid softer pricing and uncertainty.
7. <https://www.reuters.com/world/uk/uks-persimmon-eyes-2026-sales-growth-margin-concerns-weigh-shares-2025-08-13/> - Reuters reported on 13 August 2025 that Persimmon, the UK housebuilder, posted solid first‑half results with underlying pre‑tax profit rising and revenue improving, yet its shares dipped slightly. The company maintained 2025 guidance for completions of 11,000–11,500 and said it expects to deliver around 12,000 homes in 2026. Persimmon flagged margin pressures from elevated build costs and affordability constraints but anticipates modest margin progression in the coming year. The piece notes investor caution about margins despite healthy sales, and places Persimmon’s outlook in the context of wider sector challenges across UK housebuilders. Analysts warned margins could cap near‑term upside significantly.