# FTSE 100 gains amid easing US-China trade tensions and gold rally



The FTSE 100 started the week positively, closing higher on Monday amid growing hopes that a trade deal between the United States and China could soon be reached. The index rose by 49 points, or 0.5%, to close at 9,403.57, while its mid-cap counterpart, the FTSE 250, gained 85.52 points, or 0.4%, to 21,868.48. However, the AIM All-Share index declined slightly, losing 1.59 points or 0.2% to 771.06. This upward momentum was mirrored in other European markets where Paris’s CAC 40 rose 0.4% and Frankfurt’s DAX 40 surged by 1.8%. Meanwhile, US markets also displayed strength with the Dow Jones Industrial Average up by 0.8%, the S&P 500 increasing 1.0%, and the Nasdaq Composite jumping 1.4%.

The improving market sentiment is largely credited to easing tensions in the US-China trade dispute. Joshua Mahony, chief market analyst at Scope Markets, noted that fears around this trade conflict have diminished following a softer tone from the US administration. He added that relations with Beijing had "de-escalated" enough to anticipate a meeting between US Treasury Secretary Scott Bessent and Chinese Vice Premier He Lifeng later in the week. This development bolstered confidence that both nations are motivated to work towards a trade agreement in the coming weeks. Correspondingly, the pound strengthened against the dollar, moving from 1.3398 to 1.3424, while the euro was steady at around 1.1662 dollars.

Gold prices continued their upward trajectory, trading at approximately $4,345 an ounce on Monday, up from $4,242 the previous Friday. Bank of America has highlighted that despite some risks of a near-term correction, gold could potentially rise to $5,000 per ounce by 2026, underpinning the precious metal's appeal as a safe haven amid ongoing geopolitical and market uncertainties.

Despite the generally positive market atmosphere, the UK housing market remained a weak spot. Data from Rightmove revealed that average asking prices for UK homes increased by just 0.3% in October, well below the typical 10-year average seasonal rise of 1.1%. This sluggishness is attributed to uncertainty surrounding the upcoming UK budget, particularly speculation about potential property tax reforms, which appears to be causing prospective buyers to adopt a wait-and-see approach. This cautious sentiment hit housebuilders listed on the London Stock Exchange hard, with Berkeley Group, Persimmon, and Barratt Redrow seeing declines between 0.9% and 1.8%.

Further compounding market jitters was the sharp fall in shares of B&M European Retail, which plummeted 22% after the company announced a profit warning precipitated by an accounting error. The retailer also revealed that its chief financial officer, Mike Schmidt, would step down, a move described by analysts as confirmatory of governance concerns. This marks yet another setback for B&M following its relegation from the FTSE 100 to the FTSE 250 at the beginning of 2024 and the loss of its previous chief executive earlier in the year.

Across the FTSE 100, gains were notable in various sectors: Polar Capital Technology Trust rose 11 pence to 440p, Whitbread gained 71p to nearly 3,000p, and Fresnillo grew by 56p to 2,408p. Conversely, shares of Pearson, Persimmon, Associated British Foods, Rightmove, and Centrica registered declines, reflecting a mixed market environment influenced by sector-specific pressures.

Looking back over recent weeks, the FTSE 100 had seen fluctuations tied to global economic factors and investor sentiment. Around mid-October, the index dipped to a two-week low amid fears over US regional banks and declines in oil majors due to falling oil prices and risk-off sentiment. Banking and oil sector concerns weighed heavily on markets with significant losses in major UK banks such as HSBC and Barclays. However, preceding this, the market had shown resilience following various positive signals, including strong UK growth data and reports of easing US-China trade tensions, which have continually shaped investor outlooks.

The outlook remains cautiously optimistic as investors await further clarity from forthcoming UK fiscal announcements and US-China trade negotiations. Meanwhile, the global macroeconomic landscape continues to exert its influence, with factors like central bank decisions, geopolitical developments, and commodity price movements playing pivotal roles in market direction.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/business/china-aim-london-gold-scott-bessent-b2848704.html), [[2]](https://www.reuters.com/business/aerospace-defense/london-stocks-rise-boost-industrials-mining-stocks-2025-10-20/), [[7]](https://www.reuters.com/world/uk/ftse-100-hits-fresh-record-high-2025-09-30/)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/business/china-aim-london-gold-scott-bessent-b2848704.html), [[2]](https://www.reuters.com/business/aerospace-defense/london-stocks-rise-boost-industrials-mining-stocks-2025-10-20/)
* Paragraph 3 – [[1]](https://www.independent.co.uk/news/business/china-aim-london-gold-scott-bessent-b2848704.html)
* Paragraph 4 – [[1]](https://www.independent.co.uk/news/business/china-aim-london-gold-scott-bessent-b2848704.html), [[2]](https://www.reuters.com/business/aerospace-defense/london-stocks-rise-boost-industrials-mining-stocks-2025-10-20/)
* Paragraph 5 – [[1]](https://www.independent.co.uk/news/business/china-aim-london-gold-scott-bessent-b2848704.html)
* Paragraph 6 – [[1]](https://www.independent.co.uk/news/business/china-aim-london-gold-scott-bessent-b2848704.html), [[2]](https://www.reuters.com/business/aerospace-defense/london-stocks-rise-boost-industrials-mining-stocks-2025-10-20/)
* Paragraph 7 – [[3]](https://www.reuters.com/business/finance/ftse-100-hits-two-week-low-banks-oil-majors-slide-2025-10-17/), [[4]](https://www.reuters.com/world/uk/uks-ftse-100-slips-fiscal-worries-burberry-shines-2025-10-15/), [[2]](https://www.reuters.com/business/aerospace-defense/london-stocks-rise-boost-industrials-mining-stocks-2025-10-20/)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.independent.co.uk/news/business/china-aim-london-gold-scott-bessent-b2848704.html> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/aerospace-defense/london-stocks-rise-boost-industrials-mining-stocks-2025-10-20/> - On October 20, 2025, London's FTSE 100 index rose by 0.4% to 9,390 points, buoyed by gains in industrial and mining stocks amid eased trade tensions between the U.S. and China. The FTSE 250 also climbed 0.2%. Investors responded positively to U.S. President Donald Trump's indication that a proposed 100% tariff on Chinese goods was unsustainable, reducing fears of escalating trade conflicts. Aerospace and defense stocks led gains, with Babcock and Rolls-Royce up 2.4% and 2%, respectively. Precious metals miners benefited from higher gold prices, while banking stocks also recovered after global credit risk concerns. In contrast, homebuilder shares declined after a Rightmove survey showed only a 0.3% increase in UK home asking prices, below seasonal expectations. Notable losses came from Persimmon, Barratt Redrow, and other major homebuilders. Additionally, B&M shares plunged nearly 20% after cutting its full-year forecast due to an accounting error and the CFO's resignation, marking its worst trading day. Secure Trust Bank also declined 5% after increasing its financial provision related to a motor financing mis-selling issue.
3. <https://www.reuters.com/business/finance/ftse-100-hits-two-week-low-banks-oil-majors-slide-2025-10-17/> - On October 17, 2025, London's FTSE 100 index dropped to a two-week low, falling 1.3% to 9,310 points, while the FTSE 250 declined 1.6% to 21,643. This marks the second consecutive week of losses for both indices. The decline was primarily led by banking and oil sectors amid global concerns over the stability of U.S. regional banks. UK banks such as HSBC, Barclays, and Standard Chartered saw significant losses of up to 5.3%. The banking sector index fell nearly 3%, while investment banks and brokerages dropped by 2%. Brokerage ICG faced the steepest individual loss, down 6.4%. In the U.S., Zions Bancorporation and Western Alliance raised credit quality concerns after revealing financial issues and legal troubles. This contributed to negative sentiment in global markets. Oil majors BP and Shell also declined due to falling oil prices driven by a risk-off market mood. Despite the broader market downturn, positive economic signals included UK growth in August and an IMF forecast of strong 2025 performance. Pearson and Man Group were notable gainers, with increases of 5.3% and 4% respectively.
4. <https://www.reuters.com/world/uk/uks-ftse-100-slips-fiscal-worries-burberry-shines-2025-10-15/> - On October 15, 2025, London's FTSE 100 index fell by 0.5% amid rising fiscal concerns and mixed corporate earnings reports. Investors reacted to warnings about persistent inflation and the possibility of tax increases by the UK government. Finance Minister Rachel Reeves revealed she is considering tax hikes and spending cuts in the upcoming November 26 budget, aiming to cover an estimated £30 billion shortfall. This comes as the IMF slightly raised its 2025 UK growth forecast but warned of high inflation through 2026. Despite the broader market decline, luxury goods stocks performed well. Burberry led the FTSE 100 with a 6.6% gain following strong results from sector peer LVMH. PageGroup topped the FTSE 250 with a 7.2% jump after beating profit expectations. IAG also rose 1.3% after Morgan Stanley gave it an “overweight” rating. On the downside, Entain dropped 3.3% over declining gaming revenue, and AstraZeneca fell 2.3%, contributing to a 1.9% drop in the healthcare sector index.
5. <https://www.reuters.com/world/uk/london-stocks-rise-us-rate-cut-optimism-kingfisher-boost-2024-09-17/> - On September 17, 2024, London's FTSE 100 index reached a two-week high, rising by 0.4%, driven by gains in retail and personal goods stocks. Investors were optimistic ahead of central bank meetings, anticipating potential rate cuts. Kingfisher led the gains with an 11.2% increase after improving its annual earnings outlook. The retail and personal goods indices each rose by 2.8%. In contrast, aerospace and defense stocks fell by 2.2%, with BAE Systems down 4.7%. Investors focused on expected rate cuts from the Federal Reserve and the Bank of England. Essentra and THG shares declined due to profit warnings and strategic restructuring plans, respectively.
6. <https://www.reuters.com/markets/europe/londons-ftse-100-drops-us-recession-fears-spark-global-sell-off-2024-08-05/> - On August 5, 2024, London's FTSE 100 index fell by more than 1.5%, reaching its lowest level in over three months due to U.S. recession fears triggering a global sell-off. The index dropped 1.9%, marking its worst day since March 2023. The FTSE 250 declined by 3%, its worst day since September 2022. Recent U.S. employment data showed a slowdown, increasing recession concerns and leading to expectations of a Federal Reserve rate cut. The automotive, parts, and precious metals sectors were most affected, with financial and energy stocks also experiencing significant declines. John Wood Group shares plummeted over 37% after Sidara withdrew a takeover bid.
7. <https://www.reuters.com/world/uk/ftse-100-hits-fresh-record-high-2025-09-30/> - On September 30, 2025, the UK's FTSE 100 index reached a new all-time high, peaking at 9,363.57 points and closing with a gain of 0.54%. This milestone reflects continued investor confidence and strong performance by major UK-listed companies, indicating a positive outlook for the UK stock market.