
Carlsquare/Vontobel weekly trading note: A peace deal with pending negotiations

This week's case study focuses on Hennes & Mauritz (H&M), which is set to release its mid-year report next week. The company recently surprised the market with better-than-expected operating results. The challenge for H&M is to improve its operating margin despite low revenue growth. The letter of intent for peace between the US and Iran, which is subject to 60 days of further negotiations, has driven up the world's stock markets again, particularly tech stocks.

Swedish retail giant H&M is set to release its mid-year report for 2025/26 on 25 June. In the last two quarterly reports, H&M exceeded analysts' earnings expectations by 14% and 6%, respectively. In recent years, H&M's biggest challenge has been its lack of sales growth. Nevertheless, H&M has slowly improved its operating margins to reach its goal of 10 per cent by streamlining operations and maintaining cost control to improve profitability.

On Sunday, June 14, the highest-ranking officials from the United States and Iran signed a 60-day ceasefire agreement. According to president Trump, the Strait of Hormuz will open to ship traffic on Friday, June 19. Rumors of a potential peace agreement have driven up prices on the world's stock exchanges, especially tech stocks. This is linked to hopes of lower oil prices, which would result in lower inflationary pressure on market interest rates.

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