Carlsquare/Vontobel weekly trading note: Resilient stock market sees optimism return

This week's case study focuses on H&M, which is set to release its third-quarter report for 2026 on Thursday, 24 September. After rising over the summer, the stock has fallen again towards the SEK 160 level, which has historically served as technical support. Last week, stock markets were hit by a brief period of concern about interest rates following the Fed's announcement on rates. However, optimism had returned by Monday 21 September, driven by signs of increased oil shipments through the Strait of Hormuz.

The focus regarding H&M's earnings is primarily on reducing administrative costs, specifically those below the cost of goods sold, with the aim of achieving an operating margin of 10%. With an operating margin of 8.5% for the trailing twelve months of 2025/26, H&M still has some way to go to reach its target. With the share price standing at SEK 167.85 at the time of writing, H&M is currently trading at a P/E ratio of 22x — a figure which would fall to 18x were the company to reach its target operating margin of 10%. The strongest argument for investing in H&M stock is its annual dividend of SEK 7.10, which yields 4.2% at the current share price.

Global stock markets lost momentum following the rate increase by the Federal Reserve last week, but have since recovered. Despite the ongoing conflict in the Middle East, bulls were back in charge on Tuesday 21 September as oil prices fell. The US announced that the volume of oil and cargo passing through the Strait of Hormuz was the highest it had been in six months.

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