Weekly Market Update

1 June 2026

Last week's performance – major stock markets

Market Monitor (%): How did major stock markets perform last week*?

Key stories from last week

US: EQUITIES RALLY ON AI OPTIMISM AND POTENTIAL US-IRAN DEAL

US equities rose over the holiday shortened week, with several major indices reaching record highs. Gains were driven by improved risk sentiment linked to progress toward a potential US Iran agreement, which pushed oil prices lower and eased inflation concerns. The Nasdaq outperformed, supported by continued strength in AI related stocks, while the S&P 500, Russell 2000 and mid cap indices also posted solid gains. Inflation data provided mixed signals, with headline Personal Consumption Expenditures (PCE) easing month on month but rising on an annual basis, while core inflation remained elevated. Fed officials maintained a cautious tone, signalling that policy may need to remain restrictive given persistent inflation risks. Economic data were mixed overall, with GDP revised lower but durable goods orders strong, while falling Treasury yields supported equity valuations.

JAPAN: EQUITIES SURGE TO RECORD HIGHS ON CEASEFIRE HOPES IN THE MIDDLE EAST

Japanese equities delivered strong gains, with the Nikkei reaching new highs during the week. The rally was driven by easing energy price concerns, which is significant for an import dependent economy like Japan. Progress toward a US Iran agreement reduced inflation risk and supported both equities and bond markets. Technology and semiconductor stocks led the advance, benefiting from continued global AI demand. Inflation data came in softer than expected, with Tokyo core Consumer Price Index inflation continuing to decelerate and remaining below the Bank of Japan's target. This added uncertainty around the timing of further policy tightening.

CHINA: INDUSTRIAL PROFIT GROWTH ACCELERATES TO 24.7% YEAR OVER YEAR IN APRIL

Chinese equities rose as strong industrial profit data, particularly for upstream sectors such as energy and materials, buoyed sentiment. Profits grew significantly year on year, driven by resilient external demand and improved pricing in key industries. However, gains were offset by renewed regulatory pressure on offshore brokerages, which weighed on sentiment in Hong Kong listed stocks. The uneven recovery remains a key theme, with weakness still evident in consumer facing and property related sectors. Regulatory developments added another layer of uncertainty, particularly around cross border investment access.

EUROPE: EQUITIES POSTED MODEST GAINS ON A POTENTIAL EASING OF TENSIONS IN THE MIDDLE EAST

European equities posted modest gains, with the for the week. Markets were supported by falling energy prices and improving sentiment around a potential easing of Middle East tensions. Major indices in Germany, France and Italy all recorded gains, although the overall move was relatively muted. ECB commentary remained a headwind, with policymakers highlighting that energy related inflation pressures have been more persistent than expected. Minutes from the latest meeting suggested that a further rate increase remains a possibility in the near term. Economic data was mixed, with German unemployment edging lower but expectations still point to a gradual rise.

UK: ENERGY AND DEFENSIVE SECTORS WEIGH ON RETURNS

UK equities underperformed global peers, with the FTSE 100 declining over the week. This largely reflected its greater exposure to energy and defensive sectors, which lagged as oil prices fell. The market was also impacted by the late May bank holiday, which reduced trading activity. Inflation data showed mixed signals, with shop price inflation surprising slightly to the upside. The increase was driven by higher shipping and input costs, partly linked to ongoing Middle East disruption. However, food inflation continued to moderate, suggesting some easing in consumer price pressures.

The Omnis Investment Club

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*Source: Bloomberg. All performance measured in local currency.

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