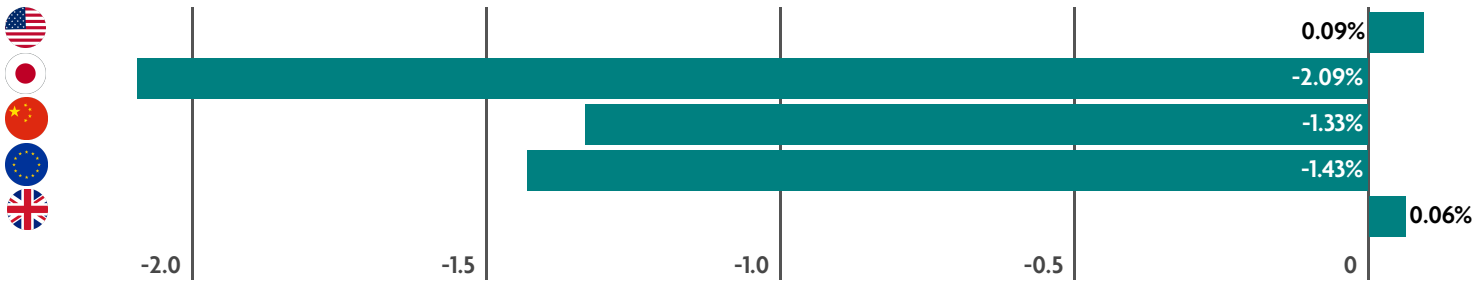
Weekly Market Update

7 September 2026

Last week's performance – major stock markets

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



Key stories from last week

US: INVESTORS WEIGH STRONG ECONOMIC DATA AGAINST RISING GEOPOLITICAL TENSIONS

U.S. equity markets finished the week broadly unchanged, with the Nasdaq posting modest gains while the Dow Jones slipped slightly as investors weighed stronger economic data against rising geopolitical risks. Renewed hostilities between the U.S. and Iran pushed oil prices higher early in the week, boosting energy stocks and reigniting concerns that inflationary pressures could remain elevated. Treasury yields also moved higher, with the 10-year yield briefly approaching 4.8%, reflecting concerns that the Federal Reserve may need to keep policy restrictive for longer. Sentiment improved midweek after comments from Fed Governor Christopher Waller suggested rates could remain on hold if inflation continues to moderate. However, a much stronger than expected August jobs report shifted expectations again, increasing speculation that further policy tightening may still be possible. The U.S. economy added 162,000 jobs during the month, significantly ahead of forecasts, while unemployment held steady at 4.1%. Economic activity remained resilient overall, with both manufacturing and services PMI surveys indicating continued expansion, although persistent input cost pressures highlighted ongoing inflation risks.

JAPAN: JAPANESE 10-YEAR GOVERNMENT BOND YIELD HITS HIGHEST SINCE 1996

Japanese equities weakened over the week as investors focused on rising bond yields and growing expectations of a near term Bank of Japan interest rate increase. The yield on the 10-year Japanese government bond briefly exceeded 3%, reaching its highest level since 1996 before easing later in the week. Expectations of tighter monetary policy contributed to a sharp strengthening of the yen, which added pressure to Japan's export-oriented companies. Renewed tensions in the Middle East and higher oil prices also weighed on investor sentiment, exacerbating concerns around economic growth. Economic data showed continued weakness in consumer spending, with household expenditure falling more than expected in July. However, industrial production continued to expand, suggesting parts of the economy remain resilient despite ongoing challenges.

CHINA: EQUITIES PULL BACK ON WEAKNESS IN TECHNOLOGY AND AI RELATED STOCKS

Chinese markets delivered mixed performance, with mainland indices moving lower while Hong Kong equities edged higher over the week. Investor sentiment on the mainland was dampened by weakness in technology and AI related shares, which faced pressure from rising global bond yields and higher oil prices. Property stocks were also volatile after authorities announced stricter rules governing residential property presales, raising concerns about developer funding conditions. Economic data showed some signs of improvement, with the official manufacturing PMI moving closer to expansion territory and production levels strengthening.

EUROPE: RISING ENERGY PRICES AND BOND YIELDS WEIGH ON EUROPEAN EQUITIES

European equities moved lower over the week, as investors reacted to higher energy prices and rising bond yields. Germany's DAX closed 1.97% lower, France's CAC 40 Index declined 1.46%, and Italy's FTSE MIB fell 0.98%. Renewed tensions in the Middle East sparked concerns about oil and gas supply disruptions, pushing energy prices sharply higher and fuelling inflation worries. Government bond yields across the region rose as markets reconsidered the timing and extent of potential interest rate cuts. Despite these headwinds, technology stocks provided some support, benefiting from continued enthusiasm surrounding artificial intelligence. Economic data painted a mixed picture, with eurozone retail sales suffering their sharpest monthly decline since May 2025, highlighting ongoing pressure on consumers. Producer prices also rose more than expected, largely driven by higher energy costs, reinforcing concerns that inflation could remain sticky.

UK: ENERGY AND DEFENSIVE SECTOR EXPOSURE SEES UK EQUITIES MORE RESILIENT

The UK market proved relatively resilient, with the FTSE 100 ending the week broadly unchanged despite weakness elsewhere in Europe. Investor sentiment was affected by reports that the government was considering additional fiscal measures, including potential windfall taxes on banks and energy companies. Higher gilt yields also created a more challenging environment for rate sensitive sectors and domestically focused stocks. On the economic front, new car registrations rose 13.7% year on year in August, marking a ninth consecutive month of growth and suggesting consumer demand remains relatively healthy. While macroeconomic uncertainties persist, the UK market benefited from its exposure to energy and defensive sectors.

The Omnis Investment Club

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

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