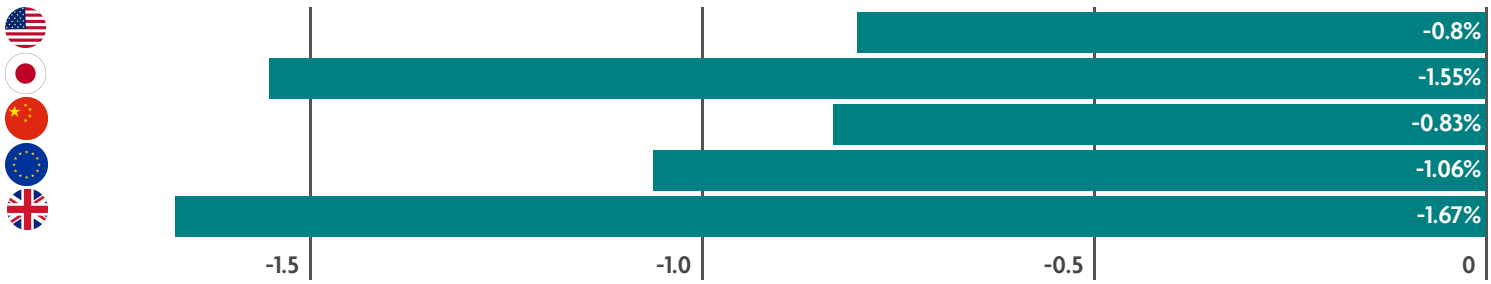
Weekly Market Update

14 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: RISING ENERGY PRICES WEIGH ON US EQUITIES; HOWEVER, TECH SECTOR PROVES RESILIENT

US equities ended the holiday-shortened week lower as escalating tensions in the Middle East pushed energy prices higher, reigniting inflation concerns and weighing on investor sentiment. Smaller companies were hit hardest, with the Russell 2000 and S&P MidCap 400 posting the largest declines, while the technology heavy Nasdaq proved comparatively resilient. Brent crude briefly climbed towards US$110 per barrel as concerns grew over potential disruption to regional energy supplies and shipping routes. Rising oil prices, firm inflation data and heavy Treasury issuance helped push bond yields higher, with the 10-year Treasury yield approaching 5%. Inflation data reinforced expectations that the Federal Reserve may need to tighten policy further, with both producer and consumer price reports pointing to continued underlying price pressures. Markets responded by increasing the implied probability of a September rate rise, while labour market data continued to indicate a resilient economy. Consumer confidence weakened for a second consecutive month, however, as higher fuel costs and concerns around trade tensions weighed on household sentiment and inflation expectations.

JAPAN: THE JAPANESE YEN STRENGTHENED MEANINGFULLY AGAINST THE US DOLLAR

Japanese equities declined as investors weighed the impact of a stronger yen, rising bond yields and growing expectations of further monetary tightening by the Bank of Japan. Exporters and growth stocks came under pressure, although selected AI and semiconductor-related companies showed pockets of strength. The yield on 10-year Japanese government bonds rose as markets increasingly anticipated a Bank of Japan rate increase in September. The yen strengthened significantly against the US dollar, supported by expectations of tighter Japanese monetary policy and comments from U.S. officials. Economic data remained broadly encouraging, with second quarter GDP revised higher and real wages recording a seventh consecutive monthly increase.

CHINA: POLICYMAKERS ANNOUNCED SIGNIFICANT CASH INJECTIONS INTO SEVERAL STATE-OWNED BANKS & INSURERS

Chinese equities fell over the week, with Hong Kong markets underperforming mainland indices as higher oil prices and rising US Treasury yields dampened risk appetite. Technology stocks remained volatile, with competition within the AI sector and dilution concerns weighing on sentiment despite strong performances from selected new listings. Policymakers announced significant capital injections into several state-owned banks and insurers to strengthen financial system resilience and support economic activity. Export growth remained a key bright spot, driven by strong demand for technology related products linked to global AI investment. Inflation picked up modestly, largely reflecting higher energy and input costs rather than a broad based recovery in consumer demand, reinforcing the view of an uneven economic backdrop.

EUROPE: RISING GEOPOLITICAL TENSIONS IN THE MIDDLE EAST WEIGH ON MARKETS

European equities moved lower as rising geopolitical tensions and disruption concerns in the Strait of Hormuz pushed both oil and natural gas prices sharply higher. Germany's DAX closed 1.83% lower, while France's CAC 40 Index declined 1.20% and Italy's FTSE MIB gained 0.79%. Higher energy prices fuelled inflation fears across the region and contributed to rising government bond yields. The European Central Bank raised interest rates by 0.25%, while also increasing its inflation forecasts, signalling that policy may need to remain restrictive for longer. ECB President Christine Lagarde highlighted ongoing upside risks to inflation alongside weaker growth prospects. Despite these challenges, Eurozone economic activity remained resilient, with second quarter GDP expanding by 0.6%. Markets were broadly weaker, with Germany and France posting declines, although Italy outperformed and finished the week higher.

UK: UK ECONOMY EXPANDS MORE THAN EXPECTED IN JULY

The UK economy delivered stronger than expected performance, expanding by 0.4% in July compared with expectations for flat growth. The services sector was the primary driver of activity, while technology related industries also contributed positively to growth. Industrial production rose modestly and exceeded market expectations, suggesting some resilience in the manufacturing backdrop. Despite the encouraging data, investors remained focused on the impact of elevated energy prices and higher gilt yields. Rising borrowing costs continue to represent a challenge for consumers, businesses and government finances. Attention is also turning towards the Autumn Budget, where fiscal pressures may become an increasingly important consideration.

The Omnis Investment Club

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

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