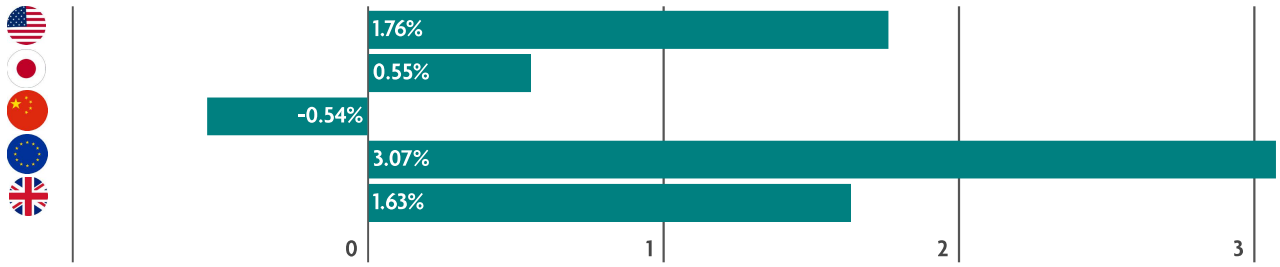
Weekly Market Update

6 July 2026

Last week's performance – major stock markets

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



Key stories from last week

US: LABOUR MARKET SHOWS SIGNS OF WEAKNESS

US equities were mixed over the holiday shortened week, with the S&P 500, Nasdaq and Dow Jones all advancing, while smaller companies lagged. Communication services, financials and consumer discretionary sectors led gains, while real estate, utilities and energy were weaker. Economic data pointed to a cooling labour market. Non-farm payrolls rose by 57,000 in June, well below expectations, while previous months were revised lower. Although the unemployment rate edged down to 4.2%, softer hiring data from both ADP and the official payroll report reinforced expectations that the Federal Reserve may have less reason to raise rates. Consumer confidence remained subdued, while manufacturing activity continued to expand but at a slower pace. Treasury yields moved higher over the week, weighing on bond returns, although investment grade corporate bonds slightly outperformed government bonds.

JAPAN: MANUFACTURING CONFIDENCE REACHES ITS STRONGEST LEVEL SINCE 2018

Japanese equity markets rallied for the week. Profit taking occurred in technology and semiconductor stocks following a strong artificial intelligence driven rally, while financials and cyclical sectors benefited from rising bond yields and improving business sentiment. The Bank of Japan's Tankan survey showed manufacturing confidence improving for a fifth consecutive quarter, reaching its strongest level since 2018. Industrial production rose modestly but missed expectations. The yen remained volatile, weakening to its lowest level in almost 40 years against the US dollar before rebounding on speculation that authorities could intervene to support the currency.

CHINA: STOCKS EASE AS AI AND TECH COMPANIES COME UNDER PRESSURE

Chinese equities were mixed, with mainland markets broadly weaker while Hong Kong shares posted gains. Investor sentiment was supported by stronger than expected manufacturing data and improved liquidity conditions, although technology and artificial intelligence related shares came under pressure. June Purchasing Manager Index (PMI) data showed manufacturing activity returning to expansion, with both production and new orders improving. The People's Bank of China also introduced new overnight liquidity operations to improve short term funding conditions. While supportive for market sentiment, investors viewed the move as a refinement of the policy framework rather than the start of a broad monetary easing cycle.

EUROPE: SOFT INFLATION DATA REDUCES PRESSURE ON THE ECB TO TIGHTEN FURTHER

European equities moved higher, supported by easing concerns around inflation and the potential economic fallout from Middle East tensions. Among major stock indices, Germany's DAX finished 3.69% higher, France's CAC 40 Index rose 1.07%, and Italy's FTSE MIB gained 2.27%. Eurozone inflation fell to 2.8% in June, below expectations and down from 3.2% in May. The softer inflation reading reduced pressure on the European Central Bank to tighten policy further. Meanwhile, German retail sales surprised to the upside, highlighting some resilience in consumer spending, while unemployment across the euro area remained stable at 6.2%.

UK: EQUITIES RISE ON IMPROVING GLOBAL SENTIMENT

UK equities also moved higher over the week, with the FTSE 100 benefiting from improving global sentiment. Economic data remained broadly supportive. Final figures confirmed that UK GDP grew by 0.6% in the first quarter of 2026. House price growth also accelerated in June, with Nationwide reporting annual growth of 2.2%, suggesting continued resilience in the housing market despite a challenging economic backdrop. Keir Starmer announced an extra £15bn for defence over the next four years, aiming to transform a military that has been "underfunded and unsuited to the threats we face". The increase is expected to come at the expense of some road and energy projects that are important, but not "immediately vital".

The Omnis Investment Club

To hear more about these topics, you can listen to our latest episode on the Omnis Investment Club Podcast.

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

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