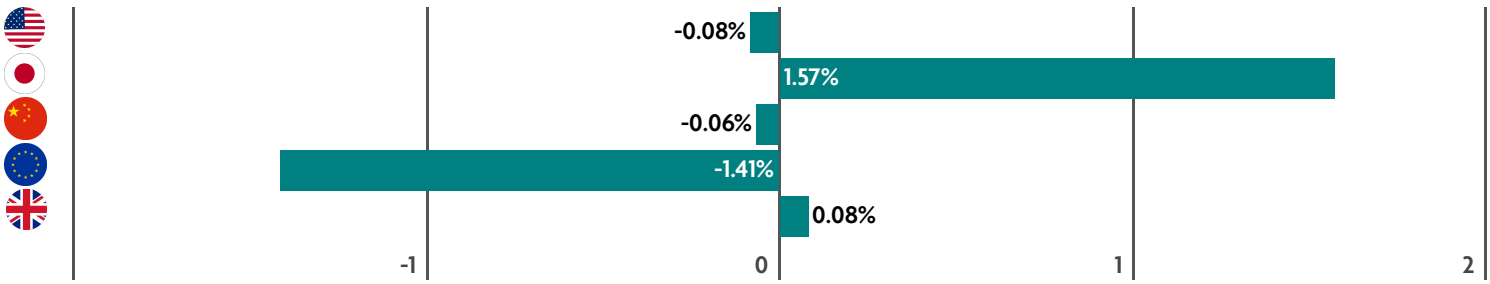
Weekly Market Update

21 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: THE FEDERAL RESERVE RAISES INTEREST RATES FOR THE FIRST TIME SINCE 2023

US markets finished the week mixed as investors navigated the Federal Reserve's first interest rate increase since 2023, renewed Middle East tensions and ongoing developments within the AI sector. The Fed raised rates by 0.25% to 3.75%-4.00% and signalled the possibility of one further increase before the end of 2026, while Treasury yields remained elevated after the 10-year yield briefly moved above 5%. Oil prices surged early in the week following attacks on Saudi energy infrastructure, stoking fresh inflation concerns, although prices later eased as fears of prolonged supply disruption diminished. AI-related stocks initially fell after prominent industry leaders called for a slower pace of AI development to address safety risks, but sentiment recovered quickly following supportive comments from major technology executives, helping the Nasdaq outperform broader markets. In fixed income markets, investment grade corporate bonds proved relatively resilient as strong demand for new issuance supported returns, while high yield bonds came under pressure from rising yields and inflation concerns.

JAPAN: THE BANK OF JAPAN LIFTS INTEREST RATES TO THEIR HIGHEST LEVEL IN MORE THAN THREE DECADES

Japanese equities advanced over the week, supported by a recovery in AI-related stocks, a weaker yen and a widely anticipated interest rate increase from the Bank of Japan. The central bank raised rates by 0.25% to 1.25%, its highest level since 1995, although the decision was not unanimous and policymakers offered little guidance on the pace of future tightening. The yen weakened sharply against the U.S. dollar, providing support for Japan's export-oriented companies, while easing concerns around oil supply disruptions also supported market sentiment. Economic data was mixed, with inflation easing slightly but imports rising significantly due to higher energy costs, while softer machinery orders suggested some moderation in business investment.

CHINA: EQUITIES BROADLY FLAT AS TECH SECTOR REBOUND BUOYS INVESTOR SENTIMENT

Chinese markets delivered mixed performance, with mainland equities broadly outperforming Hong Kong following a technology-led rebound late in the week. Economic data highlighted continued divergence within the economy, as industrial production strengthened while consumer demand, property activity and credit growth remained weak. Retail sales growth slowed further, real estate investment continued to contract sharply and household borrowing declined for a sixth consecutive month, underlining ongoing domestic demand challenges. However, semiconductor and AI-related companies rebounded strongly as technology shares recovered across the region, helping support market sentiment despite the weaker macroeconomic backdrop.

EUROPE: HIGHER OIL AND GAS PRICES FUEL INFLATION CONCERNS

European equities declined modestly over the week as higher oil and natural gas prices fuelled inflation concerns and pushed bond yields higher. Escalating tensions in the Middle East weighed on sentiment early in the week, particularly across industrial and consumer-focused sectors, while weakness in AI-related technology stocks added further pressure. Inflation in the eurozone rose to 3.2% in August from 2.9% in July, driven largely by energy costs, although core inflation remained more contained. Germany's latest economic sentiment survey pointed to some improvement in current conditions, but confidence in the recovery remains cautious. Markets stabilised towards the end of the week as oil prices retreated and investors digested central bank decisions across major developed economies.

UK: INTEREST RATES KEPT UNCHANGED AT 3.75%, DESPITE THREE POLICYMAKERS FAVOURING AN IMMEDIATE INCREASE

UK equities were broadly flat for the week. The Bank of England kept interest rates unchanged at 3.75%, although the decision was accompanied by a three-way split vote in favour of further tightening, highlighting ongoing concerns around inflation. UK inflation rose to 3.1% in August from 2.9%, largely due to higher fuel prices, while unemployment remained broadly stable at 4.9%, slightly better than expected. Policymakers indicated that further rate increases could still be required if higher energy costs become embedded in broader inflation trends. Against this backdrop, the FTSE 100 finished the week broadly flat as gains in energy-related companies helped offset wider market uncertainty.

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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