

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



Key stories from last week



US: TECH SECTOR SELL-OFF INTENSIFIES, WHILE JOBS DATA SURPRISES TO THE UPSIDE

US equities declined over the week as concerns about widespread AI disruption pressured markets, with the Tech-dominated Nasdaq being hit hardest. Value stocks outperformed growth stocks for the seventh consecutive week, extending their year-to-date outperformance to 11%. Stronger than expected January employment data, including 130,000 new jobs and a decline in the unemployment rate to 4.3%, reduced expectations of near-term Federal Reserve interest rate cuts, pushing expectations for unchanged policy through June. Inflation cooled more than expected, with headline Consumer Price Index (CPI) rising 0.2% month over month, although core inflation increased slightly. Retail sales were flat, missing expectations, while US Treasury Bonds gained as yields fell, helped by weakness in technology stocks.



JAPAN: EQUITIES JUMP ON LIBERAL DEMOCRATIC PARTY SUPERMAJORITY

Japanese stocks rallied strongly, driven by the Liberal Democratic Party's sweeping election victory, which secured a supermajority and strengthened Prime Minister Sanae Takaichi's mandate for expansive fiscal policy, investment initiatives, and potential constitutional reform on defence. The yen appreciated meaningfully following government verbal intervention. Economic data showed real wages falling 0.1% year over year in December, disappointing expectations amid continued pressure from inflation.



CHINA: STOCKS GAIN SLIGHTLY AHEAD OF LUNAR NEW YEAR HOLIDAYS

Chinese equities ended the week slightly higher ahead of the Lunar New Year holidays, where mainland markets will remain closed from 16 February – 23 February. Inflation data showed easing consumer price growth, with CPI rising 0.2% year over year in January, down from 0.8%, while producer prices remained in deflation for a 40th consecutive month, falling 1.4%. The property sector showed tentative stabilisation as the decline in second hand home prices slowed and new home prices fell at the same pace as the prior month. The Peoples Bank of China reiterated its commitment to a moderately loose policy stance for 2026, signalling scope to strengthen financial support for key areas to boost domestic demand and technological innovation.



EUROPE: EUROPE ENDS VOLATILE WEEK DOWN SLIGHTLY, AS INVESTORS DIGEST US JOBS DATA AND AI DISRUPTION CONCERNS

European stocks ended a volatile week slightly in the red. Among major stock indexes, Germany's DAX rose 0.78%, Italy's FTSE MIB declined 0.97%, and France's CAC 40 Index gained 0.46%. Markets reacted to stronger than expected US jobs data and concerns about AI related disruption. Within the eurozone, 4th quarter GDP expanded 0.3% with annual growth at 1.5%, led by Spain. Employment rose more than expected, although Germany experienced a slight contraction. France's unemployment rate increased to its highest level since 2021, with youth unemployment particularly elevated. In Germany, wholesale prices rose 1.2% year over year, driven by higher metals and food prices.



UK: RETAIL SALES RISE AT THE FASTEST PACE SINCE AUGUST

Investor sentiment in the UK was weighed down early in the week by political uncertainty following calls for Prime Minister Keir Starmer to resign over his appointment of Lord Mandelson as US ambassador. Economic data showed modest 4th quarter GDP growth of 0.1%, with output 1% higher than a year earlier. Manufacturing expanded while construction contracted. Retail sales provided a brighter signal, rising 2.3% year over year in January, the fastest pace since August. Bank of England (BoE) Chief Economist Huw Pill commented that disinflation is ongoing but is not as convincing as the BoE might have hoped 18 months ago. He urged caution with regards to further interest rate cuts.



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

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