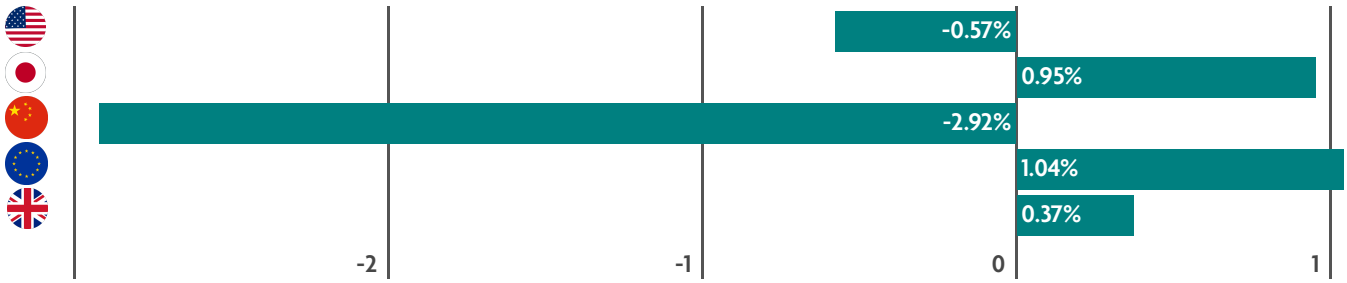
Weekly Market Update

2 November 2026

Last week's performance – major stock markets

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



Key stories from last week

US: MARKET LEADERSHIP BROADENS AS AI SPENDING COMES UNDER SCRUTINY

US equities delivered mixed returns over the week, with smaller companies and value stocks continuing to outperform as large cap technology and AI-related names came under renewed pressure. While technology stocks initially rallied on encouraging earnings updates and ongoing optimism around AI demand, sentiment weakened later in the week as investors increasingly questioned the sustainability of elevated capital expenditure plans and the potential returns from continued investment in AI infrastructure. The Federal Reserve left interest rates unchanged, acknowledging that economic growth remains strong while maintaining a cautious stance on inflation. Economic data reinforced this view, with third-quarter GDP growth accelerating ahead of expectations, supported by resilient consumer spending and business investment. However, inflation measures remained elevated, highlighting the challenge facing policymakers. Treasury yields moved lower following the Fed's decision and a broader shift towards defensive assets, while volatility in oil prices persisted amid ongoing geopolitical tensions in the Middle East.

JAPAN: TECHNOLOGY STOCKS DRIVE RETURNS DESPITE INCREASED VOLATILITY

A similar story in Japan, where we saw Japanese equities delivered mixed returns over the week, with the Nikkei 225 rising 0.95% while the broader TOPIX finished broadly unchanged. Sentiment was driven largely by AI-related stocks, with optimism around technology earnings supporting markets early in the week before concerns over the sustainability of AI investment and capital spending triggered a late sell-off. As a result, the technology-heavy Nikkei outperformed but also experienced greater volatility. Meanwhile, the Bank of Japan left interest rates unchanged while maintaining its commitment to gradually normalising policy as inflation remains around target. Economic data was mixed, with industrial production improving but retail sales growth slowing. The yen strengthened towards the end of the week as investors moved towards safe-haven assets amid renewed market uncertainty.

CHINA: POLICY SUPPORT AND STRONGER PROFITS OFFSET TECHNOLOGY WEAKNESS

Chinese equities delivered mixed returns over the week, with mainland markets declining while Hong Kong shares finished modestly higher. Investor sentiment remained subdued as ongoing weakness in AI and semiconductor stocks, driven by concerns over valuations and investment returns, continued to weigh on mainland indices. However, a late-week rebound across consumer, financial and internet-related sectors helped support Hong Kong markets. On the policy front, China's leadership reaffirmed its focus on domestic demand, innovation and long-term economic growth, although no significant new stimulus measures were announced. Economic data was more encouraging, with industrial profits strengthening, but investors remain cautious as they look for evidence of a broader and more balanced recovery across the economy.

EUROPE: STRONGER GROWTH AND STABLE RATES SUPPORT EQUITY MARKETS

In Europe we saw equities move higher over the week, supported by a stronger-than-expected eurozone growth backdrop, a broadly constructive corporate earnings season and the European Central Bank's decision to leave interest rates unchanged. While elevated oil prices and ongoing tensions in the Middle East continued to weigh on sentiment, investors took comfort from the ECB's measured approach and signs that economic activity remains resilient across parts of the region. Economic data was generally encouraging, with eurozone GDP growth surprising to the upside, led by strength in Germany and Spain. Corporate earnings were mixed across sectors, with energy companies benefiting from higher commodity prices, while financials and automakers faced a more challenging environment. Overall, investors remain focused on the balance between resilient growth, persistent inflation pressures and the outlook for monetary policy heading into 2027.

UK: EQUITIES ADVANCE AS GILT MARKETS REMAIN STABLE POST BUDGET

UK equities posted modest gains over the week, supported by a calmer-than-expected market reaction to Chancellor John Healey's first Budget and continued strength in energy-related sectors. While higher oil prices and ongoing geopolitical tensions remained a focus for investors, fears of a significant gilt market sell-off failed to materialise, providing some support to sentiment. The domestic backdrop remains mixed, with investors continuing to assess the implications of higher taxes, persistent inflation and elevated interest rates on future economic growth. However, the stability of government bond markets following the Budget announcement was viewed positively, helping UK equities outperform expectations despite the challenging macroeconomic environment.

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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