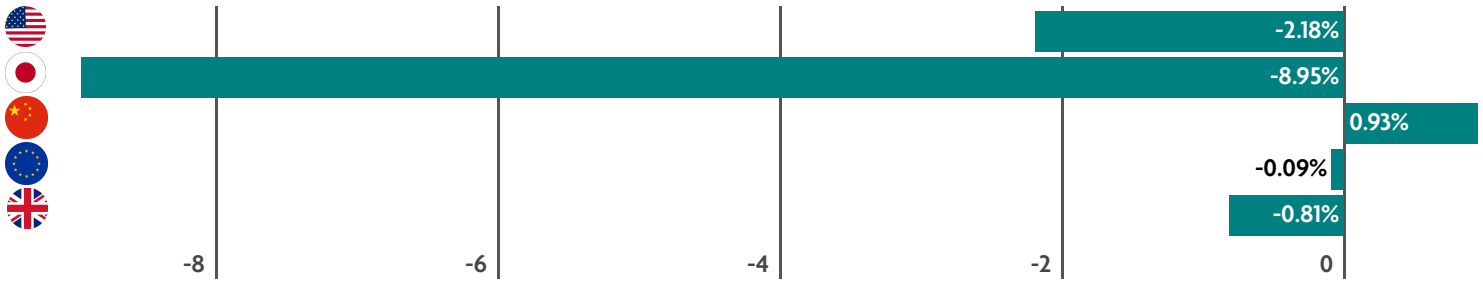
Weekly Market Update

9 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: AI AND SEMICONDUCTOR WEAKNESS WEIGHS ON EQUITIES DESPITE SOLID FUNDAMENTALS

US equities endured a volatile week and finished lower as investors assessed the implications of a Democratic sweep in the US midterm elections alongside continued evidence of economic resilience. Markets initially welcomed the election outcome, but sentiment quickly deteriorated as concerns grew over the potential for increased regulation of the technology and AI sectors, triggering a sharp sell-off in semiconductor and growth stocks. As a result, the technology-heavy Nasdaq significantly underperformed, while defensive sectors such as healthcare and consumer staples proved more resilient. The Federal Reserve left interest rates unchanged, as widely expected, while maintaining a cautious and data-dependent approach to future policy decisions. Meanwhile, economic data remained supportive, with stronger-than-expected job creation, rising job openings and robust manufacturing activity highlighting the underlying strength of the US economy. Treasury yields moved lower over the week as investors sought safe-haven assets amid heightened market volatility and political uncertainty, although resilient economic data and ongoing inflation concerns continued to temper expectations for near-term monetary easing. Overall, markets remain caught between solid economic fundamentals and concerns over valuations, regulation and the future path of interest rates.

JAPAN: IMPROVING FUNDAMENTALS FAIL TO OFFSET AI-DRIVEN SELL-OFF

In Japan, we saw equities fell sharply over the week, led lower by significant weakness in AI and semiconductor-related stocks. Investor sentiment deteriorated following the US midterm elections. Given Japan's large exposure to global technology supply chains, the technology-heavy Nikkei fell 8.95%, while more domestically focused sectors such as real estate and pharmaceuticals initially proved more resilient before broader selling pressure intensified. In the bond market we saw yields declined as investors rotated towards safer assets amid the global equity sell-off. Despite the more cautious market backdrop, domestic economic fundamentals remained supportive. Wage growth continued to exceed expectations, strengthening the case for further Bank of Japan policy tightening and reinforcing confidence that inflation is becoming more sustainably embedded within the economy.

CHINA: POLICY SUPPORT HELPS MARKETS RECOVER DESPITE TECHNOLOGY WEAKNESS

Chinese equities recovered some of their recent losses over the week, supported by further policy measures from Beijing aimed at stabilising markets and encouraging equity purchases. Mainland and Hong Kong markets were boosted by a rebound in technology and internet stocks, although gains were trimmed towards the end of the week following renewed weakness in global AI-related shares. Sentiment remained sensitive to concerns around technology valuations and regulatory developments in the US, which weighed on semiconductor stocks. Meanwhile, Chinese policymakers continued to provide support through measures designed to improve market liquidity and encourage share buybacks. Economic data painted a mixed picture, with official business surveys pointing to softer activity, while private sector indicators suggested growth remained positive, albeit at a slower pace.

EUROPE: RESILIENT MARKETS BENEFIT FROM LOWER ENERGY PRICES DESPITE SLOWING GROWTH

In Europe equities remained flat with the Euro Stoxx 50 down just 0.09%, outperforming US markets as the region's lower exposure to AI and semiconductor stocks helped shield investors from the sharp technology-led sell-off seen elsewhere. Investor sentiment was supported by falling oil prices, which eased inflation concerns and provided a boost to consumer-facing sectors, although energy stocks came under pressure. Meanwhile, economic data painted a mixed picture, with eurozone inflation moving higher while business activity and retail sales pointed to a gradual loss of growth momentum. Overall, European markets benefited from sector rotation and improving energy dynamics, although concerns around economic growth and inflation remain key areas of focus for investors.

UK: RATE RISE FAILS TO DERAIL RESILIENCE IN THE DOMESTIC ECONOMY

Domestically, UK equities fell modestly over the week with the FTSE 100 down 0.81%, underperforming broader European markets despite signs of resilience in the domestic economy. Investor sentiment was influenced by the Bank of England's decision to raise interest rates by 25 basis points, with policymakers signalling that further tightening remains possible should inflationary pressures persist. Economic data was mixed, with services activity strengthening and employment conditions improving, although weaker retail footfall highlighted ongoing pressure on consumers. Overall, markets continued to balance a resilient economic backdrop against higher borrowing costs and the prospect of inflation remaining elevated for longer.

The Omnis Investment Club

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

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