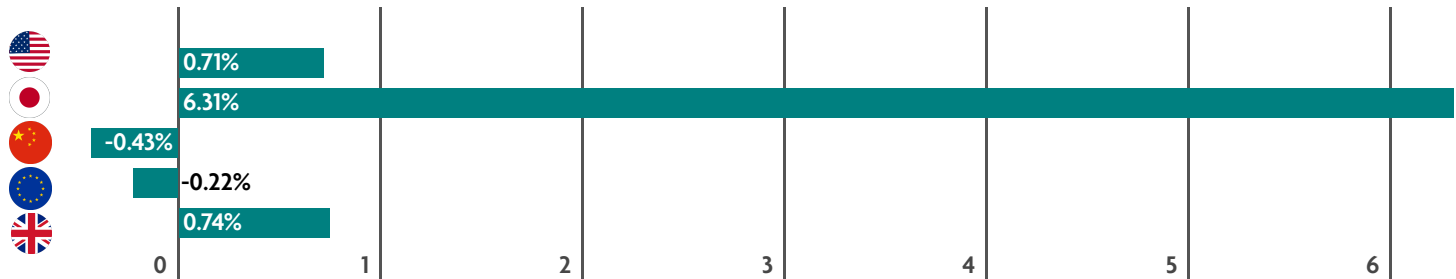


Market Monitor (%): How did major stock markets perform last week*?



Key stories from last week



US: MEGA-CAP TECHNOLOGY STOCKS LEAD MARKETS HIGHER AS AI SPEND CONTINUES

U.S. equity indexes closed the week mixed, with large-cap indexes posting gains and smaller-cap indexes declining. Market breadth was notably narrow as seven of the S&P 500's eleven sectors were down. Mega-cap technology stocks led the way, benefiting from continued artificial intelligence spending. As of Friday morning, 64% of S&P 500 companies had reported earnings, with 83% posting earnings that beat analysts' expectations. From a macro perspective, the U.S. and China agreed to a 12-month trade truce. This will see a reduction of U.S. tariffs on Chinese imports, a suspension of China's export controls on rare earth materials and a resumption of China's purchases of U.S. agricultural products. On Wednesday, the US Federal Reserve announced that it would lower interest rates by 25 basis points (0.25 percentage points) to 3.75% - 4.00%, as was widely expected. Speaking after the meeting, Fed Chair Jerome Powell pushed back against investors who were expecting further easing this year, stating that another rate cut at the central bank's December meeting "is not a foregone conclusion."



JAPAN: STOCKS SOAR AS INTEREST RATES ARE LEFT UNCHANGED AND HOPES OF A STIMULUS PACKAGE BOOST SENTIMENT

Japanese equities rocketed higher again following the Bank of Japan's decision to leave interest rates unchanged and hopes of a large-scale economic stimulus package boosted sentiment. The Nikkei 225 indexes monthly increase of +16.6% in October was the biggest monthly move for Japanese equities since January 1994. Japanese technology stocks also benefited from strong results from Amazon and higher-than-expected sales forecasts from Apple. At the BoJ's press conference, Governor Kazuo Ueda apparently maintained his hawkish stance and reiterated that "the likelihood of a rate hike is increasing." However, he dropped any reference to the underlying inflation rate that he had previously emphasized and instead introduced a new condition for higher borrowing costs. On the economic data front, core consumer prices in Tokyo's Ku area rose 2.8% year over year in October from 2.5% in September, exceeding market forecasts and remaining above the central bank's 2% target.



CHINA: STOCKS EASE ON CONCERNS OF SLOWING ECONOMIC GROWTH

Mainland Chinese stock markets eased as concerns over slowing economic growth outweighed optimism surrounding the US-China trade truce. Concerns about China's longer-term growth picked up after a recent high-level meeting of the country's leaders failed to come up with any potent policy support.



EUROPE: EQUITIES RISE ON STRONG BUSINESS ACTIVITY DATA POINT

Germany's DAX gained 1.72%, Italy's FTSE MIB added 1.44%, and France's CAC 40 Index was up 0.63%. Eurozone purchasing managers' surveys showed business activity hit a 17-month high in October, supported by the strongest increase in new orders in two-and-a-half years. A solid increase in German output helped. However, business activity in France fell for the 14th month running and at the fastest pace since February. Consumer confidence in the eurozone rose to -14.2 in October, the highest level in eight months, from -14.9 in September, according to an early estimate from the European Commission.



UK: STOCKS RISE ON FAVOURABLE FOREIGN EXCHANGE MOVEMENTS

UK stocks rose for the week, helped partly by a depreciation of the British pound against the U.S. dollar. A weaker pound lends support to UK equities, as many UK companies are multinational businesses with overseas revenues. The UK Nationwide House Price Index rose in October by 0.3% sequentially, beating forecasts for no change but slowing from the 0.5% increase posted in September. According to Bank of England data, net mortgage approvals for house purchases, a key indicator of future housing activity, increased by 1,000 to 65,900 in September, the highest level in nine months. The Bank of England meets this week, with traders largely expecting rates to be kept on hold, despite some analysts predicting a split decision.



The Omnis Investment Club

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

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