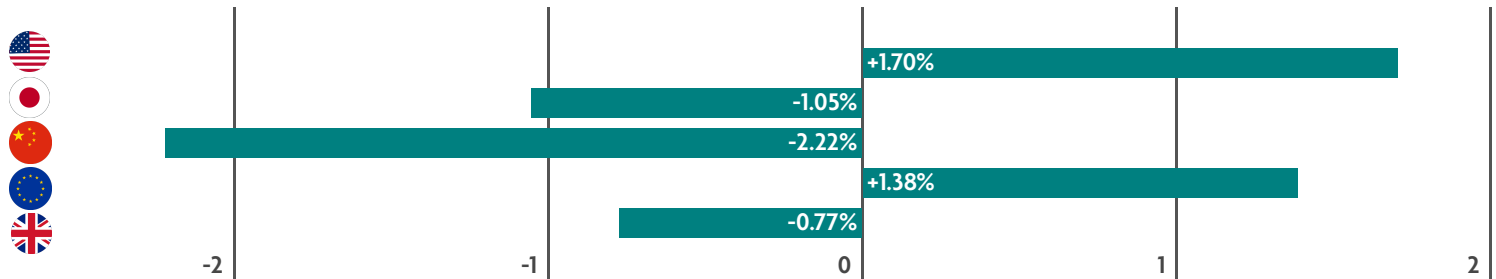


Market Monitor (%): How did major stock markets perform last week*?



Key stories from last week



US: STOCKS REBOUND DESPITE VOLATILE TRADING WEEK

Equities started the week on a positive note after representatives from the U.S. and China appeared to walk back some of the prior week's escalation of trade tensions. Some dovish comments from Federal Reserve officials and several deal announcements in the artificial intelligence (AI) space also appeared to support stocks. Earnings season also began during the week, with JPMorgan Chase, Citigroup, and Wells Fargo all reporting better-than-expected results for the quarter. In total, about 12% of S&P 500 companies had reported as of Friday morning. Of those, 86% announced earnings that beat consensus estimates, according to data from FactSet, which seemed to help buoy investor sentiment during the week. Thursday saw stocks give back some gains after a pair of regional banks disclosed problems with loans involving allegations of fraud. This, following the recent bankruptcies of a subprime auto lender and an auto parts company, appeared to fuel emerging investor concerns about rising risks in the credit market and the broader health of the regional banking industry.



JAPAN: THE STRENGTH OF THE YEN AND POLITICAL UNCERTAINTY WEIGHS ON INVESTOR SENTIMENT

Japanese equities declined over the week, as strength of the Yen (a headwind for Japanese exporters) and domestic political uncertainty weighed on sentiment. In addition, tensions between the U.S. and China added to investor concerns. A vote to elect Japan's next Prime Minister is set to be held tomorrow (21 October 2025). Financial markets are reflecting a slim chance of a rate hike at the central bank's October 29–30 meeting. The latest comments by BoJ Governor Kazuo Ueda reaffirmed the central bank's stance that it will adjust the degree of monetary easing if it grows more confident that its outlook for the economy and prices will be realised.



CHINA: STOCKS EASE AS TRADE TENSIONS WITH THE U.S. NEGATIVELY IMPACT SENTIMENT

Mainland Chinese stock markets fell as trade tensions with the U.S. intensified. On the economic front, China reported that factory gate prices (prices manufacturers charge wholesalers) fell 2.3% in September year on year, the 36th straight month of declines, though the pace of decline slowed from August's 2.9% drop. Consumer prices declined 0.3%, steeper than economists' median forecast. On the bright side, the core consumer price index, which excludes food and energy, rose to a 19-month high of 1.0%. The latest inflation data showed that deflationary pressure continues to stalk China's economy, which is struggling with falling prices since the pandemic ended and a prolonged housing market slump that has further weakened consumer demand.



EUROPE: DOVEISH COMMENTS FROM THE FED AND SIGNS OF A DE-ESCALATION IN U.S.-CHINA TENSIONS DRIVES STOCKS HIGHER

France's CAC 40 Index led the way, rallying 3.24%, while Germany's DAX fell 1.69%, and Italy's FTSE MIB lost 0.69%. Industrial production in the euro area shrank a seasonally adjusted 1.2% in August after rising 0.5% in the previous month. German production fell 5.2% amid a sharp drop in the automotive industry, weaker orders, and plant closures for summer holidays. In France, the government of newly reappointed Prime Minister Sebastien Lecornu survived no-confidence motions tabled by opposition parties after he suspended a pension reform law (a decision demanded by the left) to avoid a potential snap election.



UK: STOCKS RETREAT AS UK ECONOMY FLATLINES

UK equities eased again following signs that the UK economy appears to have flatlined. GDP grew 0.1% in August, after contracting 0.1% in July. For the three months to August, the UK economy expanded by 0.3% sequentially. Separate data showed that seasonally adjusted industrial and manufacturing production rebounded in August after declining in July. The labour market appeared to loosen somewhat, with the unemployment rate rising to 4.8% from 4.7%. The statistics office also indicated that the decline in hiring may be levelling off. The number of payrolled employees rose 10,000 between July and August before falling by the same number in September, according to preliminary tax data.



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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