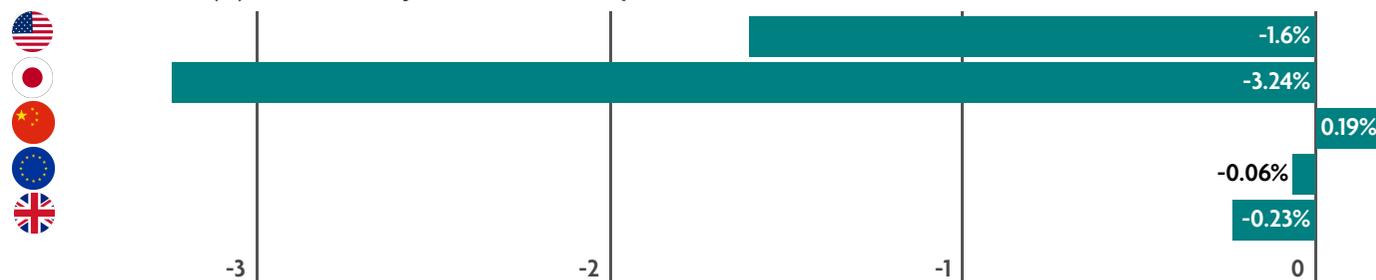


## Market Monitor (%): How did major stock markets perform last week\*?



## Key stories from last week

### US: EQUITY SELLOFF INTENSIFIES AS MIDDLE EAST CONFLICT WEIGHS ON SENTIMENT



US equities fell for a third week as the Middle East conflict and volatile oil prices continued to weigh on sentiment. Investors are balancing the risk of prolonged supply disruptions through the Strait of Hormuz, which sees approximately 20-25% of global seaborne oil supply travel through it, against signs of potential de-escalation. Concerns around private credit markets and trade policy added to selling pressure. The S&P MidCap 400 and the Dow Jones posted the largest declines, while the tech-heavy Nasdaq held up better. Core Consumer Price Index inflation rose 0.2 percent in February and core Personal Consumption Expenditure (PCE) inflation increased 0.4 percent in January, with the annual PCE rate climbing to 3.1 percent, its highest since early 2024. Fourth quarter GDP was revised down to 0.7 percent from the initial 1.4 percent estimate as exports, consumption, government spending, and investment all came in weaker.

### JAPAN: RISING OIL PRICES PRESSURE JAPANESE EQUITIES



Japanese equities sold off as investors reacted to the impact of rising oil prices. The government announced it would release part of its strategic oil reserves and provide subsidies to contain domestic fuel costs, reflecting Japan's high reliance on imported energy. A weaker yen raised concerns about higher import driven inflation, nearing levels that previously prompted government intervention, leading officials to issue fresh verbal warnings. Policymakers emphasised readiness to act against excessive currency moves, citing potential pressures on households. Meanwhile, Japan's fourth quarter GDP was revised up to 1.3 percent annualised, supported by stronger business investment and consumer spending.

### CHINA: BETTER-THAN-EXPECTED ECONOMIC DATA BOOSTS SENTIMENT



Chinese equities were largely flat, as better-than-expected economic data supported flows. Exports surged more than 21 percent across January and February, helped by strong global demand for technology products connected to artificial intelligence, despite weaker shipments to the United States. Imports also grew nearly 20 percent, pushing the trade surplus to a record level. Consumer inflation rose 1.3 percent year on year, its fastest pace in more than three years, boosted by Lunar New Year travel demand, while core inflation reached its highest level since 2019. Producer prices remained in deflation for a 41st consecutive month, though the pace of decline eased due to firmer metals and oil prices. Chinese technology stocks gained on reports of wider adoption of an open-source AI agent known as OpenClaw, though enthusiasm moderated as regulators signalled caution over its use.

### EUROPE: INVESTORS WEIGH THE IMPACT OF RISING ENERGY PRICES ON ECONOMIC GROWTH



European equities were pressured by concerns over the impact of rising energy prices on economic growth within the region. Among major stock indices, Germany's DAX closed down 0.61%, Italy's FTSE MIB advanced 0.37%, and France's CAC 40 Index retreated 1.03%. ECB President Christine Lagarde signalled readiness to act against inflation pressures stemming from higher energy costs, noting that Europe is better placed to handle the current shock. Economic data disappointed, as German factory orders saw a sharp monthly drop and exports weakened. Eurozone industrial production also fell more than expected, marking its largest monthly decline since April 2025.

### UK: ECONOMIC GROWTH UNEXPECTEDLY STALLS IN JANUARY



The Middle East conflict continues to be the main driver of UK equities, with traders closely monitoring oil price movements. Investors remain concerned that a sustained increase in oil prices could derail the outlook for further interest rate cuts by the Bank of England (BoE). UK economic activity stalled in January, with no growth recorded, according to the Office for National Statistics. This fell short of the expected 0.2 percent rise and followed only marginal expansion of 0.1 percent in December. Service sector output was also unchanged, as gains in wholesale and retail trade were offset by declines in administrative and support services. All eyes will be on the BoE rate decision on Thursday, with markets pricing in no change.

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

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