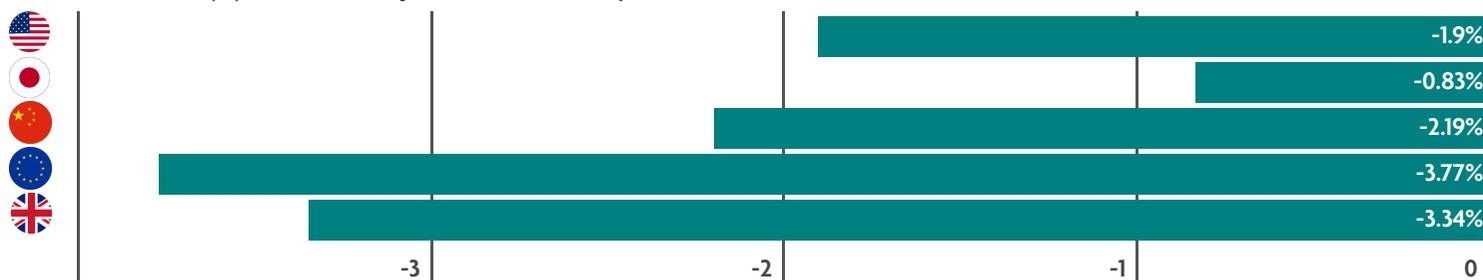


Market Monitor (%): How did major stock markets perform last week*?



Key stories from last week



US: US FEDERAL RESERVE KEEPS RATES ON HOLD AMID INCREASED UNCERTAINTY SURROUNDING INFLATION

US equities ended the week lower after a volatile period driven by the Middle Eastern conflict, rising oil prices and renewed inflation concerns. Energy was the standout performer in the S&P 500 as oil moved higher. The Federal Reserve kept its policy rate unchanged for a second meeting at 3.5%-3.75%. Policymakers still expect one rate cut this year, while forecasts for inflation and growth were revised higher. Chair Jerome Powell highlighted the risk that Middle East tensions could fuel an energy shock and unsettle inflation expectations. Producer price inflation accelerated in February and exceeded expectations, adding to worries that inflation progress may stall. Gold fell approximately 10% last week, its worst weekly rout since 2011, amid rising concerns over the economic impact from the Iran war. Gold futures extended its losses this morning, falling a further almost 10% at one point.



JAPAN: BANK OF JAPAN KEEPS RATES ON HOLD AND WARNS INFLATION MAY RISE AGAIN

Japanese equities declined in a holiday shortened week as investors reacted to rising oil prices and continued Middle East instability. The Bank of Japan left its policy rate unchanged, though one policymaker argued for a hike. The central bank warned that higher energy prices could lift inflation again and weigh on growth. The yen strengthened slightly but remained historically weak, supporting exporters but raising the cost of imports. Trade data showed modest export growth, with strong shipments to the European Union but declines to the United States and China.



CHINA: CONCERNS OVER RISING ENERGY PRICES OUTWEIGHS BETTER-THAN-EXPECTED ECONOMIC DATA

Chinese equities fell as elevated oil prices and ongoing concerns about weak domestic demand weighed on sentiment. January and February economic data was slightly better than expected, with industrial production, retail sales and infrastructure investment showing improvement. The property market displayed tentative signs of stabilisation, with smaller declines in both new and resale home prices. Trade tensions resurfaced as China criticised the new US Section 301 investigations into the manufacturing policies of major trading partners, which could result in new tariffs on a range of countries later this year.



EUROPE: EUROPEAN CENTRAL BANK HOLDS RATES STEADY AND SHARPLY INCREASES 2026 INFLATION FORECAST

European markets fell sharply as the Middle East conflict intensified and attacks on key energy infrastructure, in particular the damage to natural gas terminals in Qatar, pushed oil and gas prices higher. Among major stock indexes, Germany's DAX closed down 4.55%, Italy's FTSE MIB fell 3.33%, and France's CAC 40 Index retreated 3.11%. The European Central Bank held rates steady but warned that rising energy costs will push inflation higher in the near term. Its inflation forecast for 2026 was raised meaningfully to 2.6% (up from 1.9% in December). Trade data for the eurozone showed a widening deficit due to weaker exports, particularly in machinery, vehicles and chemicals. In Germany, producer prices fell more than expected, driven by lower gas and electricity costs.



UK: BANK OF ENGLAND KEEPS RATES ON HOLD, BUT TRADERS RAMP UP BETS OF SEVERAL RATE HIKES IN 2026

UK equities were also sold off sharply, as global energy and geopolitical concerns outweighed domestic resilience. The Bank of England kept rates unchanged but signalled that a prolonged increase in energy prices could raise inflation risks and potentially justify future rate increases. The Prudential Regulation Authority proposed new rules to strengthen bank liquidity buffers during times of crisis. Industrial sentiment weakened according to Make UK, which cited softer domestic demand and rising costs. The yield on the UK 10-year gilt has risen 0.8% since the Middle East conflict began, which puts gilts on track for their worst month since the mini-budget crisis in 2022. The Financial Times reported that as of Monday morning, this implies that traders are ramping up bets for as many as 4 rate hikes in 2026.



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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