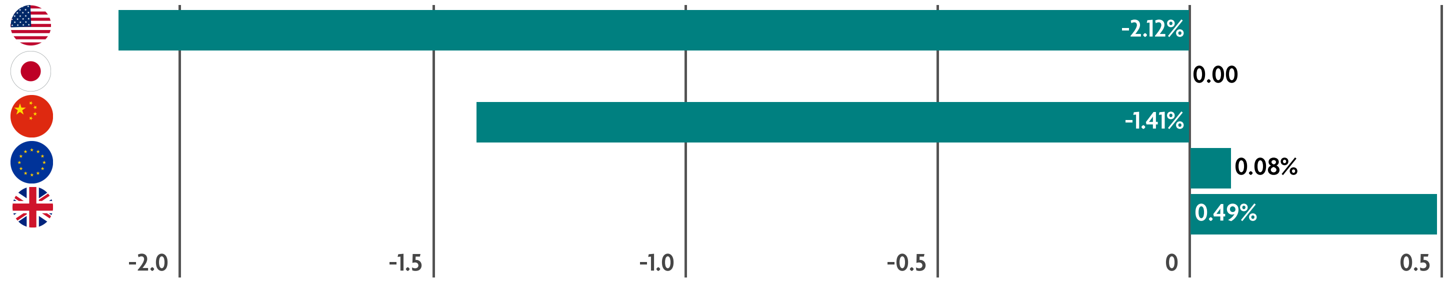
Weekly Market Update

30 March 2026

Last week's performance – major stock markets

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

U.S. equities finished the week mixed and volatile, driven by Middle East headlines and oil price moves. Early optimism around possible de-escalation faded as conflicting headlines emerged. Small and mid-caps outperformed, snapping four week losing streaks, while the S&P 500, Dow and Nasdaq fell for a fifth week. Large cap value continued to outperform growth. Economic data showed slowing activity and rising inflation pressures. Flash Purchasing Manager Index data (forward-looking economic data) weakened, driven by services, while input costs rose sharply due to energy prices. Jobless claims remained stable, but consumer sentiment fell and near-term inflation expectations jumped. Treasuries were flat overall, though volatility increased as markets priced higher inflation risk. High yield finished broadly unchanged.

JAPAN: JAPANESE GOVERNMENT RELEASES OIL RESERVES TO COMBAT SUPPLY RISKS

Japanese equities were mixed through the week, with the Nikkei 225 index flat and the broader TOPIX index up 1.1%. Rising oil prices weighed on sentiment, given Japan's reliance on energy imports. The Japanese government released oil reserves and signalled further measures if supply risks increase. The yen hovered near prior intervention levels, keeping foreign exchange risk elevated. Core inflation eased, helped by energy subsidies, but upward pressure from oil prices remains.

CHINA: INVESTORS REASSESS EARNINGS PRESSURE ACROSS ENERGY-SENSITIVE SECTORS

Chinese equities declined as higher oil prices raised earnings concerns across energy sensitive sectors. Authorities capped domestic fuel price increases to limit inflation pass through. Trade tensions with the U.S. resurfaced as China launched investigations into U.S. trade practices ahead of a potential Xi Trump meeting, although Beijing also signalled a more conciliatory stance earlier in the week. Industrial profits surged early in the year, highlighting an uneven but improving earnings backdrop prior to the Middle East conflict.

EUROPE: MIDDLE EAST CONFLICT CONTINUES TO BE KEY FOCUS FOR INVESTORS

European equities largely flat, as investors assess the likely impact on economic growth from the Middle East conflict. Among major stock indexes, Germany's DAX was down 0.29%, Italy's FTSE MIB rose 1.26%, and France's CAC 40 Index climbed 0.47%. The European Central Bank signalled it remains ready to raise interest rates if inflation pressures persist, though policymakers stressed it is too early to assess the full impact of the Middle East conflict. Eurozone Purchasing Manager Index data softened, new orders contracted, and supply chain disruption increased. German business confidence weakened, despite some improvement in manufacturing. The Organisation for Economic Co-operation and Development (OECD) downgraded its eurozone growth outlook.

UK: THE OECD EXPECTS THE BANK OF ENGLAND TO KEEP INTEREST RATES ON HOLD IN 2026

UK equities gained 0.49% for the week. Inflation remained unchanged at 3%, although the data pre dates the latest surge in energy prices linked to geopolitical tensions. Growth expectations were downgraded by the OECD, who warned that the UK faces the biggest hit to growth from the Middle East war of all G20 economies. Its 2026 growth forecast was cut to 0.7% from 1.2%, the steepest cut in the OECD's interim economic outlook. The OECD also highlighted that they expect UK inflation to accelerate to 4% due to higher energy prices. The OECD expects the combination of weaker growth and higher inflation is likely to see the central bank hold off from raising interest rates this year, with interest rate cuts to resume in the first quarter of 2027.

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