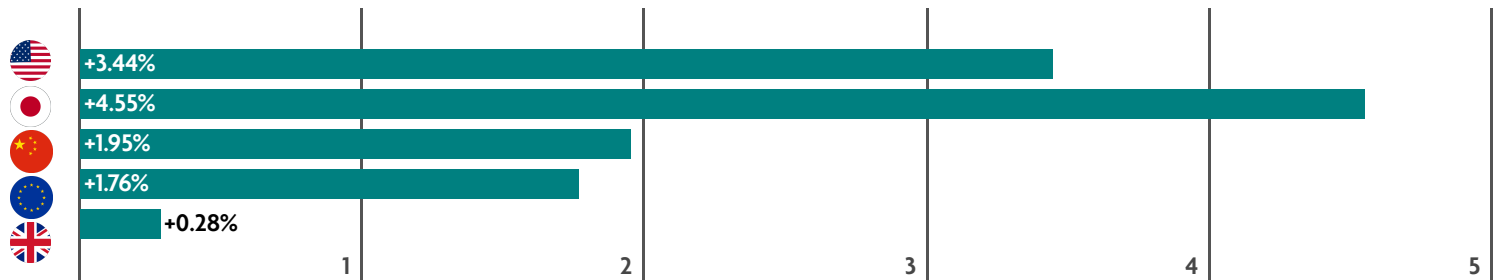


Market Monitor (%): How did major stock markets perform last week*?



Key stories from last week



US: POSITIVE DEVELOPMENTS DURING THE WEEK BOOST MARKETS

Stocks rallied in response to several positive developments during the week, including de-escalating tensions in the Middle East, positive comments from several Federal Reserve officials, reports that the US and China signed a new trade deal, and comments from several US government officials indicating that more trade deals were close to the finish line. Inflation ticked slightly higher in May, though expectations of inflation for the forthcoming year have come down significantly since the initial tariff worries. In other news, business activity during June expanded, but did so at a slower pace than in May. Weaker economic data has prompted several officials at the US central bank to indicate that interest rates could be cut sooner than many anticipate.



JAPAN: INVESTOR SENTIMENT DRIVEN BY EASING CONCERNS OF TRADE TENSIONS

Japanese equities registered strong gains during the week, with technology stocks the standout. Investor risk appetite was supported by easing concerns about a global trade war as well as early signs that the ceasefire between Iran and Israel appeared to be holding. At home, inflation in Tokyo continues to rise at rates above the central bank's target, but showed an improvement on the reading from May. Inflation in Tokyo is seen as an indicator of where inflation is headed for the rest of the nation. This is prompting investors to increase their probability of further interest rate increases in Japan.



CHINA: US AND CHINA FINALISE A TRADE FRAMEWORK

Mainland Chinese stock markets rose following news that the U.S. and China finalised a trade understanding, reached in Geneva last month. News of the framework announced last Thursday temporarily stabilised trade relations between the US and China. On Friday, Beijing confirmed some aspects of an agreement, which reportedly codifies the terms laid out in trade talks this year, including a pledge from China to deliver rare earths. However, no detailed readout has followed the announcement yet. On the economic front, the People's Bank of China noted that the economy is showing positive signs and rising confidence, but insufficient domestic demand and deflation continued to weigh on activity.



EUROPE: ECONOMY REMAINS STAGNANT

Markets rose as a ceasefire between Israel and Iran appeared to hold and fears of a prolonged trade conflict eased. The promise of German economic stimulus and increased military spending by NATO also supported markets. Data suggests that the eurozone economy remains stagnant but varied – data from Germany shows that activity has picked up and showing some signs of growth. On the flipside, France's slump deepened. Meanwhile, inflation in France and Spain has risen faster than expected and business sentiment across the European Union weakened during the month of June, driven mainly by lower confidence in industry, retail and consumers.



UK: INTEREST RATE CUTS TO COME GRADUALLY

The Governor of the Bank of England, Andrew Bailey, told a parliamentary committee that domestic rather than international factors were more important for UK interest rate policy. He noted that the labour market was "softening" and that slack was "opening up" in the economy, which is why he continues to believe that interest rates are on a downward trajectory, albeit very gradually and very carefully.



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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