

Multi-Asset Investment Solutions

Weekly Market Review

Author

Nick Warmisham

Investment Analyst

Date: 05/05/2026

Market recap – Japan leads the way in a mixed week for stock markets

The performance of global stock markets was mixed last week, with **Japan leading the way**, while Europe lagged and US markets paused after April's strong rally. The **S&P 500 was broadly flat**, highlighting how **news headlines and higher bond interest rates tempered momentum**, despite supportive earnings updates. The tech-heavy **Nasdaq 100 edged up 0.6%**, helped by **continued enthusiasm about artificial intelligence (AI) linked revenues**, even as investors showed greater sensitivity to valuations. UK stocks slipped back, with the **FTSE 100 down 0.1%**, reflecting **weakness in energy shares** and caution ahead of the bank holiday. Europe underperformed, with the **MSCI Europe Index (excluding the UK) down 0.3%**, as **rising energy costs and weaker confidence data weighed on investor sentiment**. Japan stood out, with the **TOPIX up 1.2%**, supported by **domestic resilience and renewed interest in Japanese equities**. Meanwhile, China lagged, with the **MSCI China down 1.6%**.

Geopolitics – energy costs remain a key focus for investors

Geopolitical developments continued to influence markets, primarily through **energy prices**. Ongoing tensions in the Middle East, including **disruption to shipping routes and uncertainty around Iran-US negotiations**, kept investors focused on supply risks. Tentative signs of renewed diplomacy helped oil prices ease late in the week, before tensions escalated once more. **The risk of further energy shocks remains elevated**. For markets, the issue is less about political outcomes and more about **whether higher energy costs persist**, given their potential to **push inflation higher, squeeze consumers and limit central banks' flexibility on interest rates**.

Central banks – interest rates held steady as inflation risks dominate the narrative

Central banks struck a **cautious and measured tone**. The US Federal Reserve held interest rates unchanged, but **concerns are growing that inflation may remain persistent**, particularly if energy prices stay elevated. The European Central Bank also left rates unchanged, acknowledging that **growth risks have intensified** while inflation pressures remain uncomfortable. The Bank of England echoed this caution, stressing that **energy-driven inflation uncertainty remains high**. The Bank of Japan also held rates steady, with a divided board underlining **growing pressure to continue raising rates** as inflation expectations rise.

News – earnings momentum continues to provide support for stock markets

Company earnings remain the **dominant support for stock markets**. In the US, results from several giant technology companies **met or exceeded expectations**, reinforcing confidence in profit growth even as costs rise. **AI-related investment remained central**, driving strength across cloud computing, semiconductors and datacentre infrastructure. While markets remain alert to **the scale of capital spending**, management commentary consistently pointed to **robust demand and strong cash generation**. This earnings resilience helped markets **absorb geopolitical uncertainty and shifting interest-rate expectations** during the week.

Economic data – growth resilience contrasts with weakening confidence indicators

Economic data painted a **mixed but resilient picture**. In the US, recent releases continued to point to **steady economic growth**, supported by business investment and a robust labour market, even as **inflation figures remain elevated**. UK data highlighted ongoing pressure on households, with **retail sentiment weakening further** amid higher living costs. In the eurozone, **confidence indicators fell to multi-year lows**, reflecting energy concerns, although hard data about business activity remained more stable. In China, **industrial profits continued to rise**, led by manufacturing and high-tech sectors, reinforcing signs of a **production-led recovery despite uneven demand**.

Commodities

Oil remained above \$105–\$115 per barrel, driven by Middle East supply risks and shipping disruptions. The key question is whether prices stay elevated. If they do, inflation pressures are likely to intensify, though mitigating factors may help limit the longer-term impact.

Gold edged higher over the week to around \$4,600, supported by ‘safe haven’ demand and a weaker US dollar, although a rise in the income available from bonds continued to cap gains.

Week ahead – what to watch

US: April purchasing managers’ index (PMI) data for services (Tue); March job openings (Tue); April non-farm payrolls employment data (Fri); April unemployment rate (Fri); preliminary consumer sentiment figures for May (Fri).

UK: No major data releases scheduled.

Europe: March figures for Germany’s balance of trade (Fri).

Asia: Reserve Bank of Australia interest rate decision (Tue); March figures for Australia’s balance of trade (Thu).

Canada: April PMI data (Wed); April unemployment rate (Fri).

Source: Marlborough Multi-Asset, Morningstar, Financial Times, PIMCO, T. Rowe Price, Anglia Advisors, Trading Economics

Risk Warnings

These are the views of the investment team at the time of writing and should not be construed as investment advice. The opinions expressed are correct at time of writing and may be subject to change. Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from Marlborough or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine together with their own professional advisers if appropriate if any investment mentioned herein is believed to be suitable. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted.

Regulatory Information

Issued in the UK by Marlborough Investment Management Limited, authorised and regulated by the Financial Conduct Authority (reference number 115231). Registered office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Registered in England No. 01947598.

Issued in Europe by Marlborough Investment Management Limited (authorised and regulated by the Financial Conduct Authority) on behalf of Marlborough ICAV (authorised and regulated by the Central Bank of Ireland). Marlborough ICAV is managed by TMF Fund Management (Ireland) Limited (authorised and regulated by the Central Bank of Ireland). Marlborough ICAV is registered under the laws of Ireland with registered number C186352 as an Irish Collective Asset Management Vehicle which is constituted as an open ended umbrella UCITS fund with segregated liability between sub funds. Directors: Raymond O’Neill (Irish), Dom Clarke (British), Brian Farrell (Irish) and Danny Knight (British). Registered office: Registered Office: Marlborough ICAV 88 Harcourt Street Dublin 2, Ireland. The fund is registered and approved under section 65 of CISCA. South African investors must read this document with the latest Minimum Disclosure Document & General Investor Report.

Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

Intermediary Support. 0808 145 2502

Email. salesupport@marlboroughgroup.com

Website. marlboroughgroup.com

