Marlborough | 40 1985 — 2025

Multi-Asset Investment Solutions

Weekly Market Review

Author
Nick Warmisham
Investment Analyst

Date: 17/08/2026

Market recap – a mixed week for global stock markets, with Japan the standout performer

The performance of global stock markets was mixed last week. US shares were little changed, with the **S&P 500 flat** and the **Dow Jones down slightly**, while smaller companies outperformed. Japan was the standout performer, with the **Nikkei 225 up 3.6%** (all returns quoted here are in sterling terms) and the **TOPIX up 1.8%**, on strong technology earnings. The **FTSE 100 fell around 1%** on weaker performance by mining and pharmaceutical company shares, and the **MSCI Europe (excluding the UK) index dipped slightly**. Chinese shares were softer too, with the **MSCI China index down around 3%**, while the **MSCI Asia Pacific (excluding Japan) index rose over 2%**, powered by strength in South Korean tech.

Geopolitics – the US steps up pressure on Iran over the Strait of Hormuz

The US increased economic pressure on **Iran** during the week, with the Treasury planning further measures over the **Strait of Hormuz**, while Washington is maintaining its naval blockade of Iranian ports. Shipping remains very limited through the strait, through which around a fifth of the world's oil and gas supplies normally pass.

Central banks – Fed rate-rise odds fall as UK government bond yields climb above 5%

Lower-than-expected US inflation figures **reduced the odds of a September interest rate increase** by the Federal Reserve (the Fed), although officials remained divided. In the UK, the Bank of England's chief economist said strong economic growth data reinforced the case for higher rates, sending **10-year government bond yields* above 5%**.

** Bonds are interest-paying financial products issued by governments, companies and other institutions when they want to borrow money from investors. Ten-year government bonds are those due to 'mature' (when the money borrowed is paid back) in 10 years. Yield is the income paid by bonds (or other investments). It is usually stated as a percentage of the value of the investment.*

News – speculation grows that the Bank of Japan could raise rates imminently

One of the big stories for investors last week was growing speculation that the **Bank of Japan could raise rates imminently**, which pushed the **yield on 10-year Japanese government bonds up to 2.87%** (from 2.79%). Reports suggested Japan's government supports a near-term move due to rising living costs caused by yen weakness. The Bank of Japan's July meeting minutes showed policymakers see room to keep raising rates. Japanese bank shares rallied on the news.

Economic data – weaker US consumer data, but core inflation continues to fall

US economic data was mixed. **Retail sales fell 0.6% in July**, the sharpest drop since May 2025, and **consumer sentiment was weaker**, but core inflation (which excludes volatile food and energy prices) continued to fall. Eurozone investor confidence rose for a fourth month, and Swiss economic growth hit a five-year high. Chinese inflation fell more than expected.

Commodities

Oil rose around 6% to above $88 a barrel, as the US stepped up pressure on Iran and the International Energy Agency warned of the widest global supply shortfall in five years.

Gold edged higher to above $4,380 an ounce, its second straight weekly gain, as reduced odds of a near-term Fed rate rise supported the precious metal.

Week ahead – what to watch

US: Building permits and housing starts (Tue); Fed's July meeting minutes (Wed).

UK: Unemployment (Tue); inflation (Wed); retail sales and preliminary purchasing managers' index (PMI) data – a key indicator of business activity (Fri).

Europe: Germany's ZEW economic sentiment survey (Tue); Eurozone preliminary PMI data (Fri).

Asia: Japan's second-quarter economic growth and China's industrial output and retail sales (Mon); Japan's trade balance (Thu); Japan's inflation (Fri).

Sources: Marlborough multi-asset team, Morningstar.

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

Intermediary Support. 0808 145 2502

Email. salessupport@marlboroughgroup.com

Website. marlboroughgroup.com