

Weekly market commentary

Week ending 24 April 2026

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Welcome to our weekly market update. Our focus is on providing clear, concise insights into stock and bond market movements and the broader economic landscape.

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This week's highlights

- **Early optimism was driven by strong company earnings and Artificial Intelligence (AI).**
- **AI-linked company earnings supported US stock markets.**
- **UK inflation rose to 3.3%** amid higher fuel costs.

Market review

At the start of the week, markets showed signs of optimism. Investors were increasingly willing to look past geopolitical tensions and focus instead on company earnings and the ongoing impact of artificial intelligence (AI), technology that allows computers to learn and make decisions. This positive mood saw share markets reach new highs early in the week.

As the days progressed, however, concerns around the war in Iran returned to the forefront. The conflict remains unresolved, with a naval blockade continuing to limit the flow of oil through the Strait of Hormuz, a key global shipping route. While there is some hope the situation will not escalate further, ongoing uncertainty around oil supply caused markets outside the US to move lower by the end of the week. Fluctuating oil prices also added to market volatility, meaning prices moved more sharply than usual.

Artificial intelligence remained a major driver of market performance, particularly in the US. Shares linked to AI helped lift the S&P 500 and Nasdaq, two major US stock market indices. Investors reacted positively to company results that showed AI spending is now translating into stronger profits. So far, around a quarter of US companies have reported their results, with most exceeding expectations and overall earnings growing at a healthy pace compared with last year.

In the UK, inflation rose to 3.3% in March, largely due to higher fuel costs linked to Middle East tensions. Government bond yields moved slightly higher, while sterling remained stable. Markets generally believe this data is unlikely to prompt immediate action from the Bank of England.

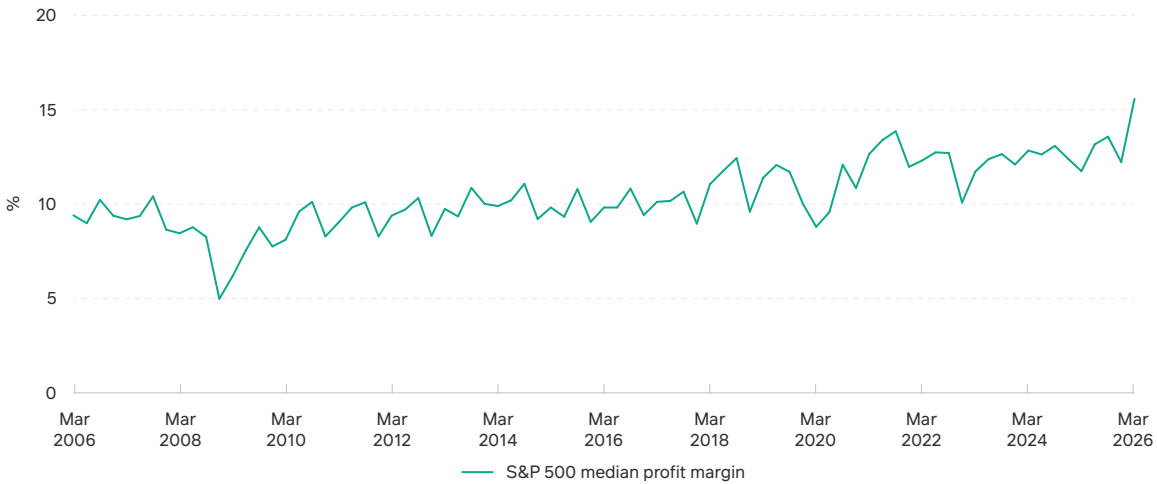
Outlook

Markets are being driven by fast moving news on the Middle East conflict, which is increasing volatility. Investors are assessing the impact on inflation, energy supplies and economic growth. While uncertainty remains, company earnings are holding up well and markets have shown resilience so far, with little evidence of recession.

Chart of the week

US companies are becoming more profitable

Company profit margins, which show how much money is left after costs, have continued to improve. This means businesses are becoming more efficient at turning sales into profits for investors. While large technology firms benefiting from artificial intelligence have led recent gains, the improvement is much broader. Even excluding major tech names, the typical S&P 500 company is delivering profit margins close to their highest levels in decades. This strong underlying profitability helps explain why US share markets have remained resilient despite geopolitical tensions and wider economic uncertainty.



Source: Bloomberg and MAPM (M&G Investment Office), Q4 2025.

What this means for you

No matter what happens on a week-to-week basis, the importance of maintaining a well-diversified long-term investment approach, rather than reacting to short-term market swings continues to be key. By staying committed to carefully considered plans, investors can navigate through periods of volatility and uncertainty.

Need help?

If you have any questions in relation to this document, please discuss them with your financial adviser.