SIB Standard Investment Bank | Mansa^x powered by Standard Investment Bank

12^{TH} - 16^{TH} JANUARY 2026

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equity markets ended the week relatively lower as the earnings season began. Smaller-cap and value-oriented stocks continued to outperform, extending their year-to-date advantage over large-cap and growth stocks. Value stocks beat growth shares for the third consecutive week. For the week, the S&P 500 fell 0.38%, the Nasdaq dropped 0.92%, and the Dow finished down 0.28%. Markets digested several political and trade developments, including President Donald Trump's proposal to cap credit card interest rates at 10% and impose a 25% tariff on imports from countries trading with Iran. Separately, reports that the Department of Justice was reviewing Federal Reserve Chair Jerome Powell's congressional testimony regarding renovations to the Fed's headquarters revived concerns about the central bank's independence. On the economic data front, the Bureau of Labor Statistics reported that core consumer inflation slowed further in December, rising at its weakest annual pace since March 2021. Core CPI increased 0.2% from the prior month and 2.6% year over year, undershooting expectations. Headline inflation rose 0.3% on the month and 2.7% from a year earlier. Meanwhile, retail sales data pointed to resilient consumer demand. Spending rose 0.6% in November, beating forecasts, although growth in the control group of sales—which feeds into GDP—slowed from the prior month. Housing market data exceeded expectations, supported by easing mortgage rates and slower home price growth. Existing home sales jumped 5.1% in December, surpassing estimates, with gains recorded across all regions. According to the National Association of Realtors, improved affordability stemming from lower mortgage rates and moderating prices helped boost activity. Across the Atlantic, European equities as gauged by the pan-European Euro STOXX 600 added 0.49% for the week driven by solid economic data and earnings, though performance varied by country. Germany emerged from a two-year recession in 2025, posting modest GDP growth as consumer and government spending increased. At the same time, the UK economy returned to growth in November, exceeding expectations, helped by strength in services and manufacturing. Across the euro area, industrial output rose for a third straight month, and investor confidence improved to its highest level since mid-2025. In trade news, the European Union provisionally approved a landmark free trade agreement with South America's Mercosur bloc, which will eliminate tariffs on most bilateral trade over time. In Asia, Japanese stocks rallied strongly, with both the Nikkei 225 and TOPIX posting gains of more than 3%. Markets hovered near record highs amid reports that Prime Minister Sanae Takaichi is preparing to call an early general election. Investors expect that a victory for the ruling party would pave the way for expanded fiscal stimulus, reviving enthusiasm for sectors tied to artificial intelligence, defence, and nuclear energy. Speculation also increased that the Bank of Japan could bring forward its next interest rate hike, possibly earlier than midyear, as policymakers monitor persistent yen weakness and wage trends. Finally, Chinese mainland equities declined after regulators tightened margin trading requirements, raising the amount of capital investors must provide when purchasing shares on credit. Officials appeared concerned about rapid recent market gains fuelled by AI-related optimism and heavy use of leverage.

Data highlights: US Inflation Rate YoY (Dec) stayed steady at the 2.7% mark, in line with consensus. US Core Inflation Rate YoY (Dec) also stayed steady at the 2.6% mark, against the expected increase of 10bp (2.7%). The UK GDP YoY (Nov) rose to 1.4% from 1.1%, the market had expected it to stay at 1.1%. Germany Full Year GDP Growth (2025) rose to 0.2% from -0.5%, in line with expectations.

Week ahead: China GDP Growth Rate YoY (Q4) & GDP Growth Rate YoY (Q4), EUR CPI (Dec), CAD Inflation Rate YoY (Dec), CAD Core Inflation Rate YoY (Dec) & CAD CPI Median YoY (Dec) - Monday | GBP Unemployment Rate (Nov), EUR PPI YoY (Dec) - Tuesday | GBP Inflation Rate YoY (Dec) - Wednesday | AUD Unemployment Rate (Dec), USD PCE Price Index YoY (Oct/Nov) - Thursday | JPY BoJ Interest Rate Decision, JPY Inflation Rate YoY (Dec), NZD Inflation Rate QoQ (Q4) - Friday.

Global Markets Overview

Bond Yields	Close	% W/W	% YTD
US 10Y	4.22	1.38	1.34
Bund 10Y	2.84	-0.98	-0.70
Gilt 10Y	4.40	0.59	-1.76
Japan 10Y	2.19	4.43	6.00

Treasury yields: The US 10-year yield rose to 4.22% to close Friday, its highest level in over four months, as investors reacted to renewed political noise around the Federal Reserve and a reassessment of policy expectations. Reports of a criminal probe involving Chair Jerome Powell and a sharp shift in prediction markets toward Kevin Warsh as a potential successor unsettled confidence in the Fed's independence, prompting investors to demand higher compensation for long-duration debt. US bond markets will be closed on Monday for Martin Luther King Jr Day. Japan's 10-year government bond yield held steady around 2.19%, near 27-year highs, as investors looked ahead to the Bank of Japan's upcoming policy meeting for any signals on its rate-hike trajectory. The central bank is widely expected to maintain current policy next week, with markets pricing in the next rate increase around June.

Indices	Close	% W/W	% YTD
S&P 500	6940	-0.38	1.38
EU Stoxx 600	635	0.49	3.73
FTSE 100	10235	1.09	3.06
Nikkei 225	53936	3.84	7.14

Equities: US equities ended the week lower as investors weighed geopolitical tensions, uncertainty over Federal Reserve leadership, and the opening of the fourth-quarter earnings season. Signals from President Trump that Kevin Hassett may remain in his current role—raising the likelihood of Kevin Warsh emerging as a Fed chair frontrunner—added to policy ambiguity. Semiconductor stocks offered partial support on strong earnings, AI optimism, and a US–Taiwan trade deal pledging $250 billion in investment, while financials underperformed amid concerns over a proposed cap on credit card interest rates. Heightened geopolitical risks involving Iran and Greenland further dampened sentiment. For the week, the S&P 500 fell 0.38%, the Nasdaq declined 0.92%, and the Dow slipped 0.28%. In Europe, stocks retreated from record highs on the final trading day of the week as investors assessed earnings and geopolitical risks. Despite the pullback, the STOXX 50 gained 0.53% and the STOXX 600 advanced 0.49% over the week capping a third consecutive week of gains.

Currencies	Close	% W/W	% YTD
EURUSD	1.1598	-0.34	-1.26
GBPUSD	1.338	-0.18	-0.71
USDJPY	158.12	0.15	0.90
USD Index	99.39	0.26	1.09

Currencies: The dollar index held steady at 99.39 to close the week, a third consecutive weekly gain as strong US economic data tempered expectations for additional Federal Reserve interest rate cuts. Weekly jobless claims came in well below forecasts, signalling a resilient labour market, while some manufacturing surveys also exceeded expectations. Several Fed officials also highlighted signs of labour market stability and cautioned against potential inflationary risks. Markets widely anticipate that the Fed will keep rates unchanged later this month, with forecasts for the next rate cut now pushed back to June or later. The Japanese yen fell marginally to 158.12 per dollar on the tail end of the week, coming off gains from earlier in the week as investors looked ahead to the Bank of Japan's upcoming policy meeting for any signals on its rate-hike trajectory. The central bank is widely expected to maintain current policy next week, with markets pricing in the next rate increase around June. BOJ Governor Kazuo Ueda reiterated that the bank stands ready to raise rates if economic and price developments align with projections.

Commodities	Close	% W/W	% YTD
Gold	4596	1.92	6.41
Copper	583.10	-1.21	2.62
WTI Crude	59.44	0.54	3.52
Wheat	518.00	0.14	2.17

Commodities: Wheat futures settled at $5.18 per bushel on for the week, recovering from Thursday's decline, offering a positive signal to global markets that have been weighed down by ample world supplies. The rebound was supported by a weaker euro, which fell to its lowest level against the dollar since November, improving the competitiveness of US and European exports. However, global wheat prices remain capped by intense export competition, particularly from Argentina and the Black Sea region. Silver settled at $90.13 per ounce for the week, as the US decision to refrain from imposing tariffs on critical minerals removed a key driver from the market. Earlier in the week, the threat of potential US import levies had triggered an aggressive rally across commodities, with silver and other metals surging to record highs as traders rushed shipments into the US to get ahead of possible tariffs. Even so, silver posted a weekly gain of 12.86%, supported by the earlier tariff- driven surge and ongoing demand linked to its strategic role in clean energy and advanced technology applications.

Performance of Major Global Financial Assets

% Change.

GOV. BOND YIELDS

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y
W/W	1.4	-1.0	0.6	4.4	0.4	-1.2
MTD	1.3	-0.7	-1.8	6.0	-0.7	-2.7
YTD	1.3	-0.7	-1.8	6.0	-0.7	-2.7

EQUITY INDICES

	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG
W/W	-0.4	-0.9	0.5	0.1	1.1	3.8	2.3
MTD	1.4	1.1	4.1	3.3	3.1	7.1	4.7
YTD	1.4	1.1	4.1	3.3	3.1	7.1	4.7

CURRENCIES

	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR
W/W	0.3	-0.3	-0.2	0.1	-0.1	-0.5
MTD	1.1	-1.3	-0.7	0.9	-0.3	-0.9
YTD	1.1	-1.3	-0.7	0.9	-0.3	-0.9

COMMODITIES

	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	0.5	1.9	-1.2	-0.7	0.1
MTD	3.5	6.4	2.6	1.9	2.2
YTD	3.5	6.4	2.6	1.9	2.2

KEY: -100% +100%

Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank

Disclosure and Disclaimer

Analyst Certification Disclosure: The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Global Disclaimer: Standard Investment Bank (SIB) and/or its affiliates makes no representation or warranty of any kind, express, implied or statutory regarding this document or any information contained or referred to in the document. The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices, or represent that any such future movements will not exceed those shown in any illustration. Past performance is not indicative of comparable future results and no representation or warranty is made regarding future performance. While we endeavour to update on a reasonable basis the information and opinions contained herein, there may be regulatory, compliance or other reasons that prevent us from doing so. Accordingly, information may be available to us which is not reflected in this material, and we may have acted upon or used the information prior to or immediately following its publication.

SIB Standard Investment Bank

Regulated by the Capital Markets Authority

Headquarters

JKUAT Towers (Formerly ICEA Building),

16th Floor , Kenyatta Avenue, Nairobi, Kenya.

Telephone: +254 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke