26TH - 30TH JANUARY 2026

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. stock markets delivered mixed results over the week. The S&P 500 briefly climbed above the 7,000-mark, setting a new intraday high before pulling back. Large-cap value stocks outperformed growth shares, while small- and mid-sized companies lagged, ending the week in negative territory. Within the S&P 500, communication services and energy stocks posted the strongest gains, whereas health care stocks were the weakest performers. Following three consecutive rate cuts, the Federal Reserve kept its benchmark interest rate unchanged in the 3.50%–3.75% range, in line with market expectations. The decision was approved by a 10–2 vote, with two policymakers favouring an additional 25-basis-point reduction. In its policy statement, the Fed adopted a more optimistic tone on economic conditions, noting that growth remains solid. Inflation was described as still somewhat elevated, while the labour market showed signs of stabilization. During his press conference, Chair Jerome Powell stated that interest rates did not appear overly restrictive given the strength of the economy and emphasized that future decisions would depend on incoming data. Data released by the Commerce Department—delayed by last year's government shutdown—showed a rebound in durable goods orders in November, which increased 5.3% following a decline in October. Orders for core capital goods, which exclude defence and aircraft, rose 0.7%, signalling steady business investment. Producer prices rose more than anticipated in December, increasing 0.5% month over month. The increase was driven primarily by higher service prices, which climbed 0.7%. Much of this gain reflected wider margins for wholesalers and retailers. Later in the week, President Donald Trump announced his nomination of former Federal Reserve governor Kevin Warsh to succeed Powell as central bank chair when Powell's term ends in May, pending Senate confirmation. European equities finished the week slightly higher overall, supported by optimism about corporate earnings that outweighed concerns over trade and geopolitical risks. Performance across major markets was uneven, with gains in Italy and the UK offset by losses in Germany and France. For the week, the pan-European Euro STOXX 600 closed 0.25% higher. The Eurozone economy continued its gradual recovery, growing 1.5% in 2025—faster than the previous year and above European Commission expectations. Economic confidence improved at the start of 2026, with sentiment rising across most sectors. In Asia, Japanese equity markets ended the week lower – with the Nikkei 225 shedding 0.97% - pressured by concerns over heavy spending on artificial intelligence and the strengthening yen, which weighed on exporters' earnings outlooks. Investors also remained cautious ahead of Japan's lower house election scheduled for February 8. The yen experienced sharp swings amid speculation over possible government intervention following discussions of unfunded tax cuts. Officials issued warnings against excessive currency movements, helping fuel volatility. Finally, Mainland Chinese stock markets were little changed over the week, with modest movements in major indexes.

Data highlights: The USD Fed Interest Rate Decision stayed still at 3.75%, in line with expectations. CAD BoC Interest Rate Decision stayed still at 2.25%, in line with expectations. The EUR Unemployment Rate (Dec) was expected to stay still at 6.3%, but actually fell against expectations by 0.1%, to 6.2%. Germany Unemployment Rate (Jan) stayed still at 6.3%, in line with expectations. The Germany Inflation Rate YoY (Jan) was expected to rise 0.2% from 1.8%, to 2%; it actually rose beyond the mark by 0.1%, reaching 2.1%. JPY Unemployment Rate (Dec) stayed stagnant at 2.6%, in line with expectations. AUD Inflation Rate YoY (Dec) rose to 3.8% from 3.4%, the market excited only a rise to 3.6%, beating expectations by 0.2%.

Week ahead: USD ISM Manufacturing Employment (Jan), ISM Manufacturing PMI (Jan) - Monday | AUD RBA Interest Rate Decision - Tuesday | NZD Unemployment Rate (Q4), EUR Inflation Rate YoY (Jan), EUR CPI (Jan), USD ISM Services PMI (Jan) - Wednesday | GBP BoE Interest Rate Decision, EUR ECB Interest Rate Decision, USD Initial Jobless Claims (Jan), USD Continuing Jobless Claims (Jan) – Thursday | CHF Unemployment Rate (Jan), USD Unemployment Rate (Jan), USD Non-Farm Payrolls (Jan), CAD Unemployment Rate (Jan) – Friday

Global Markets Overview

Treasury yields: The US 10-year Treasury yield ended the week at 4.24%, holding onto its recent rise after President Trump named former Federal Reserve Governor Kevin Warsh as the next Fed chair. Warsh is widely viewed as the more hawkish option among the shortlisted candidates, with a long-standing reputation as an inflation hawk and a vocal critic of balance-sheet expansion during the Fed's quantitative easing push in the aftermath of the global financial crisis. Earlier in the week, the Fed left rates unchanged and struck a carefully balanced tone, acknowledging risks on both sides of its dual mandate, even as rate futures continued to price in two cuts later this year. In Europe, Italy's 10-year BTP yield closed at 3.46% as investors positioned ahead of next week's ECB meeting, where policymakers are expected to weigh the disinflationary impact of a surging euro. That strength has sharpened policy debate within the ECB, with Governing Council member Martin Kocher warning that further euro appreciation could force the central bank back toward rate cuts.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.24	0.24	1.64
Bund 10Y	2.84	-2.17	-0.42
Gilt 10Y	4.52	0.22	0.96
Japan 10Y	2.25	-0.22	9.00

Equities: US equities finished the week mixed as investors weighed fresh earnings results alongside President Trump's nomination of Kevin Warsh to succeed Jerome Powell as Fed chair. The S&P 500 edged up 0.34%, while the Dow Jones and Nasdaq slipped 0.42% and 0.21% respectively. Warsh is widely seen as a relatively hawkish choice who would still tolerate lower rates, though with less urgency than other candidates, keeping policy expectations finely balanced. Even with the weekly divergence, January closed positively, with the S&P 500 up 1.37% and the Nasdaq higher by 1.2%. Meanwhile, the STOXX 50 and STOXX 600 gained 2.7% and 2.79% respectively for the month, as data showed Eurozone GDP expanding by 0.3% in the final quarter, exceeding expectations despite lingering trade-war risks. Banks and technology shares rebounded after recent pressure, with gains in names such as Deutsche Bank, Intesa Sanpaolo and ASML. Adidas stood out, jumping 3.76% after reporting a 13% rise in 2025 revenues to a record level.

Indices	Close	% W/W	% YTD
S&P 500	6939	0.34	1.37
EU Stoxx 600	629	0.25	2.79
FTSE 100	10224	0.79	2.94
Nikkei 225	53323	-0.97	5.93

Currencies: The dollar index slipped to 96.99 on Friday after a choppy session, as markets digested President Trump's formal nomination of Kevin Warsh to replace Jerome Powell as Federal Reserve chair, broadly confirming prior expectations. Rate markets continue to price in one cut in June and another later in the year, potentially in October. For January, the dollar fell 1.35%, marking one of its weakest monthly performances since June, weighed down by a persistent "sell America" narrative tied to geopolitical frictions, shifting US tariff policy, and a softer yen. Political uncertainty added to the pressure, even as the White House and Senate Democrats reached a provisional agreement to avert a government shutdown, pending Senate approval. Against this backdrop, the euro ended January at $1.1851, near a four-year high and up 0.89% on the month, buoyed by broad dollar weakness and supportive economic data. Eurozone GDP expanded 0.3% quarter-on- quarter in Q4 2025, matching the prior quarter and edging above expectations, with Spain, Germany, and Italy all outperforming forecasts.

Currencies	Close	% W/W	% YTD
EURUSD	1.1851	0.19	0.89
GBPUSD	1.3686	0.32	1.57
USDJPY	154.78	-0.59	-1.23
USD Index	96.99	-0.62	-1.35

Commodities: Silver suffered a sharp reversal, plunging 17.44% over the week to close at $85.1994 per ounce on Friday, as aggressive profit-taking rippled through the precious metals space. The pullback followed an explosive surge to a record $122 on Thursday, and despite the correction, silver still notched a monthly gain of over 30%, supported by persistent economic and geopolitical uncertainty, a softer US dollar, and tight physical market conditions driven by record investment inflows and robust industrial demand. Also in the week, Crude oil surged 6.78% as geopolitical tensions remained elevated after President Trump signed an executive order imposing tariffs on countries supplying oil to Cuba—adding pressure on Mexico—while also urging Iran to enter nuclear talks, prompting warnings of retaliation from Tehran.

Commodities	Close	% W/W	% YTD
Gold	4894	-1.87	13.31
Copper	592.40	-0.40	4.26
WTI Crude	65.21	6.78	13.57
Wheat	538.00	1.61	6.11

Performance of Major Global Financial Assets

% Change.

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
	GOV. BOND YIELDS						EQUITY INDICES							CURRENCIES						COMMODITIES				
W/W	0.2	-2.2	0.2	-0.2	-0.2	-1.6	0.3	-0.2	0.0	-1.5	0.8	-1.0	2.4	-0.6	0.2	0.3	-0.6	-0.1	0.1	6.8	-1.9	-0.4	-5.3	1.6
MTD	1.6	-0.4	1.0	9.0	1.4	-2.7	1.4	1.2	2.7	0.2	2.9	5.9	6.9	-1.4	0.9	1.6	-1.2	-0.4	-2.5	13.6	13.3	4.3	-4.7	6.1
YTD	1.6	-0.4	1.0	9.0	1.4	-2.7	1.4	1.2	2.7	0.2	2.9	5.9	6.9	-1.4	0.9	1.6	-1.2	-0.4	-2.5	13.6	13.3	4.3	-4.7	6.1

KEY: *-100%* *+100%*

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

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