

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

Major U.S. stock indexes ended a turbulent week with mixed results. Large technology companies experienced their steepest weekly decline since November, while smaller companies and value-oriented shares continued to gain. Among the major benchmarks, the Nasdaq Composite performed the worst, dropping 1.87%, while the S&P 500 ended the week 0.10% lower. In contrast, the Dow Jones Industrial Average, S&P Mid-Cap 400, and Russell 2000 all recorded notable gains, with the Dow reversing three weeks of negative returns and closing at an all-time-high. Concerns about the disruptive impact of artificial intelligence and the possibility of excessive investment in the sector weighed on many high-growth technology stocks that had previously led the market. At the same time, investors appeared to shift toward cyclical and value sectors, which benefited from this rotation. Earnings reports and geopolitical developments also contributed to market volatility. Further to this, a series of labour market reports released during the week pointed to softer conditions. Payroll processor ADP reported that private-sector employment rose by only 22,000 jobs in January, far below expectations and down from December's figure. For the full year 2025, job creation totalled 398,000, markedly lower than the previous year's total. Additional data from the Labor Department showed that job openings fell to about 6.5 million in December, the lowest level since 2020. Separately, Manufacturing activity strengthened in January, reaching its highest level since 2022, according to the Institute for Supply Management's purchasing managers' index. The index rose to 52.6, returning to expansion territory for the first time in a year, with all major components showing improvement. New orders rebounded strongly, suggesting a potential pickup in demand. Crossing over to Europe, the pan-European STOXX 600 saw its fourth week of gain in five, as confidence in the eurozone economy helped offset global market volatility. The European Central Bank kept its key refinancing rate unchanged at 2.15% for a fifth straight meeting, noting that the economy remains resilient and that inflation is expected to settle around its 2% target over time. In the UK, the Bank of England also left interest rates unchanged at 3.75%. However, a split vote among policymakers and comments from Governor Andrew Bailey signalled that further easing could be possible in the coming months, with markets increasingly expecting a rate cut as early as March. Japanese equity markets joined in the general market bullishness with the Nikkei surging 1.75% in the week. The risk-on mood was supported by improving domestic sentiment ahead of the February 8 lower house election. Indications suggested that Prime Minister Sanae Takaichi's party might secure a majority without needing coalition partners. The yen weakened against the U.S. dollar, partly because expectations of expanded government spending and possible tax reductions increased concerns about fiscal policy. Investors also remained cautious about Japan's high public debt, which pushed government bond yields to levels not seen since the late 1990s.

Data highlights: USD Initial Jobless Claims (Jan) rose more than expected by 22K (10.5%), from 209K to 231K, whilst the market priced only a 1.44% increase. Although USD Continuing Jobless Claims (Jan) increased less than expected by 1.37%, rising from 1819K to 1844K, the market had priced an increase to 1850K. (1.7%). CAD Unemployment Rate (Jan) fell 0.3%, from 6.8%, down to 6.5%. (-0.3%), better than the expectations of it sitting still at 6.8%. EUR Inflation Rate YoY (Jan) fell 0.3%, from 2% to 1.7%, in line with expectations. EUR CPI (Jan) fell in line with expectations to 1.7%, from 2%. The ECB Interest Rate Decision saw the rate retained at 2.15%, in-line with market sentiment. CHF Unemployment Rate (Jan) rose more than expected by 0.1%, from the previous and consensus 3.1%. The RBA Interest Rate Decision saw the rate increased by 0.15% to 3.85%, from the previous 3.6%. NZD Unemployment Rate (Q4) rose by 0.1% against similar previous and consensus expectations, from 5.3% to 5.4%.

Week ahead: USD Unemployment Rate (Jan), USD Nonfarm Payrolls Private (Jan), USD Non-Farm Payrolls (Jan) – Wednesday | JPY PPI YoY (Jan), GBP GDP YoY (Dec), USD Initial Jobless Claims (Feb), USD Continuing Jobless Claims (Jan) – Thursday | CHF Inflation Rate YoY (Jan), EUR Employment Change YoY (Q4), USD Inflation Rate YoY (Jan), USD Core Inflation Rate YoY (Jan) – Friday

Global Markets Overview

Treasury yields: The yield on the US 10-year Treasury note dropped slightly to 4.21% for the week, as risk appetite returned to markets. On Thursday, weaker-than-expected US labour data raised concerns about the health of the economy and, alongside a tech sell-off and a sharp decline in crypto assets, prompted a flight to safety into Treasuries. Sentiment improved on Friday amid a rebound in technology stocks and preliminary data showing that the University of Michigan consumer sentiment index unexpectedly climbed to a six-month high. Looking ahead, investors will focus on the delayed US jobs report and the upcoming CPI release next week for further clues on economic momentum and the Federal Reserve's policy outlook. Markets are now pricing in around 58bps of rate cuts by the Fed this year, up from about 50bps earlier in the week. Japan's 10-year government bond yield dropped to 2.23% for the week, hitting a three-week low as investors prepared for this weekend's lower house elections. Prime Minister Sanae Takaichi called the snap vote to secure backing for increased spending and potential tax cuts, with her ruling coalition widely expected to win decisively.

Equities: The Dow closed at a record high, surging 2.5% for the last trading session alone as US equities staged a broad-based snapback after a bruising tech led selloff earlier in the week, with dip buying returning as fears around near-term AI disruption and forced deleveraging eased. Cyclical outperformed, with Caterpillar gaining 10.47%, reinforcing a rotation toward value and economically sensitive sectors. Despite the final session surge, the Nasdaq still ended the week down 1.87%, while the S&P 500 finished the week 0.1% lower. Across the Atlantic, European stocks closed firmly higher on Friday, bouncing from the sharp declines in the previous sessions to halt the pressure over AI-related disruptions and exaggerated valuations among software stocks. The Eurozone's STOXX 50 gained 0.85% to 5,998 and the pan-European STOXX 600 added 0.91% to 635. Notably, Stellantis plunged nearly 26.24% after warning it expects to take a €22 billion hit from restructuring its business to accelerate the rollout of electric and hybrid vehicles.

Currencies: The dollar index closed at 97.63 to end the first week of February up 0.66%. The greenback drew support from its safe-haven appeal throughout the week, particularly on Thursday, when weaker-than-expected US labour data raised concerns about the health of the economy and, alongside a tech sell-off and a sharp decline in crypto assets, triggered a flight to safety. Looking ahead, investors will turn their attention to the delayed US jobs report and the CPI release next week for further clues on the Fed's outlook. Meanwhile, the Canadian dollar strengthened to 1.3675 per US dollar, trimming losses accumulated since late January after briefly touching 16-month highs, as labour data reduced the downside risk to Canada's growth and policy outlook, narrowing expectations for aggressive Bank of Canada easing. January labour data showed the unemployment rate falling to 6.5%, the lowest since September 2024, driven by a sharp drop in job searchers and continued resilience in full time employment, up 0.9% year-on-year.

Commodities: Gold rallied 3.87% to close at \$4,964 per ounce on Friday and setting up the week for a 1.43% gain. The sharp two-way moves resulted from lingering signs of US economic softening and geopolitical uncertainty combined with the aftereffects of forced selling to drive volatility. The rebound followed a late January liquidation wave triggered by higher margin requirements and a steep selloff in silver that spilled across precious metals, pushing prices lower before buyers re-entered. Weaker US labour data, reinforced expectations for Federal Reserve easing later this year, lowering real yield expectations and restoring a fundamental bid for bullion. US Iran talks in Oman described as a good start eased immediate escalation risks without removing broader uncertainty, sustaining gold's defensive appeal, while a softer US dollar and position rebuilding further amplified the rebound.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.21	-0.70	0.94
Bund 10Y	2.84	-0.04	-0.46
Gilt 10Y	4.51	-0.18	0.78
Japan 10Y	2.23	-0.93	7.99

Indices	Close	% W/W	% YTD
S&P 500	6932	-0.10	1.27
EU Stoxx 600	635	0.91	3.72
FTSE 100	10370	1.43	4.41
Nikkei 225	54254	1.75	7.78

Currencies	Close	% W/W	% YTD
EURUSD	1.1815	-0.30	0.59
GBPUSD	1.3611	-0.55	1.01
USDJPY	157.22	1.58	0.33
USD Index	97.63	0.66	-0.70

Commodities	Close	% W/W	% YTD
Gold	4964	1.43	14.93
Copper	588.20	-0.71	3.52
WTI Crude	63.55	-2.55	10.68
Wheat	529.75	-1.53	4.49

Performance of Major Global Financial Assets

% Change.

W/W	-0.7	0.0	-0.2	-0.9	0.4	0.3	-0.1	-1.9	0.9	0.7	1.4	1.7	-3.0	0.7	-0.3	-0.5	1.6	-0.3	-0.7	-2.5	1.4	-0.7	-8.3	-1.5
MTD	-0.7	0.0	-0.2	-0.9	0.4	0.3	-0.1	-1.9	0.9	0.7	1.4	1.7	-3.0	0.7	-0.3	-0.5	1.6	-0.3	-0.7	-2.5	1.4	-0.7	-8.3	-1.5
YTD	0.9	-0.5	0.8	8.0	1.8	-2.4	1.3	-0.7	3.6	0.9	4.4	7.8	3.6	-0.7	0.6	1.0	0.3	-0.7	-3.2	10.7	14.9	3.5	-13.2	4.5
	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				

KEY: -100%  +100%

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

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