GLOBAL INSTITUTIONAL ADVISORS

# Weekly Market Wrap

Week Ending 30th January 2026

Office@giagcc.com

## Executive Summary

Global markets were shaped by cautious risk sentiment, mixed equity performance, and continued repricing in bond markets, alongside several notable policy and geopolitical developments during the week.

**Key Themes**

- Markets remained cautious amid a “higher-for-longer” interest rate environment and rising long-end bond yields.
- Equity performance was mixed across regions, reflecting selective sector leadership and valuation pressures.
- Commodity prices were volatile, with strength in oil offset by corrections in precious metals.
- Key developments included Japan’s proposed tax suspension, the conclusion of the EU–India free trade agreement, and NATO’s reaffirmation of Europe’s reliance on US security support.

## Asset Class Performance

### Equity Market

| | Week ending >>> | | | |
|---|---|---|---|---|
| | 23-Jan-26 | 30-Jan-26 | YTD Returns | Growth for the week |
| **Equity Indices** | | | | |
| S&P 500 (USD) | 6,915.6 | 6,939.0 | 1.4% | 0.3% |
| NASDAQ (USD) | 25,605.5 | 25,552.4 | 1.2% | (0.2%) |
| Dow Jones (USD) | 49,098.7 | 48,892.5 | 1.7% | (0.4%) |
| SENSEX (INR) | 81,537.7 | 80,722.9 | (5.3%) | (1.0%) |
| Stoxx 600 (EUR) | 608.3 | 611.0 | 3.2% | 0.4% |
| Nikkei (JPY) | 53,846.9 | 53,322.9 | 5.9% | (1.0%) |
| Hang Seng (HKD) | 26,749.5 | 27,387.1 | 6.9% | 2.4% |

- **US Equities:**
  - US markets were mixed as investors balanced resilient macro data against a “higher-for-longer” monetary policy outlook, implying that interest rates are expected to remain elevated for an extended period and limiting near-term upside for risk assets.
  - The S&P 500 index advanced as the earnings season gained traction, with several “Magnificent 7” companies beating estimates and Q4 S&P 500 earnings projected to grow ~10.1% YoY; however, elevated bond yields and profit-taking in large-cap technology stocks offset earnings strength, keeping the Nasdaq under pressure.
  - The Dow Jones underperformed as industrial and cyclical stocks weakened amid softer global growth indicators and cautious corporate earnings guidance.
- **Sensex:**
  - Indian equities extended their correction, with the index down 1.0% WoW and -5.3% YTD, reflecting continued valuation pressure after a strong prior rally.
  - Foreign portfolio investors remained net sellers as higher US bond yields (~4.2% on the US 10Y) reduced the relative appeal of emerging-market assets. FPIs withdrew around $4 billion from Indian equities in January 2026, following net outflows of roughly $20 billion during 2025.
  - Rising crude prices (Brent +6.8% WoW) increased inflation and current account sensitivity for India.
  - Profit-taking was concentrated in financials and IT stocks.
- **Stoxx 600:**
  - European equities rose 0.4% WoW, supported by energy and materials stocks on higher oil and metal prices.
  - Gains were limited by weak macro data and persistent concerns over euro area growth momentum.
- **Nikkei:**
  - Japanese equities fell 1.0% WoW as yen appreciation (USD/JPY -0.6% WoW) weighed on exporters.
  - Higher JGB yields (+6 bps WoW) and fiscal policy uncertainty linked to BoJ normalization further pressured rate-sensitive sectors.
- **Hang Seng:**
  - Hong Kong equities rebounded 2.4% WoW on short-covering and selective optimism around China policy support.
  - Property and technology stocks led gains despite ongoing structural headwinds in China’s economy.

## Credit Market

| | Week ending >>> | | | |
|---|---|---|---|---|
| | 23-Jan-26 | 30-Jan-26 | YTD Returns | Growth for the week |
| **Interest Rates** | | | | |
| US Bond Yield (%) | 4.2 | 4.2 | 1.6% | 0.2% |
| JGB yield | 2.2 | 2.3 | 9.0% | 0.6% |

- **US Bond Yield:**
  - The 10Y Treasury yield rose as core inflation remained near ~2.8–3.0% YoY and payroll growth stayed above ~150k, reinforcing a “higher-for-longer” outlook.
  - Market pricing for Fed easing shifted modestly, with implied 2026 cuts reduced to ~100–125 bps, while heavy Treasury issuance added pressure at the long end.
- **JGB Yield:**
  - Japanese yields rose sharply, led by long maturities, with the 40Y JGB briefly above 4%.
  - Moves reflected fiscal policy uncertainty and expectations of further BoJ normalization, supported by inflation remaining above 2% YoY.

## Currencies

| | Week ending >>> | | | |
|---|---|---|---|---|
| | 16-Jan-26 | 23-Jan-26 | YTD Returns | Growth for the week |
| **Currency** | | | | |
| EUR/USD | 1.1828 | 1.1851 | 0.9% | 0.2% |
| GBP/USD | 1.3643 | 1.3686 | 1.6% | 0.3% |
| USD/INR | 91.9600 | 91.9900 | (2.3%) | 0.0% |
| CHF/USD | 1.2822 | 1.2936 | (2.5%) | 0.9% |
| USD/JPY | 155.7000 | 154.7800 | 1.3% | (0.6%) |

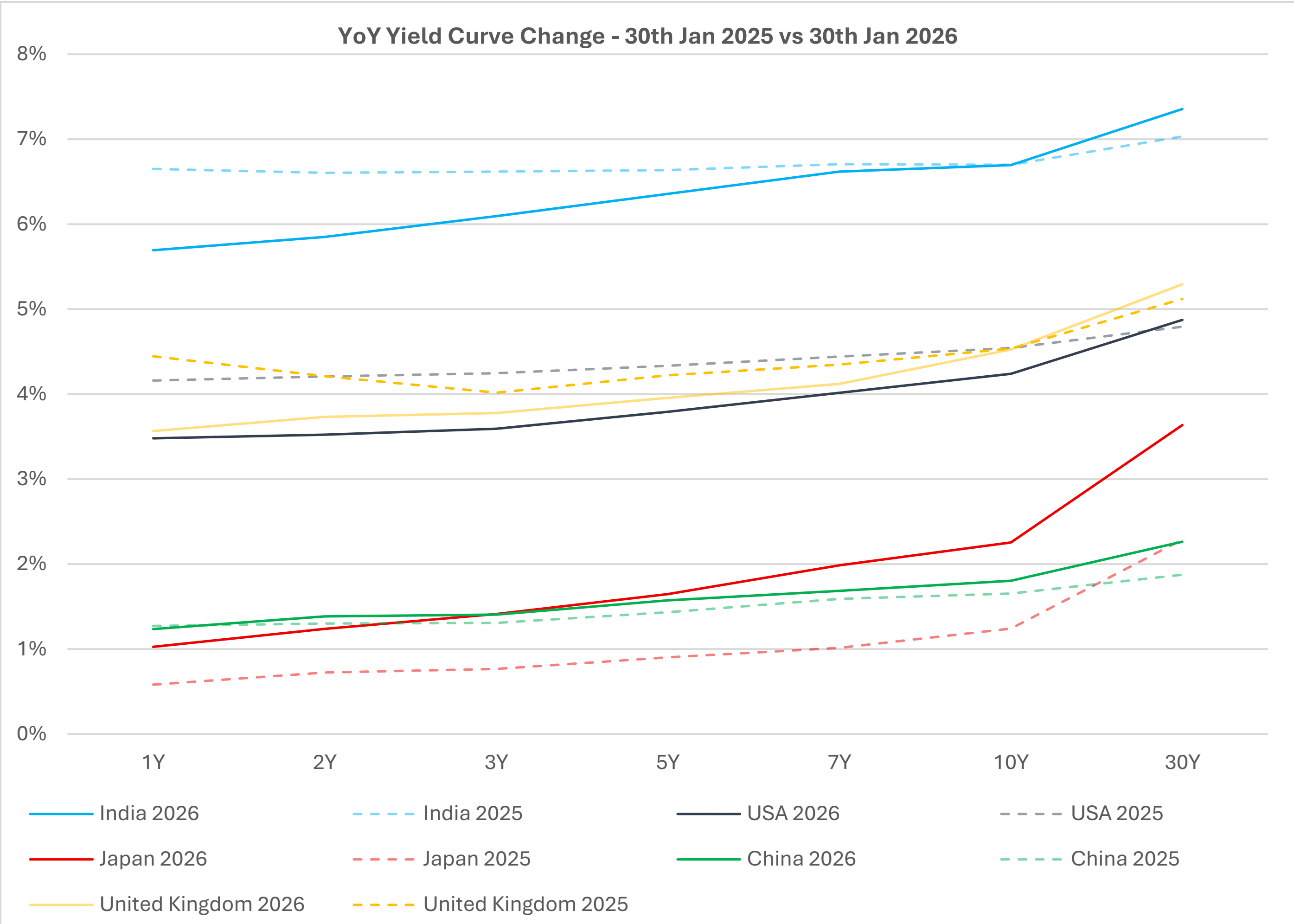
- **Currencies:**
  - The US dollar was broadly stable to weaker as rate differentials narrowed modestly.
  - The Euro and Pound strengthened on relative policy stability, while the yen appreciated as higher domestic yields reduced carry-trade attractiveness.
  - The Rupee was broadly flat as higher oil prices and portfolio outflows were offset by RBI intervention and stable domestic liquidity
    - The Swiss franc gained on safe-haven demand amid bond market volatility.

## Commodities & Other

| | Week ending >>> | | | |
|---|---|---|---|---|
| | 23-Jan-26 | 30-Jan-26 | YTD Returns | Growth for the week |
| **Commodities & Crypto** | | | | |
| Gold (USD per troy ounce) | 4,987.5 | 4,894.2 | 13.3% | (1.9%) |
| Silver (USD per troy ounce) | 103.2 | 85.2 | 18.9% | (17.4%) |
| Oil (USD per barrel) | 61.1 | 65.2 | 13.6% | 6.8% |
| Bitcoin (USD) | 88,596.8 | 78,363.9 | (10.6%) | (11.5%) |
| Natural Gas (Henry Hub) | 5.3 | 4.4 | 18.1% | (17.5%) |
| Copper (US cents per pound) | 594.8 | 592.4 | 4.3% | (0.4%) |
| Aluminum (USD per metric tonne) | 3,161.1 | 3,129.0 | 5.0% | (1.0%) |
| Wheat (US cents per bushel) | 529.0 | 538.0 | 6.1% | 1.7% |
| Sugar (US cents per pound) | 14.7 | 14.3 | (4.9%) | (3.1%) |

- **Gold:**
    - Gold declined on profit-taking after a multi-week rally and as real yields edged higher. From the Thursday's close, gold has fallen by approximately 17% through today (ie. 2nd Feb, 2026), marking a sharp reversal from its recent peak.
    - Reduced near-term safe-haven demand also weighed on prices despite ongoing central bank buying.
- **Silver:**
    - Silver corrected sharply after a rapid prior rally and weaker near-term manufacturing expectations, particularly in China.
    - The move was amplified by lower liquidity relative to gold and a firmer US dollar.
- **Oil:**
    - Crude rose on Middle East geopolitical risk premia, tighter inventories, and continued OPEC+ supply discipline.
    - Improving demand expectations from Asia provided additional support.
    - Oil also rallied as traders factored in the possibility of US military action in Iran and disruption risks from a major winter storm in the US.
- **Bitcoin:**
    - Bitcoin fell as leveraged positions unwound and ETF inflows moderated.
    - Higher bond yields reduced appetite for high-volatility assets.
- **Natural Gas:**
    - Prices declined after the prior week's weather-driven spike reversed.
    - Milder temperature forecasts and elevated storage eased near-term supply concerns.
- **Copper & Aluminium:**
    - Base metals softened as China demand optimism faded and profit-taking followed earlier gains.
    - Concerns over global manufacturing momentum weighed on prices.
- **Wheat & Sugar:**
    - Wheat rose on renewed weather-related supply risks and uncertainty around Black Sea exports.
    - Sugar declined as improved production prospects in Brazil and higher expected exports eased supply tightness.

## Interest Rate & Yield Curve Shifts



- Yield curves across India, the US, Japan, China, and the UK have shifted higher in 2026 relative to 2025, indicating a repricing toward structurally higher interest rates and term premia.
- The US yield curve has shifted down modestly from 2025 to 2026, especially at short and intermediate maturities, indicating expectations of some policy easing; however, it remains upward sloping, suggesting long-term yields are still supported by term premia and fiscal supply considerations.
- Japan's curve remains the lowest in absolute terms but exhibits the largest proportional increase at longer maturities, signalling expectations of continued Bank of Japan normalization after decades of ultra-accommodative policy.
- The UK curve has shifted higher, especially at the long end, reflecting persistent inflation concerns and caution over the pace of Bank of England easing.
- China's curve has risen more modestly, consistent with its relatively accommodative policy stance aimed at supporting growth amid weaker domestic demand.
- The steeper long ends across most curves suggest markets are pricing higher long-term inflation and fiscal risk premia rather than near-term policy tightening alone.

## Geopolitical News & Impact

- **Japan Fiscal Policy Shift Triggers Bond Market Volatility**
  Japan's Prime Minister Sanae Takaichi announced plans to suspend the consumption tax on food and non-alcoholic beverages if her party wins the 8 February election, implying an estimated ¥5 trillion (~US $32 Billion) annual revenue shortfall. Given Japan's public debt exceeds 230% of GDP and the Bank of Japan is withdrawing monetary support, long-dated JGB yields rose sharply (with 40-year yields above 4%), and the sell-off spilled over into global bond markets, including US Treasuries.

- **EU-India Conclude Comprehensive Free Trade Agreement**
  The European Union and India finalized a long-negotiated free trade agreement covering tariff reductions on industrial goods, expanded services access, and cooperation on digital trade and intellectual property. The deal aims to deepen economic integration between two major economies and diversify trade ties amid rising protectionism, while reducing EU dependence on China and supporting India's export growth strategy.

- **NATO Reaffirms Europe's Reliance on US Security Support**
  NATO Secretary General Mark Rutte stated that European defence capabilities remain heavily dependent on US military support, particularly in intelligence, air defence, and strategic deterrence. His remarks come amid debates over higher European defence spending and greater strategic autonomy in response to the Ukraine conflict and uncertainty over long-term US policy, underscoring ongoing burden-sharing tensions within NATO.

- **US Fed Leadership Nomination**
  Kevin Warsh, a former Federal Reserve Board member (2006–2011), was nominated to succeed Jerome Powell as the next Chair of the Federal Reserve. Warsh is generally viewed as more supportive of rate cuts than Powell, and his nomination has brought increased focus on the future direction of US monetary policy and the potential for a shift toward a more accommodative stance.

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