

Weekly Market Wrap

Week Ending 6th February 2026



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Executive Summary

Global markets were shaped by sectoral rotation, moderating US growth signals, and selective repricing across commodities and speculative assets, alongside key central bank and geopolitical developments during the week.

Key Themes

- Recent US data suggests the job market is slowing. Hiring was weak (ADP +22k; typically, ~150K seen as a number for healthy economy) and layoffs rose to their highest level (108k) since 2009. However, manufacturing activity improved and moved back into expansion (ISM at 52.6). Overall, this points to the economy cooling down rather than heading into a recession.
- Major central banks around the world, including the European Central Bank and the Bank of England, kept interest rates unchanged. However, some members of the Bank of England supported cutting rates, which has increased expectations that rate cuts may happen in the coming months.
- Equity markets exhibited clear rotation: US mega-cap technology underperformed while cyclicals, value, Europe and Japan outperformed, reflecting positioning adjustments rather than broad risk aversion.
- Oil prices declined on US–Iran diplomatic progress, compressing the geopolitical risk premium, while Bitcoin experienced sharp volatility, highlighting continued repricing in high-beta and speculative segments.

Asset Class Performance

Equity Market

	Week ending >>>			
	30-Jan-26	6-Feb-26	YTD Returns	Growth for the week
Equity Indices				
S&P 500 (USD)	6,939.0	6,932.3	1.1%	(0.1%)
NASDAQ (USD)	25,552.4	25,075.8	(0.5%)	(1.9%)
Dow Jones (USD)	48,892.5	50,115.7	3.6%	2.5%
SENSEX (INR)	80,722.9	83,580.4	(2.5%)	3.5%
Stoxx 600 (EUR)	611.0	617.1	3.5%	1.0%
Nikkei (JPY)	53,322.9	54,253.7	7.8%	1.7%
Hang Seng (HKD)	27,387.1	26,560.0	0.8%	(3.0%)

- **US Equities:**
 - US equities diverged, with the Nasdaq Composite falling 1.9% WoW amid AI capex scrutiny and profit-taking in mega-cap tech, while the Dow Jones Industrial Average rose 2.5% on strength in industrials and financials; the S&P 500 was marginally lower (-0.1%).
 - The move reflected sector rotation rather than broad risk-off, as softer labour data (ADP +22k; layoffs 108k) increased easing expectations, while ISM Manufacturing rebounded to 52.6 and the 10Y yield fell 3bps to 4.21%, supporting value and cyclical segments.
- **Sensex:**
 - The BSE Sensex rebounded strongly, supported by improving global risk sentiment and structural positive catalysts including US–India trade deal that reduced reciprocal tariffs to 18% and removed punitive oil-linked levies, easing a key overhang for export-oriented sectors.
 - Foreign portfolio investors turned net buyers for the first week of February after three consecutive months of heavy selling, infusing approximately ₹8,100 crore (~US \$1Bn) into Indian equities through 6 Feb 2026, a notable shift from prior outflows. While USD/INR strengthened ~1.4% WoW, bolstering foreign capital inflows and supporting broader market breadth.
- **Stoxx 600:**
 - The STOXX 600 reached a new intraday high, supported by improving eurozone growth sentiment and global rotation into cyclicals. Manufacturing stabilisation globally reinforced industrial and financial sector performance.
 - The ECB's decision to hold rates at 2.0% provided policy stability, while contained bond yields (German 10Y at 2.84%, flat WoW) underpinned equity risk appetite.

- **Nikkei:**

- Japanese equities advanced on expectations of political continuity ahead of the lower house election, supporting domestic sentiment and corporate outlook stability.
- A weaker yen (USD/JPY +1.6% WoW to 157.2) supported export-oriented sectors, while global cyclical rotation benefited broader index constituents, particularly in industrials and financials.

- **Hang Seng:**

- Chinese and Hong Kong equities underperformed amid continued weakness in growth sentiment and pressure across property and technology segments.
- Despite global cyclical rotation, regional markets lagged developed peers, reflecting cautious capital flows and limited domestic policy stimulus traction.

Credit Market

Week ending >>>				
	30-Jan-26	6-Feb-26	YTD Returns	Growth for the week
Interest Rates				
US Bond Yield (%)	4.2	4.2	0.4%	(0.7%)
JGB yield	2.3	2.2	8.2%	(0.7%)

- **US Bond Yield:**

- The 10Y yield declined 3bps following softer labour indicators (ADP +22k; layoffs 108k) and stable wage expectations, reinforcing the view that growth is cooling without re-accelerating inflation.
- The move reflects incremental repricing toward eventual Fed easing, though yields remain elevated relative to late-2025 averages, signalling no recession pricing at this stage.

- **JGB Yield:**

- JGB yields edged lower in line with global duration demand as US yields softened and volatility remained contained.
- Domestic policy normalisation expectations remain gradual, limiting upward pressure despite firm equity markets and a weaker yen.

Currencies

Week ending >>>				
	30-Jan-26	6-Feb-26	YTD Returns	Growth for the week
Currency				
EUR/USD	1.1851	1.1815	0.8%	(0.3%)
GBP/USD	1.3686	1.3611	1.2%	(0.5%)
USD/INR	91.9900	90.6625	0.5%	(1.4%)
CHF/USD	1.2936	1.2887	2.1%	(0.4%)
USD/JPY	154.7800	157.2200	0.2%	1.6%

- **Currencies:**

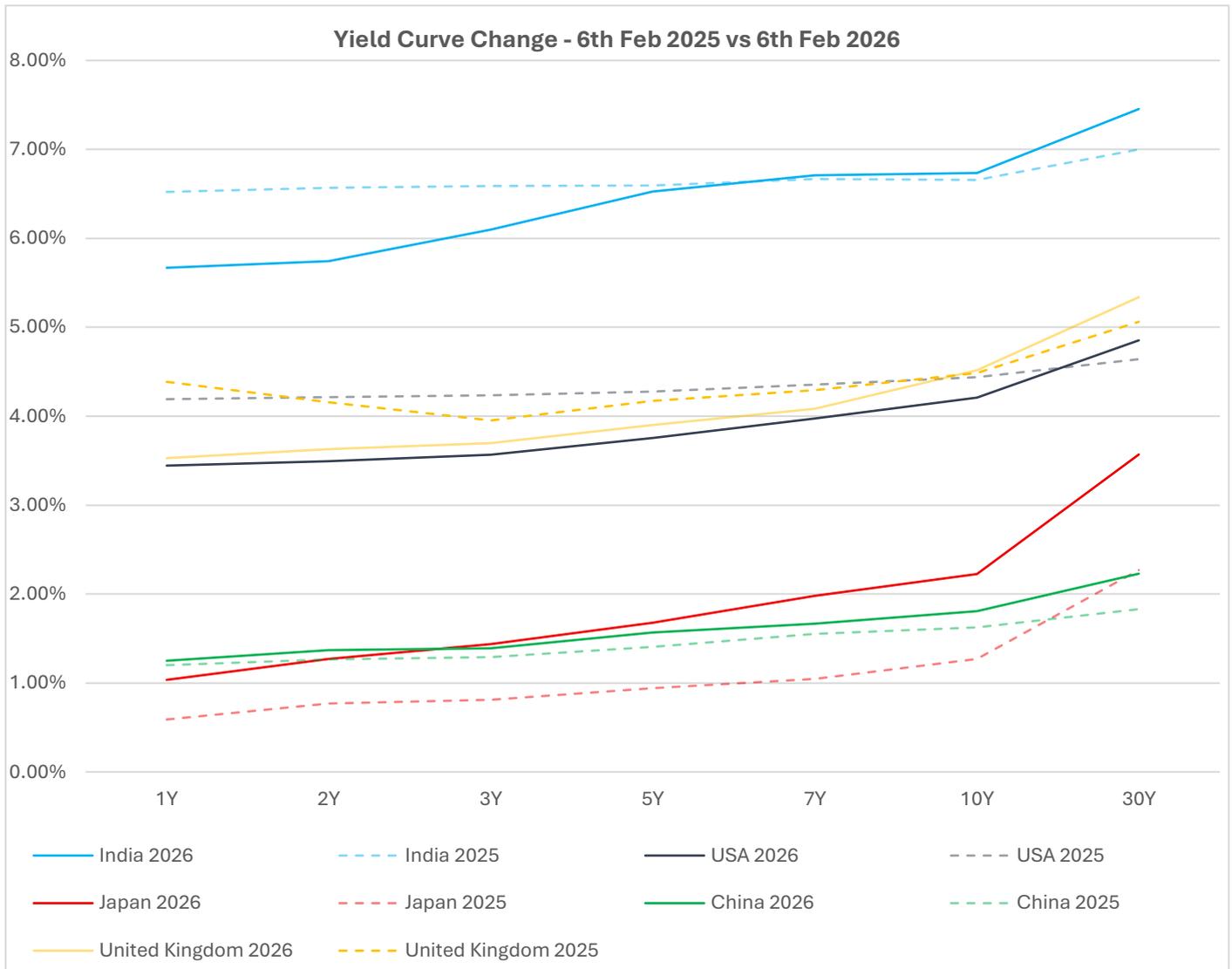
- The US dollar was mixed: EUR/USD (-0.3%) and GBP/USD (-0.5%) weakened as the ECB and BoE held rates but markets increased easing expectations, particularly after a dovish BoE split vote; USD/JPY rose 1.6% to 157.22 reflecting wide rate differentials.
- USD/INR declined 1.4% (INR strengthened) supported by improved trade developments and equity inflows, while USD/CHF fell 0.4% amid selective safe-haven demand during equity volatility.

Commodities & Other

Week ending >>>				
	30-Jan-26	6-Feb-26	YTD Returns	Growth for the week
Commodities & Crypto				
Gold (USD per troy ounce)	4,894.2	4,964.4	14.6%	1.4%
Silver (USD per troy ounce)	85.2	77.8	6.9%	(8.6%)
Oil (USD per barrel)	65.2	63.6	10.9%	(2.5%)
Bitcoin (USD)	78,363.9	70,312.8	(22.8%)	(10.3%)
Natural Gas (Henry Hub)	4.4	3.4	(5.4%)	(21.4%)
Copper (US cents per pound)	592.4	588.2	3.3%	(0.7%)
Aluminum (USD per metric tonne)	3,129.0	3,069.7	2.3%	(1.9%)
Wheat (US cents per bushel)	538.0	529.8	4.6%	(1.5%)
Sugar (US cents per pound)	14.3	14.1	(3.4%)	(1.1%)

- **Gold:**
 - Gold advanced amid a combination of macro softening and structural demand, as weaker US labour indicators reinforced expectations of eventual policy easing, while the US 10Y yield eased 3bps to 4.21%, limiting real yield pressure on non-yielding assets.
 - Importantly, price support remains underpinned by persistent central bank accumulation, with the People's Bank of China extending its gold-buying streak to 15 consecutive months, reinforcing diversification away from USD reserves. The move reflects strategic allocation flows rather than short-term risk aversion, particularly as equity volatility (VIX at 18) remained contained.
- **Silver:**
 - Silver corrected sharply despite gold strength, reflecting its higher beta and sensitivity to speculative positioning and industrial demand expectations.
 - The divergence versus gold indicates risk reduction in cyclical commodities rather than broad precious metals weakness.
- **Oil:**
 - Oil recorded its first weekly decline since mid-December as progress in US–Iran diplomatic talks reduced geopolitical supply disruption risk, compressing the embedded risk premium.
 - The pullback occurred despite improving global manufacturing signals (ISM 52.6), suggesting positioning normalisation rather than deterioration in underlying demand fundamentals.
- **Bitcoin:**
 - Sharp correction following ETF-driven normalization of flows and leveraged unwind; intraday lows near \$60k.
 - Reflects repricing of speculative segments rather than systemic stress.
- **Natural Gas:**
 - Significant correction driven by supply overhang and moderating demand expectations.
 - Volatility remains elevated relative to broader commodity complexes.
- **Copper & Aluminum:**
 - Both base metals declined modestly despite ISM Manufacturing returning to expansion (52.6), reflecting cautious sentiment around China's demand outlook and limited conviction in a sustained industrial rebound.
 - Price action suggests positioning normalisation rather than structural deterioration, with investors balancing improving global manufacturing signals against still-soft property and infrastructure momentum in Asia.
- **Wheat & Sugar:**
 - Agricultural prices eased on improved global supply expectations and fading weather-related risk premiums, leading to moderate profit-taking.
 - The pullback reflects stabilising supply dynamics rather than demand weakness, with volatility remaining contained relative to energy and precious metals.

Interest Rate & Yield Curve Shifts



- United States:** The modest YoY rise in long-end yields (30Y ~4.8% vs ~4.6%) reflects persistent term premium amid elevated fiscal issuance and delayed Fed easing expectations. Despite recent softer labour data (ADP +22k; layoffs 108k), policy remains restrictive, keeping the 2Y-10Y curve relatively flat. Markets are pricing moderation, not recession, and no rapid policy pivot.
- India:** The upward shift across the curve (30Y ~7.4% vs ~7.0%) aligns with resilient domestic growth, strong equity inflows, and improving trade dynamics following US tariff relief. Elevated long-end yields reflect supply dynamics and sustained nominal growth expectations rather than monetary tightening pressure.
- United Kingdom:** The YoY increase in long-dated yields (30Y ~5.3% vs ~5.0%) captures lingering inflation risk premium and fiscal supply sensitivity, even as the Bank of England held rates and signaled a dovish split vote. Markets are cautiously pricing easing, but long-end yields remain elevated due to structural debt and inflation concerns.
- Japan:** The sharp YoY steepening (30Y ~3.6% vs ~2.2%) reflects ongoing Bank of Japan normalization and gradual exit from ultra-loose yield curve control. Higher long-term yields signal structural repricing of inflation tolerance and reduced central bank suppression of duration.
- China:** Limited YoY movement across the curve reflects continued accommodative policy bias amid soft domestic growth. Unlike developed peers, China's yields remain subdued, consistent with targeted easing measures and restrained inflation pressures.

Geopolitical News & Impact

- US Labor Market Weakness Signals Growth Moderation**

- January labor data reinforced signs of cooling employment momentum. ADP reported private payroll growth of just +22k (vs ~45k expected; prior 37k), while Challenger data showed 108k announced layoffs — a 118% YoY increase and the highest January level since 2009. Full-year 2025 job creation (398k) was nearly half of 2024’s 771k pace, underscoring deceleration.
 - However, the slowdown remains orderly rather than contractionary. ISM Manufacturing rebounded to 52.6 (first expansion in a year), while ISM Services held at 53.8, suggesting activity is moderating but not collapsing. Markets interpreted the data as supportive of eventual policy easing, with the US 10Y yield declining 3bps to 4.21%, while equity performance reflected sector rotation rather than broad de-risking.

- Global Central Banks Hold but Dovish Risks Rise**

- Major central banks maintained policy rates but signalled rising downside growth risks. The European Central Bank kept its deposit rate at 2.0% for a fifth consecutive meeting, maintaining a data-dependent stance. Meanwhile, the Bank of England held rates at 3.75%, but a notable 4 out of 9 Monetary Policy Committee members voted for a rate cut — an unexpectedly dovish split.
 - Markets increased pricing for a potential BoE cut as early as March, while sovereign yields remained broadly stable (German 10Y 2.84%, UK 10Y 4.52%). The policy backdrop suggests a transition from restrictive plateau to conditional easing bias, particularly as labour markets soften and inflation trends stabilise.

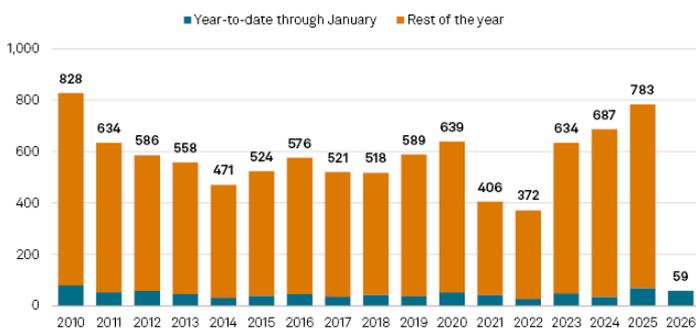
- Oil Retreats on US–Iran Talks; Crypto Volatility Spikes**

- Oil prices recorded their first weekly decline since mid-December as diplomatic engagement between the US and Iran reduced fears of supply disruption. West Texas Intermediate fell 2.5% to \$63.6, while Brent Crude declined 3.7% to \$68, reflecting a compression in geopolitical risk premium rather than demand deterioration.
 - In contrast, speculative assets experienced heightened volatility. Bitcoin dropped as much as 16% intraweek (touching ~\$60,000) before closing 9.1% at \$69,225. The correction reflects leveraged positioning unwinds and reduced scarcity premium amid ETF and derivatives proliferation. The divergence between oil stabilisation and crypto weakness highlights selective repricing across high-beta assets rather than systemic risk stress.

Thematic Observations

- US corporate bankruptcies data**

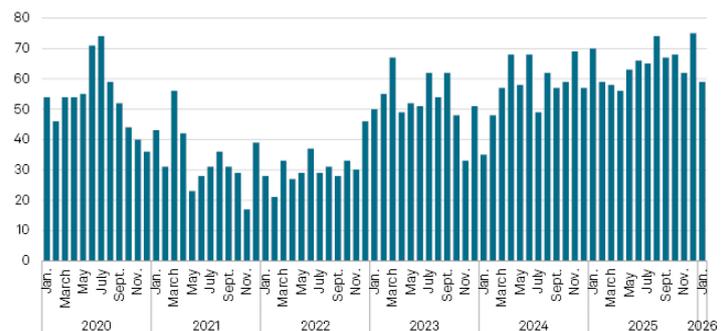
US bankruptcy filings by year



Includes S&P Global Market Intelligence-covered US companies that announced a bankruptcy between Jan. 1, 2010, and Jan. 31, 2026.

Source: S&P Global Market Intelligence

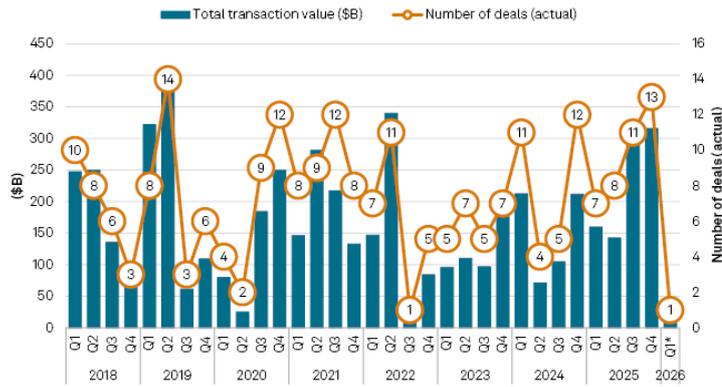
US bankruptcy filings by month



Data compiled Feb. 2, 2026.

- Largest deals worldwide – announced in January 2026

Large deals announced since 2018



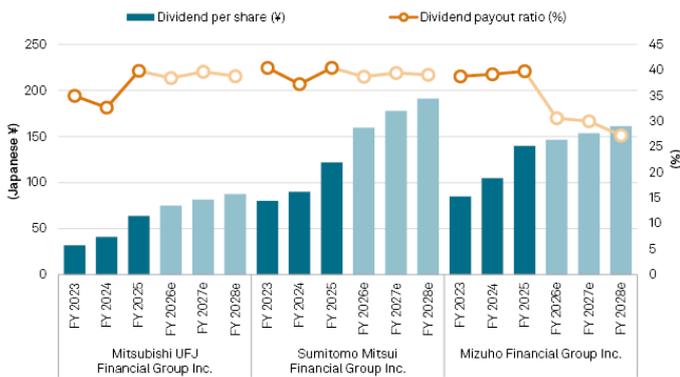
Data compiled Feb. 3, 2025.

Rank	Buyer(s)	Target	Transaction Value (USD Bn)	Industry (Target)
1	Union Pacific Corp.	Norfolk Southern Corp.	88.22	Industrials (Rail Transportation)
2	Netflix Inc.	Warner Bros. Discovery Inc.	82.70	Communication Services (Media & Entertainment)
3	Silver Lake / PIF / A Fin Mgmt	Electronic Arts Inc.	55.19	Communication Services (Interactive Media & Gaming)
4	Kimberly-Clark Corp.	Kenvue Inc.	48.60	Consumer Staples (Personal Care)
5	Sycamore Partners	Walgreens Boots Alliance Inc.	42.61	Consumer Staples (Retail Pharmacy)
6	BlackRock / Temasek / KIA / xAI / Microsoft / NVIDIA / MGX / GIP	Aligned Data Centers LLC	40.00	Real Estate / Technology Infrastructure
7	Charter Communications Inc.	Cox Communications Inc.	36.70	Communication Services (Telecom & Broadband)
8	Toyota Fudosan Co. Ltd.	Toyota Industries Corp.	35.15	Industrials (Machinery & Equipment)
9	Google LLC	Wiz Inc.	32.00	Information Technology (Cybersecurity)
10	Constellation Energy Generation LLC	Calpine Corp.	29.39	Utilities (Power Generation)

Source: S&P Global Market Intelligence

- Japan's megabanks performance amid rising rate tailwinds

Dividend payout at the Japanese megabanks

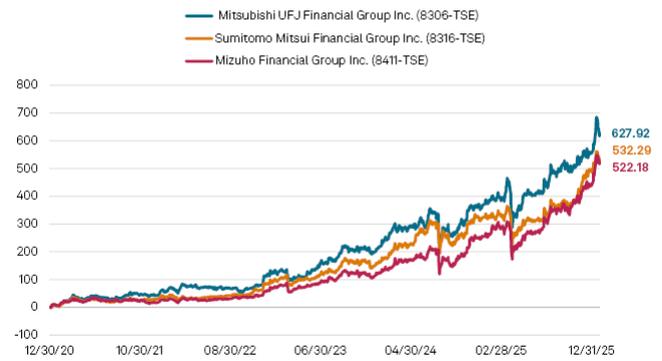


Data compiled Jan. 28, 2026.

Source: S&P Global Market Intelligence

Total returns at the Japanese megabanks (%)

From Dec. 30, 2020, through Jan. 27, 2026



Data compiled Jan. 28, 2026.

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