

January 9, 2026

# Weekly Investment Insights



*Safe haven assets, including gold, rose at the start of the week in response to the US intervention in Venezuela which sparked questions about the future of the world's largest oil reserves. The Venezuelan oil industry produces less than 1% of global oil output despite its large reserves, constrained by ailing infrastructure and US sanctions.*

*According to the EIA, Venezuela accounts for roughly 17% of all proven crude reserves. Around two decades ago, it produced over 3 million barrels per day. Today, it only pumps around 800,000. The full restoration of its production will take years, and dilapidating facilities will need billions of US dollars of investment.*

*After fluctuating over the week, Brent crude rose above \$63 per barrel on Friday on concerns about potential disruption to Iran's output (amid protests), uncertainty about supply from Venezuela (Trump was scheduled to meet oil companies on Friday 9 January to discuss) and amid further escalation in the Russia-Ukraine war, with Russia firing a hypersonic missile at targets in Ukraine.*

*Overall, an oversupplied market still appears to be the likely scenario for 2026, unless we see risks around Iran escalate.*

*Also in the Middle East, Saudi Arabia announced that it plans to open its financial markets to all foreign investors from February 1<sup>st</sup>. The market regulator stated that it will ease rules in order to attract foreign investments, improving market liquidity.*

## MARKET SNAPSHOT

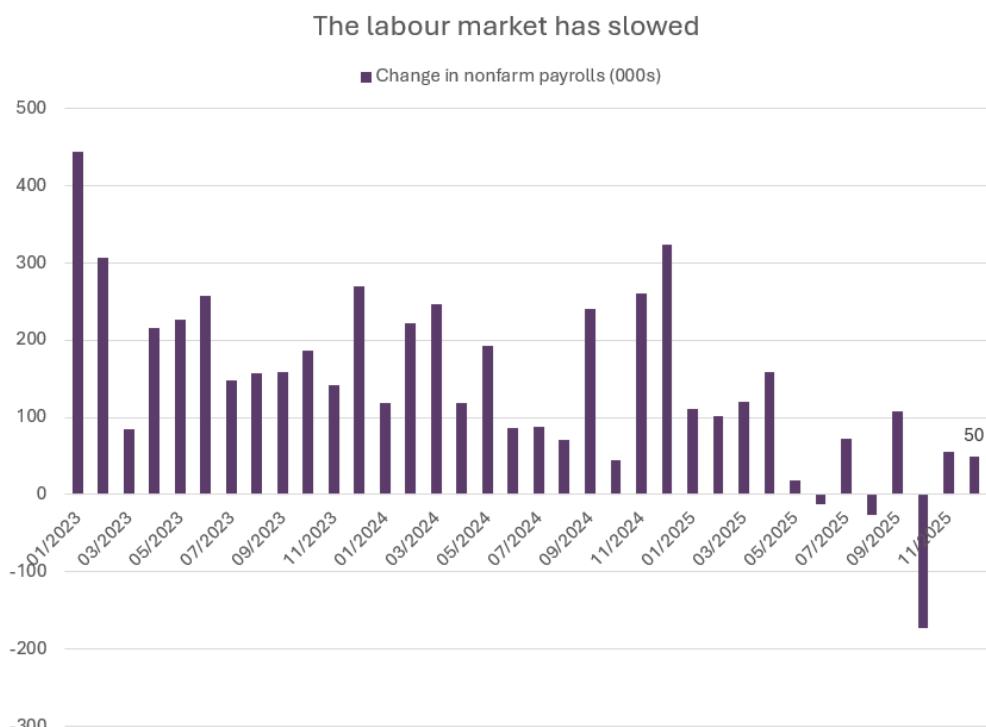
	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
<b>S&amp;P 500</b>	1,25	1,44	1,44
<b>Nasdaq Composite</b>	1,18	1,16	1,16
<b>EuroStoxx 50</b>	2,15	3,19	3,19
<b>CAC40</b>	1,76	2,33	2,33
<b>DAX</b>	2,92	3,13	3,13
<b>CSI 300</b>	2,79	2,79	2,79
<b>US 10 Year Yield (%)</b>	-0,04	0,53	0,53
<b>Germany 10 Year Yield (%)</b>	<b>-0,90</b>	0,67	0,67
<b>Gold Spot (\$/Oz)</b>	3,68	3,99	3,99

Source: Bloomberg, BIL as of 15:50, January 9

## MACRO SNAPSHOT

### Mixed signals from the US labour market

The US economy added 50 000 jobs in December, following a downwardly revised 56 000 in November and below expectations of a 70 000 rise, pointing to further cooling in the labour market. Employment trended upwards for food services and drinking places, health care and social assistance. Jobs in retail trade fell.



Source: Bloomberg, BIL

In 2025 as a whole, payroll employment rose by 584 000, compared to the 2 million increase in 2024.

Despite weak job creation, the unemployment rate unexpectedly fell to 4.4% in December, from 4.5% the month prior. No major uptick in the unemployment rate will probably give the Federal Reserve enough confidence to pause monetary easing at its next policy meeting. After cutting rates by 25 basis points in December, Fed Chair Jerome Powell said that borrowing costs were now "well positioned" and that the bar for future cuts would be higher.

In addition to falling unemployment, data from Challenger, Gray and Christmas this week showed that job cuts are also easing. US employers announced 35 553 job cuts in December, the lowest since July 2024. With 2025 having seen a 58% rise in job cuts compared to 2024 (with DOGE layoffs and the government shutdown playing a significant role), the year ended with the fewest announced layoff plans all year. However, on the hiring side, employers announced 507 647 planned hires, which is the lowest level since 2010.

With some mixed signals coming from the US labour market, but unemployment nevertheless easing, the Fed is likely to pause monetary easing at the start of the year, before continuing to cut rates further as the year progresses.

### **After 25 years of talks, EU countries approve Mercosur trade deal**

EU member states provisionally voted to back the Mercosur trade deal this Friday - a deal that is over two decades in the making. The free-trade agreement between the EU and South America's Mercosur bloc, made up of Brazil, Argentina, Uruguay and Paraguay, was concluded in December 2024 but has since awaited official approval by EU member states. This agreement would create the world's largest free-trade zone, allowing the EU to export more vehicles, machinery, wines and spirits to Latin America, while the latter would be able to export more beef, sugar, rice, honey and soybeans to Europe. The deal has, however, faced criticism from European farmers, particularly in France, as there is concern that the European market will be flooded by cheaper alternatives from South America. Earlier this week, European Commission President Ursula von der Leyen announced that EU farmers would have early access to €45 billion from 2028 under the next Common Agricultural Policy budget if the Mercosur trade agreement is signed.

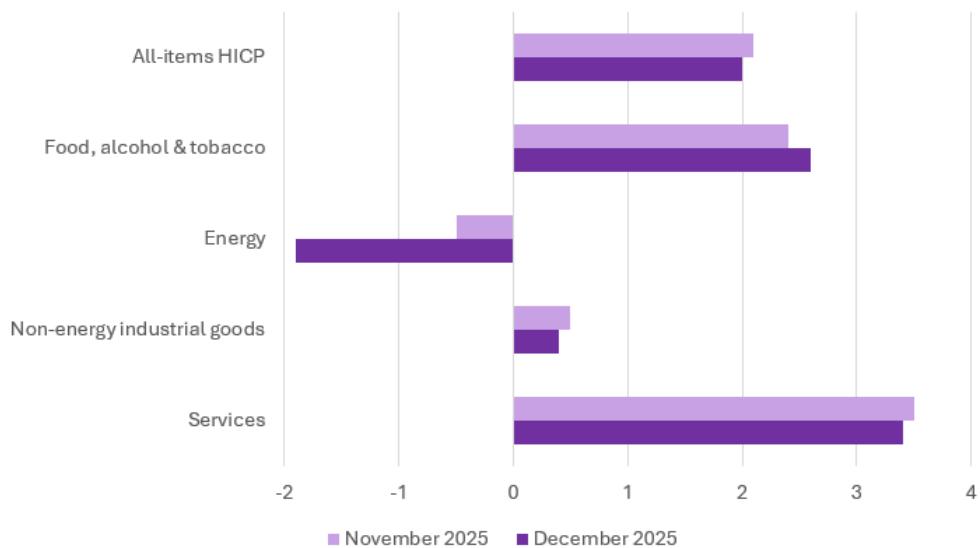
### **Eurozone inflation and unemployment rates fell at the end of 2025**

Consumer prices in the Eurozone eased to 2% in December, from 2.1% in November, according to flash estimates. This marks the lowest inflation rate since August, back at the European Central Bank's target.

The price growth of services and non-energy industrial goods slowed, while energy prices fell

more sharply. Meanwhile, prices for food, alcohol and tobacco rose slightly. Services inflation is a closely watched indicator of price pressures, and while it remains well above the ECB's target, the easing in December is a positive sign.

Core inflation, which excludes volatile categories such as food and energy, fell to 2.3% year on year, the lowest in four months.



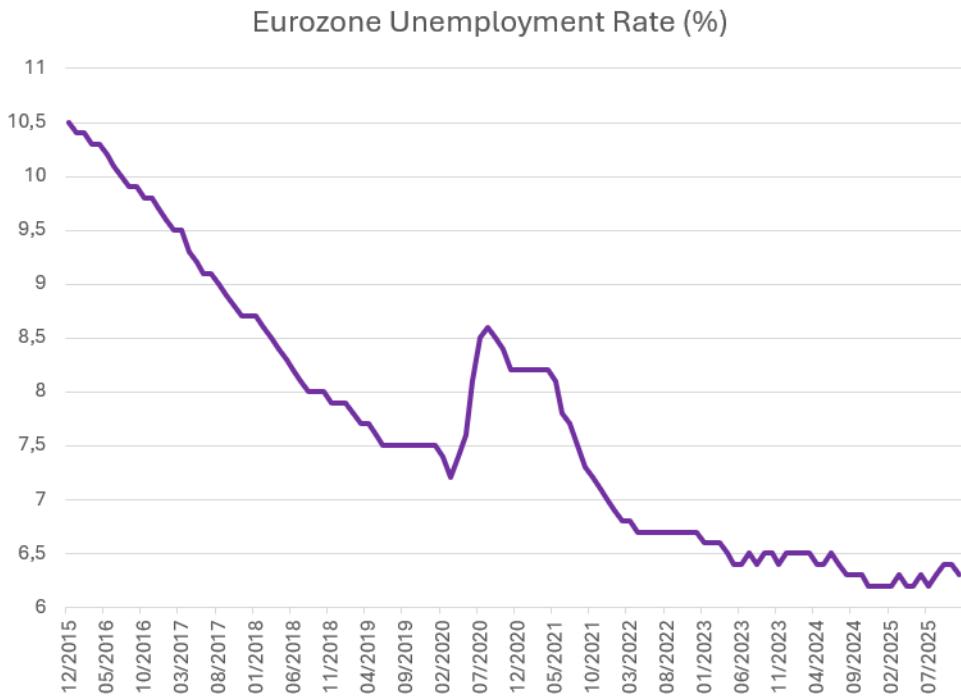
Source: Eurostat, BIL

The ECB expects inflation to average 1.9% this year, down from 2.1% in 2025.

In December, the ECB held its benchmark interest rate steady at 2% for the fourth consecutive meeting. With the inflation rate back at the ECB's 2% target, investors have further cemented expectations that the ECB will keep rates on hold throughout 2026.

In addition to stable inflation, the Eurozone labour market remains robust, with the unemployment rate dropping unexpectedly to its lowest level since April.

The jobless rate in the Eurozone has remained close to record lows throughout 2025, falling to 6.3% in November from 6.4% between May and October. Youth unemployment, reflecting the proportion of people under 25 who are looking for work, also eased to 14.6% in November, down from 14.8% in October. Among the bloc's largest economies, Germany recorded the lowest unemployment rate of 3.8%, while Spain recorded the highest rate of 10.4%.



Source: Bloomberg, BIL

### China's consumer prices increased by the most since February 2023 in December

China's annual inflation rate increased to 0.8% in December, up from 0.7% the previous month and the highest level since February 2023. Food prices increased the most in 14 months, driven by sharper price rises for fresh vegetables and fruit. Pre-New Year holiday shopping also helped to boost consumer prices. Core inflation, which excludes volatile categories such as food and energy, remained at a 20-month high of 1.2%.

However, deflationary risks are far from being banished in China, with full-year consumer price growth flat in 2025 - the lowest in 16 years - and persistent producer deflation. This is well below the 2% target set by policymakers, indicating that the policy support aimed at boosting consumption in 2025 has only yielded moderate results. The ongoing property crisis continues to dampen household confidence. Combined with overcapacity and price competition, this creates a challenging outlook for inflation this year. It also puts renewed pressure on policymakers to announce new stimulus measures to significantly boost consumer demand.

### Calendar for the week ahead

**Monday** – Germany Current Account (November).

**Tuesday** – US NFIB Business Optimism Index (December), **Inflation Rate** (December).

**Wednesday** – China Balance of Trade (December), New Yuan Loans (December). US PPI (November).

**Thursday** – UK GDP Growth Rate (November), Industrial Production (November), Balance of Trade (November). **Germany Full Year GDP Growth** (2025). Eurozone Balance of Trade (November), Industrial Production (November). US Jobless Claims, Retail Sales (December).

**Friday** – US Industrial Production (December).

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