

January 19, 2026

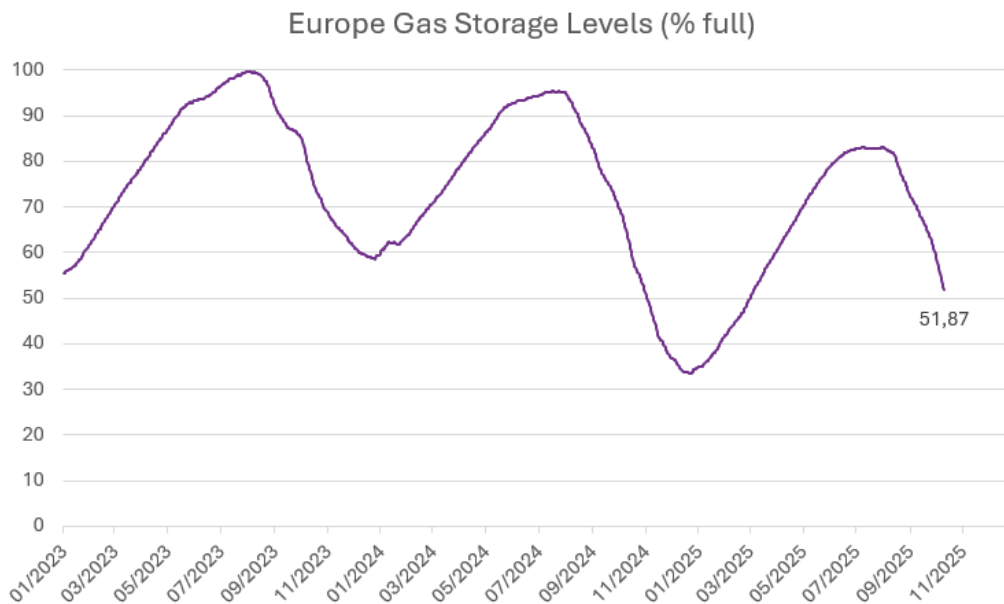
Weekly Investment Insights



Geopolitical uncertainty increased over the weekend as President Trump threatened to impose tariffs on Nato allies who oppose his intentions on Greenland. On Saturday, Trump said that he would impose 10% tariffs on goods from Denmark, Sweden, Norway, Finland, the UK, France, Germany and the Netherlands, in response to these countries sending military personnel to Greenland while he continued to push for full control of the island. In response, the EU is considering imposing counter-tariffs on the US worth \$93 billion or restricting the activity of American companies within the bloc. On Monday, gold and silver jumped to record highs and US stock futures fell as market participants digested the latest developments.

Gold prices had already hit multiple record highs the previous week as heightened uncertainty prompted investors to seek a safe haven. One contributing factor was the criminal investigation by US prosecutors into Federal Reserve chair Jerome Powell, which sparked new concerns about the independence of the Fed. The US dollar also fell on the news, reflecting concern that US interest rates could fall more quickly than expected due to political pressure. Also boosting the price of gold (as well as silver, copper and tin) last week were fears that the US military could intervene in Iran. However, Trump softened his tone on a potential intervention in Iran later in the week, causing oil prices to fall.

European gas prices jumped by over 30% across the week, as traders rushed to cover short positions amid an unusual cold spell that coincided with renewed geopolitical risk. Prices are still far off the levels seen in 2022 amid the energy crisis, but the sharp uptick came as a wake up call regarding the bloc's external dependencies and vulnerability when it comes to meeting its energy needs. Gas storage levels are just below 52%, down from a five-year seasonal average of roughly 67%, according to Bloomberg.



Source: Bloomberg, BIL

MARKET SNAPSHOT

Source: Bloomberg, BIL as of January 19

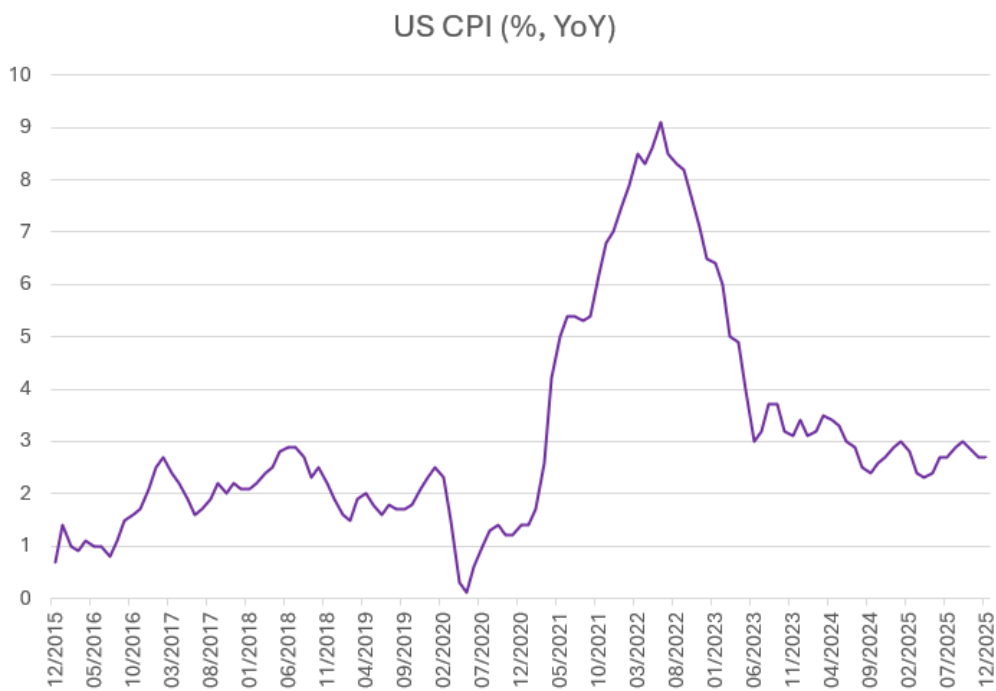
MACRO SNAPSHOT

US inflation held steady at 2.7% in December

Consumer price growth in the US remained at 2.7% year on year in December, unchanged from the previous month. Although falling gasoline prices eased price pressures in the energy sector, natural gas prices rose more sharply. Prices for used cars and trucks increased at a slower rate, while food and shelter prices accelerated.

The annual core inflation rate, which excludes volatile categories such as food and energy, also remained unchanged at 2.6%, the lowest level since 2021.

This reinforced market expectations that the Fed will hold rates steady at its January meeting.



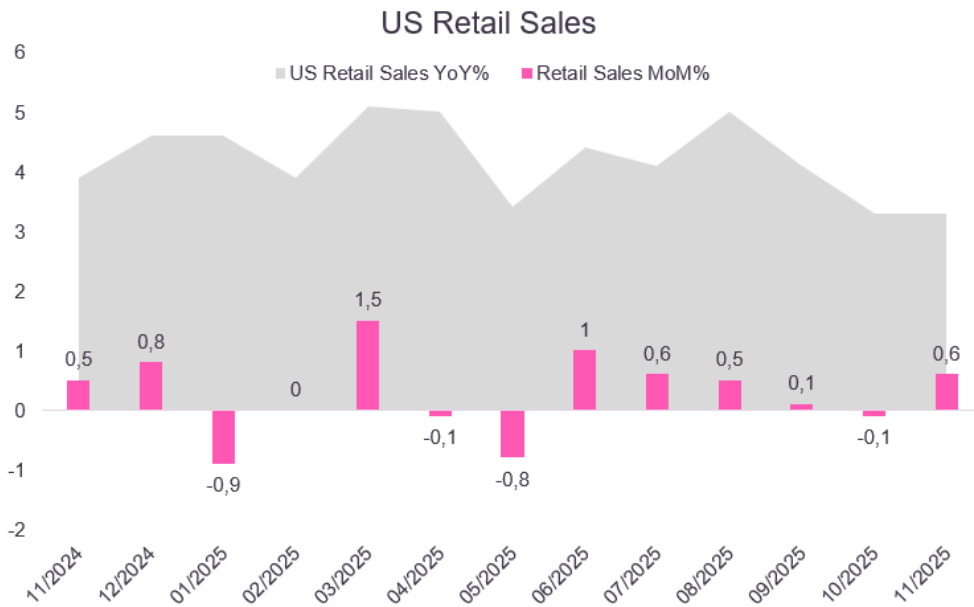
Source: Bloomberg, BIL

President Trump is under mounting pressure over the cost-of-living crisis facing many Americans, and has recently made several announcements to address affordability concerns, including capping credit card interest rates and banning institutional investors from buying single-family homes.

US consumption concludes 2025 strong

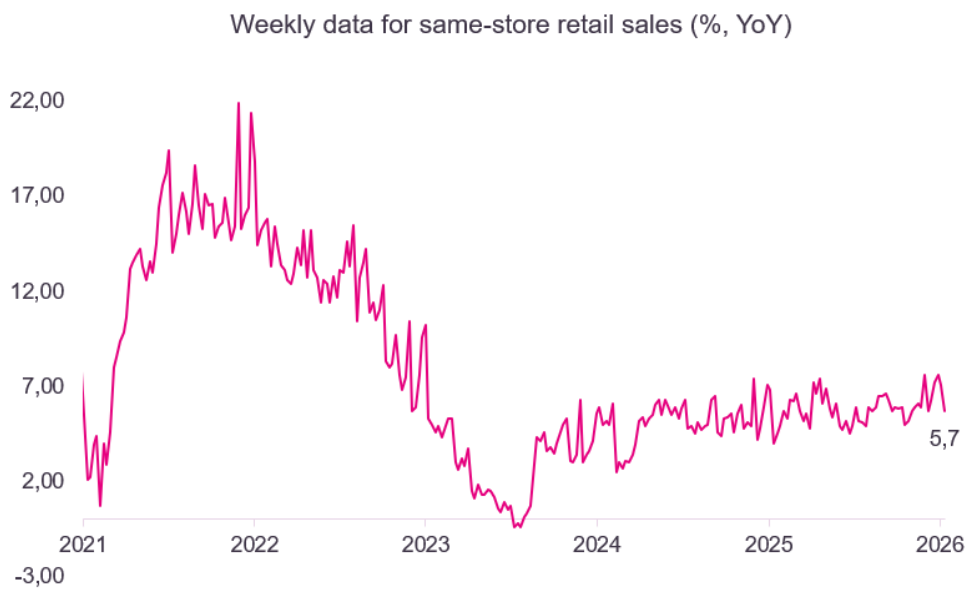
As we often reiterate, consumption is a vital engine of US economic growth, accounting roughly two-thirds of overall activity. Towards the end of last year, a slowing labour market was lathering up fears that this engine could start to falter. The latest data, however, suggests that US households continue to part with their dollars.

Official retail sales data (delayed due to the government shutdown) recorded a +0.6% MoM gain in November, the largest increase since July. This was driven by strong holiday spending as well as a rebound in car sales following a slowdown caused by the expiration of Federal tax incentives for electric vehicles.



Source: Bloomberg, BIL

Looking at more up-to-date data compiled by Redbook (which covers around 80% of the equivalent “official” retail sales data published by the Department of Commerce), we can see this momentum continued into early 2026. Same store retail sales are up 5.7% YoY, and more consumer support may be on the way. In addition to the aforementioned “affordability initiatives” touted by Trump, US households are set to receive an estimated USD 517 Bn in tax refunds this year. This is expected to translate to a payout that is roughly USD 500-1000 more than usual, per household.



Source: Bloomberg, BIL

German economy returns to growth after two years of contraction

On Thursday, the German statistics office reported that the Eurozone's largest economy grew by 0.3% (seasonally adjusted) in 2025, rebounding from a 0.5% contraction in 2024. Despite depressed consumer sentiment, household consumption was a key driver in addition to government spending. Weak external demand remained a key drag against a backdrop of US tariffs, intensifying competition from China and euro strength. The single currency appreciated by roughly 13% against the dollar through 2025.

Investment remained subpar, with fixed capital formation in machinery, equipment, and construction falling compared with the previous year. While manufacturing, the auto sector and construction remained in the doldrums, the services sector, particularly trade, transport, accommodation and food services, offered light resolve.



Source: Bloomberg, BIL. Based on Bloomberg consensus expectations as of 15/1/26

China's GDP grew by 5% in 2025 as export strength offset weak domestic demand

Despite Chinese goods being hit with tariffs of up to 145% at the height of the tariff dispute, export growth in China continued, enabling the economy to reach Beijing's 5% growth target for 2025.

In the last quarter of the year, the Chinese economy expanded 4.5% year on year, slowing from 4.8% in Q3. Growth was weighed down by the prolonged property crisis, deflationary pressure and weak domestic demand. However, stronger growth at the beginning of the year, driven by

significant export growth to non-US markets, enabled full-year growth to reach 5%.

China posted a record trade surplus of USD 1.189 trillion in 2025, with exports rising by 5.5% and imports remaining unchanged. Despite a 20% fall in exports to the US, the full-year surplus exceeded last year's USD 993 billion. Chinese exporters were able to redirect shipments away from the US market and expand into alternative export destinations, such as the EU (+8.4%) and South East Asia (+13.4%).

In December, exports exceeded expectations, growing 6.6% year on year, driven by a surge in exports to non-US markets. Imports rose at the fastest pace in six months, at 5.7% year on year.



Source: Bloomberg, BIL

China's continued export strength has sparked concern in the EU and other developing countries that their industries will be overwhelmed by Chinese imports, as Beijing pushes to reduce its dependence on the US. China appears to have taken the first steps in the decoupling from the US, with the American share of Chinese exports falling to 11.1% in 2025, down from 14.7% in 2024.

Imports were flat in 2025 compared to the previous year, indicating weak domestic demand and consumer confidence. On Wednesday, Wang Jun, vice-minister of China's General Administration of Customs, commented that export controls by trading partners on high-tech products had prevented China from importing more, adding that "there is vast potential for import growth."

External demand continued to drive the Chinese economy in 2025. However, weak domestic demand has become a growing concern for Beijing, and turning this around has been made

one of its top economic objectives for the next five-year plan. While several initiatives were announced to boost consumption in 2025, policymakers will have to unleash more significant stimulus measures in 2026, not only to boost consumption but to improve confidence, in order to meaningfully turn the trend around.

Calendar for the week ahead

Monday – China House Price Index (December), **GDP Growth Rate** (Q4), Retail Sales (December), Industrial Production (December), Fixed Asset Investment (December), Unemployment Rate (Q4). Eurozone Inflation Rate (Final, December).

Tuesday – UK Unemployment Rate (November). Eurozone & Germany ZEW Economic Sentiment Index (January).

Wednesday – UK Inflation Rate (December).

Thursday – Japan Balance of Trade (December). US GDP Growth Rate (Final, Q3), Jobless Claims. Eurozone Consumer Confidence (Flash, January).

Friday – Japan Inflation Rate (December). UK Consumer Confidence (January), Retail Sales (December). **Eurozone, France, Germany, UK & US Composite, Services & Manufacturing PMI** (Flash, January).

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