

January 30, 2026

Weekly Investment Insights



Midweek, the S&P 500 rose above the 7,000 milestone for the first time, as the headlines around US ambitions in Greenland faded. The rally was not driven by the “usual suspects”, but rather by energy, materials and consumer staples. Small caps also enjoyed superior performance to their larger counterparts, reflecting hopes of an accelerating US economy.

However, on Friday, US stocks pared some of their gains after Trump nominated former Federal Reserve governor Kevin Warsh to replace Jerome Powell when his term as Fed Chair comes to an end in May.

It seems markets view Warsh as more of an orthodox candidate -- after hitting a four-year low against a basket of currencies mid-week, his nomination allowed the US dollar to regain some muscle. Precious metals also fell victim to profit-taking at the end of the week, after a blistering rally.

Brent oil futures are trading near a six-month high on rising concerns about a possible US military attack on Iran, OPEC's fourth-largest producer with output of 3.2 million barrels per day. US President Donald Trump warned this week that “time is running out” for Iran to return to talks to reach a new deal on its nuclear programme, while Iran said it would instantly strike US bases and aircraft carriers in response to any attack.

Beyond geopolitics, earnings season also continues to capture the market's attention. At the time of writing, 167 companies on the S&P 500, representing nearly half of all US market cap, had reported their results. Over 75% beat expectations – a decent outcome thus far, but not as good as in previous quarters.

MARKET SNAPSHOT

	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
S&P 500	0,34	0,00	1,37
Nasdaq Composite	-0,17	0,00	0,95
EuroStoxx 50	-0,17	0,00	2,70
CAC40	-0,06	0,00	-0,28
DAX	-1,58	0,00	0,20
CSI 300	-2,15	-2,13	-0,52
US 10 Year Yield (%)	0,15	-0,42	1,21
Germany 10 Year Yield (%)	-0,70	0,14	-0,28
Gold Spot (\$/Oz)	-7,99	-5,84	6,69

Source: Bloomberg, BIL as of Feb 2 2026

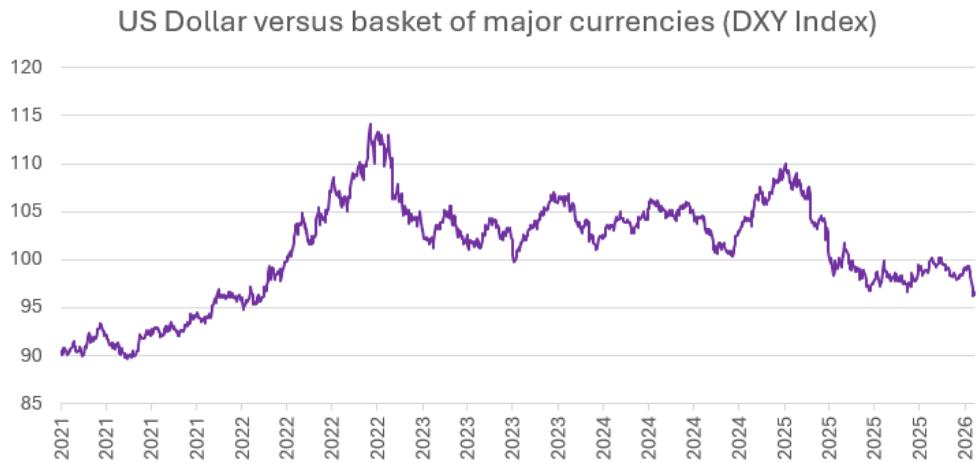
MACRO SNAPSHOT

Federal Reserve holds rates steady as US dollar touches a four-year low

At its January FOMC, the US Federal Reserve held interest rates steady as was widely expected. From an economic standpoint, the Fed's statement and Chair Powell's commentary suggest a few key things:

- Solid growth expectations
- A near-term boost to inflation driven by tariffs which the Fed believes will eventually fade
- A labour market that's essentially at a standstill amid low hiring but no spike in layoffs

But one factor the Fed is undoubtedly watching closely is the US dollar. Last year, the greenback lost almost 10%, with the bulk of the decline occurring on the heels of the "Liberation Day" tariff announcement in March. Since then, the dollar has continued to lose strength against a backdrop of unconventional policymaking, threats regarding the sovereignty of Greenland, and attacks on Federal Reserve independence. Over the past week, the downturn continued as investors piled into alternative stores of value. Gold hit a new all-time high above USD 5,400/oz, silver above 118/oz, and the Swiss Franc hit a ten-year high against the dollar.

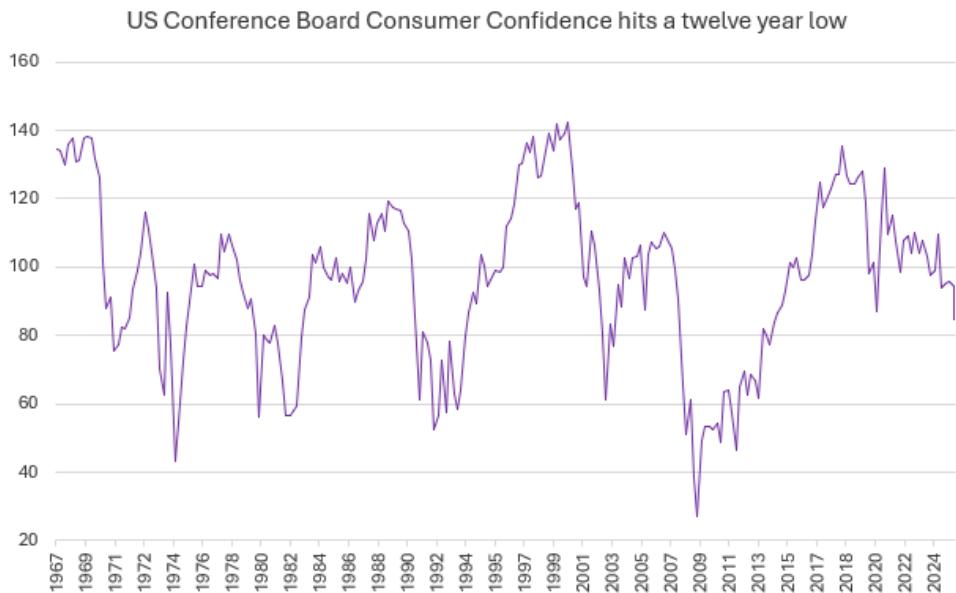


Source: Bloomberg, BIL

For the US, a weaker dollar might be helpful – until it isn't.

A softer dollar, which President Trump appears to favour, makes US exports more competitive. It also boosts the repatriated profits of multinational US companies.

However, dollar weakness also poses risks for inflation. When you combine an effective tariff rate of around 10% with the dollar's depreciation, it certainly complicates the Fed's task of keeping prices in check. With consumer confidence already in the doldrums (see chart below), continued dollar weakness also risks being the straw that breaks the camel's back when it comes to household spending.



Source: Bloomberg, BIL

Moreover, falling confidence in the dollar is also risky when you consider the US's 39-trillion-dollar debt burden, as currency risk and falling foreign demand could push up Treasury yields (i.e. increasing government borrowing costs).

And a weaker dollar isn't just a US problem. The euro briefly traded above 1.20/ USD this week – its highest levels since 2021 – and further strength could put real pressure on Europe's export led economy. Weak external demand is already weighing heavily on Eurozone companies and further strengthening of the single-currency could compel the ECB to revise its inflation projections lower, and potentially even enact additional rate cuts if the move was pronounced.

Emerging markets, on the other hand, are benefitting from dollar weakness, with stocks, bonds and currencies all enjoying a boost as investors seek diversification. Fundamentals in many EMs are sturdier than they were in the past, and given that many hold dollar-denominated debt, they are improving.

Despite some gains on Friday, the greenback still remains vulnerable to Presidential pressure for lower interest rates, and to a global trend of greater diversification beyond US assets.

German economy off to a slow start in 2026

According to the country's most prominent leading indicator – the IFO survey which gathers the opinions of roughly 9000 business leaders – the German economy did not start 2026 with a bang. The headline index held steady at 87.6, with assessments of the current situation edging up somewhat, while expectations about the future moved slightly downwards.

The goods-producing sector of the economy showed strong improvement, while trade and construction-specific indices also rose. Confidence in the services sector, particularly tourism, retreated.

The lacklustre reading squares with the Bundesbank's prediction that sluggish growth will continue through Q1 2026, before picking up momentum as the year progresses on the back of Government spending, especially on infrastructure and defense. Consumption is also expected to pick up gradually, driven by gradual improvements in the labour market which will, in turn, underpin real incomes. Indeed, on Wednesday, the Gfk Consumer Climate Indicator rose from a two-year low to -24.1, with income expectations rebounding sharply (5.1 from -6.9). Economic expectations also strongly picked up (6.6 vs 1.2), pointing to a much more optimistic outlook.

The willingness to buy improved (-4.0 vs -7.5), as inflation concerns faded.



Source: IFO, Bloomberg, BIL

Calendar for the week ahead

Monday – Switzerland Retail Sales (December), Manufacturing PMI (January). Eurozone & UK Manufacturing PMI (Final, January). **US ISM Manufacturing PMI** (January).

Tuesday – France Inflation Rate (Prel, January). US JOLTs Job Openings & Quits (December).

Wednesday – Eurozone & UK Composite, Services PMI (Final, January). **Eurozone & Italy Inflation Rate** (Flash, January). **US ISM Services PMI** (January).

Thursday – Germany Factory Orders (December). Eurozone & UK Construction PMI (January). Eurozone Retail Sales (December). **Bank of England Interest Rate Decision**. **ECB Interest Rate Decision**. US Jobless Claims, Challenger Job Cuts (January).

Friday – Germany & France Balance of Trade (December). Switzerland Unemployment Rate (January). **US Non Farm Payrolls** (January), **Unemployment Rate** (January), Michigan Consumer Sentiment (Prel, February).

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