

## Monthly Market Commentary - January 2026

Global equities began the year with a 0.9% gain, buoyed by improving growth expectations and rising risk appetite. However, volatility persisted throughout the month amid escalating geopolitical tensions involving Venezuela and Greenland. Fixed income markets struggled as government bond yields rose on renewed fiscal concerns, particularly in the US and Japan. Nevertheless, the global aggregate bond index managed to edge 0.2% higher.

The rotation away from US large-cap stocks continued uninterrupted. US technology large caps fell 1.0%, led by declines in Microsoft despite strong earnings, as concerns regarding rising AI-related spending weighed on sentiment. More broadly, the earnings season has been solid across US equity markets as reporting continues.

In the UK, the FTSE 100 index opened the month by surpassing the 10,000-point mark for the first time. UK value sectors continued to outperform growth, with large caps returning 3.0%. European equities delivered modest gains of 2.2%.

Emerging markets were strong performers again, rising 6.7%, with China contributing 3.1%. A weakening US dollar and a rotation from US technology toward global technology sectors provided further support.

Japan announced a snap election as Prime Minister Takaichi sought to leverage high approval ratings to strengthen her parliamentary position. Japanese equities gained 4.5%, while domestic yields reached historic levels in anticipation of more expansionary fiscal policy.

Commodities surged, with the broad index up 7.7%. Gold jumped 15.2% on geopolitical risk and retail demand, while silver also posted strong, albeit volatile, performance. Bitcoin fell 6.0%.