

Stocks mixed in first trading session of 2026

- **SNAPSHOT:** Equities mixed, Treasuries down, Crude down, Dollar up, Gold up.
- **REAR VIEW:** Japan PM Takaichi may hold talks with US President Trump, may meet in Spring; Iran/US tensions boil; OPEC+ expected to maintain output conditions at upcoming meeting; TSLA deliveries miss expectations; Airbus maintains delivery target for 2025.
- **WEEK AHEAD:** Highlights include US and Canada jobs, ISM PMIs, EZ and Chinese Inflation, and potential Fed Chair pick. [To download the report, please click here.](#)
- **CENTRAL BANK WEEKLY:** Previewing Fed Chair Nominee and SNB Minutes; Reviewing FOMC Minutes. [To download the report, please click here.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Light earnings docket with STZ & JEF the highlights. [To download the report, please click here.](#)

MARKET WRAP

Stocks closed the first trading session of 2026 mixed, with Nasdaq underperforming- completely unwinding its outperformance at the opening bell. Sectors were predominantly firmer with Energy, Industrials and Materials leading the gains. Consumer Discretionary, Communication Services and Consumer Staples lagged while Tech was flat. The weakness in Consumer Discretionary was led by Tesla (TSLA) after poor Q4 delivery numbers. In FX, antipodes outperformed tracking base metals higher while the Dollar saw slight gains and the Euro lagged. The focus was on the PMI numbers in the Eurozone but resulted in little reaction. T-Notes bear steepened ahead of a busy next week, with focus on NFP and the potential next Fed Chair pick, we will also see the ISM Manufacturing and Services PMIs. Oil prices settled marginally lower on Friday amid a light day of newsflow, as oversupply worries outweighed geopolitical concerns ahead of OPEC+ on Sunday.

FIXED INCOME

T-NOTE FUTURES (H6) SETTLED 7+ TICKS LOWER AT 112-06+

T-Notes bear steepen ahead of key week with US NFP due and a potential successor to Fed Chair Powell . At settlement, 2-year +0.8bps at 3.477%, 3-year +2.1bps at 3.547%, 5-year +2.8bps at 3.739%, 7-year +3.0bps at 3.854%, 10-year +4.1bps at 4.191%, 20-year +3.8bps at 4.813%, 30-year +3.5bps at 4.865%.

THE DAY: USTs were lower across the curve on the first trading day of 2026 in what was very quiet trade, with the only data being the final US S&P Global manufacturing PMI, which was maintained at 51.8, albeit forecasts were for a rise to 52.2 - little reaction was seen in T-Notes. Next week, however, could see some volatility with the potential Fed Chair pick, whereby the odds of Hasset taking the helm have eased to just 42%, with Warsh not far behind at 34%, followed by 13% for Waller. Next Friday will also see the December jobs report, which will help shape Fed rate cut expectations for 2026 with currently over 50bps of easing priced. This implies more than the Fed median of just one rate cut this year, with markets pricing in the probability of a more dovish Fed chair, too. However, views on the Fed are varied - the 2026 dot plots see rates ending the year in a vast range, between 2.00-2.25% at the low end, and 3.75-4.00% at the high end, vs. the current 3.50-3.75% rates. Also, next week, participants will be eyeing a return of corporate issuance with the New Year underway and with the holidays behind us.

STIRS/OPERATIONS

- Market Implied Fed Rate Cut Pricing: January 3bps, March 12bps, April 18bps, December 56.5bps
- NY Fed RRP op demand at USD 5.67bln (prev. 106bln) across 7 counterparties (prev. 49)
- EFFR at 3.64% (prev. 3.64%), volumes at USD 74bln (prev. 87bln) on December 31st.
- SOFR at 3.87% (prev. 3.71%), volumes at USD 3.458tln (prev. 3.321tln) on December 31st.

CRUDE

WTI (G6) SETTLED USD 0.10 LOWER AT 57.32/BBL; BRENT (H6) SETTLED USD 0.10 LOWER AT 60.75/BBL

The crude complex was marginally weaker on Friday amid a light day of newsflow, as oversupply worries outweighed geopolitical concerns. On the latter, and the highlight of Friday's trade, was US President Trump posting on Truth that, "If Iran shoots and violently kills peaceful protesters, the US will come to their rescue. We are locked and loaded and ready to go". Following this, Iranian Parliamentary speaker remarked US bases and forces within the region are "legitimate targets", if the US was to "adventure". Little move was seen in the energy space, but continues to highlight the ongoing tensions seen. On the supply side, Reuters citing source reports, said that OPEC+ is expected to maintain its output conditions at the 4th of January confab. As a brief reminder, Bloomberg sources said that the group is expected to reaffirm its production pause through Q1, maintaining the halt to further supply increases, and the stance reflects concerns over a looming global oversupply backdrop, with crude prices sharply lower over 2025 and forecasters warning of a potential glut in 2026. WTI traded between USD 56.60-57.93/bbl and Brent USD

60.01-61.38, ahead of a busier calendar next week.

EQUITIES

CLOSES: SPX +0.15% at 6,856, NDX -0.17% at 25,206, DJI +0.62% at 48,363, RUT +0.96% at 2,506.

SECTORS: Energy +2.08%, Industrials +1.88%, Materials +1.51%, Utilities +1.19%, Health +0.44%, Financials +0.22%, Real Estate +0.05%, Technology +0.05%, Consumer Staples -0.16%, Communication Services -0.38%, Consumer Discretionary -1.14%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.03% at 5,851, Dax 40 +0.14% at 24,524, FTSE 100 +0.20% at 9,951, CAC 40 +0.56% at 8,195, FTSE MIB +0.96% at 45,374, IBEX 35 +1.07% at 17,492, PSI +1.66% at 8,400, SMI +0.20% at 13,267, AEX +1.71% at 968.

STOCK SPECIFICS:

- **Tesla (TSLA):** Reported Q4 delivery numbers, where deliveries and production fell short of expectations.
- **Ironwood Pharmaceuticals (IRWD):** Stellar FY26 rev. guidance.
- **Baidu (BIDU):** Plans to spinoff AI chip unit.
- **RH (RH), Wayfair (W), Williams-Sonoma (WSM):** Trump decided to delay a 30% tariff hike on upholstered furniture.
- **TSMC (TSM):** US granted Co. an annual licence to import US chipmaking equipment to its Nanjing plant in China for '26.
- **NVIDIA (NVDA):** Seeking TSMC (TSM) support to boost H200 chip output after Chinese firms ordered over 2mln units for 2026, exceeding Nvidia's 700k inventory, Reuters reports, citing sources.

US FX WRAP

The Dollar Index saw marginal gains on Friday, in what was a typical very quiet day of newsflow, and participants began to return to their desks after the Christmas holidays. The highlight was US S&P Global Manufacturing PMI, which was left unrevised at 51.8, but fell short of the expected 52.2. While today was quiet, the docket picks up from next week with highlights including ISM Mfg., ADP, JOLTS, UoM and NFP.

G10 FX was mixed against the Greenback in thin headline-driven trade. EUR/USD traded between a narrow 1.1712-1.1765 range and saw muted reaction to the final European PMIs. Likewise with the Pound and CAD, there saw little move, despite UK S&P Global Manufacturing PMI surprisingly revised lower, while the Canadian metric was lifted from the initial, but not as much as Wall St. forecasted. Cable traded between 1.3435-1.3502, and USD/CAD 1.3700-48.

Antipodeans outperformed, and buoyed by the broader risk sentiment and also the strength in metals. AUD/USD and NZD/USD traded within thin parameters, as traders await Aussie CPI next week. **JPY** held flat within a narrow 156.56-157.00 band, with price action subdued after a volatile 2025 marked by political and fiscal uncertainty, BoJ tightening bias, and haven flows.

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newsquawk.com · +44 20 3582 2778 · info@newsquawk.com