

SNAPSHOT

STOCKS			
S&P 500	+0.6%	Nasdaq Comp.	+0.7%
DJIA	+1.0%	Russell 2000	+1.4%
ES Mar'26	+0.6%	RTY Mar'26	+1.3%
NQ Mar'26	+1.0%	YM Mar'26	+1.1%

FX			
DXY	+0.3% (98.60)	EUR/USD	-0.3%
USD/JPY	+0.2%	GBP/USD	-0.3%

BONDS			
US T-Note Mar'26	-2 ticks	10yr Bund Mar'26	+33 ticks
US 10yr Yield	4.17%	German 10yr Yield	2.84%

ENERGY & METALS			
WTI Feb'26	-2.3%	Brent Mar'26	-2.0%
Spot Gold	+1.2%	LME Copper	+1.9%

CRYPTO			
Bitcoin	-0.7%	Ethereum	+1.7%

As of 21:50GMT/16:50EST

LOOKING AHEAD

- Highlights include Australian CPI, Japanese December Final Services & Composite PMIs, Thailand CPI.
- [Click for the Newsquawk Week Ahead.](#)

US TRADE

- **US stocks** advanced on Tuesday with broad-based gains as all indices closed higher, with the Russell and Equal Weight S&P outperforming. Sectors were also predominantly firmer with Health Care, Materials and Industrials leading the advances, while Energy and Communication Services were lower. NVIDIA (NVDA) closed in the red despite some optimistic commentary from the CEO and CFO, but with weakness still attributed to uncertainty around H200 China orders being approved. Energy stocks tracked crude prices lower, giving up some of Monday's gains in what has been a volatile start to the year for crude, with recent downside stemming from optimism surrounding Russia/Ukraine peace following a positive meeting on security guarantees between the US, EU and Ukraine, although we are still awaiting Russia's response.
- **SPX** +0.62% at 6,945, **NDX** +0.94% at 25,640, **DJI** +0.99% at 49,462, **RUT** +1.37% at 2,583.
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- **US Supreme Court** is to release opinions on tariffs on Friday.
- **China's Sinograin** bought 10 US soy cargoes this week for shipment between March and May, according to reports citing traders.
- **Chinese Foreign Minister Wang Yi** said China seeks discussions with the EU on a free trade agreement.
- **China's Commerce Ministry** imposed export controls on dual-use items to Japan, effective immediately. It was separately reported that China is considering tightening rare earth exports to Japan, in response to Japanese PM Takaichi's remarks regarding Taiwan, according to China Daily.

NOTABLE HEADLINES

- **Fed Discount Rate Minutes** stated that in December, the FOMC approved a 25bps cut in rate on discounts and advances made under the primary credit programme. It also noted that the directors of four Federal Reserve Banks had voted to establish a decrease in the primary credit rate, in which the directors of the Federal Reserve Bank of New York had voted on November 26, 2025, and the directors of the Federal Reserve Banks of Philadelphia, St. Louis, and San Francisco had voted on December 4, to establish the primary credit rate at 3.75% (a decrease from 4%).
- **Fed's Miran (voter, dove)** expects data to support more rate cuts and said the Fed should cut more than 100bps this year, according to a Fox Business TV interview.
- **Fed's Barkin (2027 voter)** said tax changes, deregulation, and impact of rate cuts should all add stimulus to the economy this year, while he added the current policy rate is within the range of neutral and upcoming rate decisions will need to be "finely tuned" given risks to both unemployment and inflation goals. Barkin also said he is paying close attention to layoffs for evidence of change in the current low-hiring, low-firing job market, as well as noted the challenge of the next 10 years is the likelihood the US will have more jobs than available workers, and stated that consumer sentiment is important to watch.
- **US President Trump** said that if they do not win the midterms, he will be impeached. Trump also said that health insurance premiums are horrible, and he will meet with 14 insurance companies in a few days.

DATA RECAP

- US S&P Global Services PMI Final (Dec) 52.5 vs. Exp. 52.9 (Prev. 54.1)
- US S&P Global Composite PMI Final (Dec) 52.7 vs. Exp. 53.0 (Prev. 54.2)

FX

- **USD** clawed back initial losses and was supported by higher US Treasury yields, while newsflow in the FX space was fairly sparse on Tuesday, and the US S&P Global Services PMI was revised lower than expected. There were also comments from Fed's Miran and Barkin in which the former reiterated his usual uber-dove tones, while the latter said that the current policy rate is within the range of neutral.
- **EUR** weakened with the single currency not helped by a slew of data, including softer-than-expected German inflation and a miss on EU Services and Composite PMIs, with participants also awaiting more economic releases on Wednesday, including the latest EU inflation figures.
- **GBP** gave up ground to the firmer buck and tested the 1.3500 level to the downside despite better-than-expected UK Services PMI data, while it was also reported that the government is talking to the hospitality sector about more support.
- **JPY** softened with USD/JPY driven higher as US yields rebounded and with reports noting that China imposed export controls on dual-use items to Japan, while it is also considering tightening rare earth exports to Japan in response to Japanese PM Takaichi's remarks regarding Taiwan.

FIXED INCOME

- **T-notes** were sold on more corporate issuances and a record Fed Funds block sale.

COMMODITIES

- **Oil prices** were choppy but were ultimately pressured and settled at lows amid constructive geopolitical headlines on Ukraine, while the US and Venezuela are reportedly in talks on sending Venezuelan crude exports to the US.
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- **US President Trump** said he will be meeting with oil companies, while he added that they have a lot of oil to drill and that drilling will bring oil prices down further.
- **US Energy Secretary Wright** has been in contact with oil executives this week over the phone, and will be meeting face-to-face with executives from Wednesday in which they will discuss Venezuela, according to FBN. It was separately reported that oil CEOs are expected to visit the White House on Thursday for a meeting on Venezuela.

GEOPOLITICAL

VENEZUELA/LATIN AMERICA

- **Spanish PM Sanchez** said US action in Venezuela sets a terrible and very dangerous precedent.

MIDDLE EAST

- **IDF** struck Hezbollah in the Khirbet Salam area in southern Lebanon.
- **Israel and Syria** agreed to increase the pace of negotiations, meet more frequently, and take confidence-building measures between the two countries, while the two countries expressed a desire to reach a security agreement under Trump's vision for the Middle East, according to Axios's Ravid.
- **Iranian Supreme Leader Khamenei** said in response to Israel's statement that "the enemy is a liar, we don't believe them", according to Kan.

RUSSIA-UKRAINE

- Ukrainian President Zelensky said they had concrete discussions with the US on ceasefire monitoring, and the issue of territory still needs to be sorted, although some ideas on the territorial issue were discussed.
- Ukraine, France and Britain signed a declaration of intent on future multinational force deployment in Ukraine.
- US envoy Witkoff said the Paris coalition of the willing talks showed strong collaboration and made significant progress on key workstreams, including a bilateral security guarantee framework and a prosperity plan. He also stated that durable security guarantees and prosperity commitments are vital for Ukraine peace, with talks continuing into Wednesday. Furthermore, Witkoff thinks they are largely finished on security guarantees and protocols, and are close to finishing off a robust prosperity agreement for Ukraine.
- US Ambassador to NATO Whitaker said a peace deal for Ukraine could be "on the cusp" and that they are really very far down the road.
- US will commit to supporting Ukraine in the scenario of a future Russian attack, Bloomberg reports citing a draft statement, while European and Canadian leaders are expected to back a multinational force for Ukraine, and the US will reportedly also partake in this.
- US is to run high-tech ceasefire monitoring under draft Ukraine plan, according to FT.
- Trump's son-in-law Kushner said today was a very big milestone and that Trump is comfortable with the security guarantees.
- EU's Costa said they held a productive meeting of the coalition of the willing to advance support for Ukraine, and the EU will contribute to security guarantees Ukraine needs for a long-lasting peace agreement, while he added that they will assist with civilian and military EU missions on the ground.
- UK PM Starmer said following a ceasefire, the UK and France will build military hubs in Ukraine.
- French President Macron said the US has clarified its role in Ukraine, including frontline monitoring and confirmed a US backstop.
- Spanish PM Sanchez said he plans to discuss with political parties how Spain would contribute to security guarantees for Ukraine, while he added that they are ready to consolidate peace in Ukraine with a military presence.
- Polish PM Tusk said there is no expectation for Polish troops to be deployed in Ukraine under security guarantees being discussed, and Ukraine is ready to compromise, or at least is talking seriously about a compromise. Furthermore, he said the task is to maintain full solidarity in transatlantic pressure on Russia, and that unity between Europe and the US seemed to be assured.

OTHER

- US President Trump said the US will accelerate production of weapons and aircraft.
- US President Trump's envoy to Greenland does not think Trump is ready to seize Greenland and stated that Trump backs an independent Greenland.

ASIA-PAC

NOTABLE HEADLINES

- PBoC held a meeting on January 5th-6th and said it will continue moderating easing, integrate incremental and stock policy effects, as well as intensify counter-cyclical and cross-cyclical adjustments. PBoC also said it will make efforts to expand domestic demand, prudently defuse risks in key areas, keep liquidity ample, and will flexibly use RRR and rate cuts.
- Chinese Premier Li spoke to Ireland's PM and said China is willing to expand cooperation with Ireland in aircraft leasing, healthcare and AI.

EU/UK

NOTABLE HEADLINES

- UK PM's spokesperson said they are talking to the hospitality sector about more support.

DATA RECAP

- UK S&P Global Services PMI Final (Dec) 51.4 vs. Exp. 51.3 (Prev. 51.3)
- UK S&P Global Composite PMI Final (Dec) 51.4 vs. Exp. 51.2 (Prev. 51.2)
- EU HCOB Services PMI Final (Dec) 52.4 vs. Exp. 52.6 (Prev. 53.6)
- EU HCOB Composite PMI Final (Dec) 51.5 vs. Exp. 51.9 (Prev. 52.8)
- French HCOB Services PMI (Dec) 50.1 vs. Exp. 50.2 (Prev. 50.2)
- French HCOB Composite PMI (Dec) 50.0 vs. Exp. 50.1 (Prev. 50.1)
- French CPI (EU Norm) Prelim MM (Dec) 0.10% vs. Exp. 0.10% (Prev. -0.20%)
- French CPI (EU Norm) Prelim YY (Dec) 0.70% vs. Exp. 0.80% (Prev. -0.80%)
- German HCOB Services PMI (Dec) 52.7 vs. Exp. 52.6 (Prev. 52.6)
- German HCOB Composite Final PMI (Dec) 51.3 vs. Exp. 51.5 (Prev. 51.5)
- German HICP Prelim MM (Dec) 0.2% vs. Exp. 0.4% (Prev. -0.5%)
- German HICP Prelim YY (Dec) 2.0% vs. Exp. 2.2% (Prev. 2.6%)

