US Market Wrap - 9th January 2026

Stocks rise and T-notes flatten after US jobs report

- **SNAPSHOT**: Equities up, Treasuries flatten, Crude up, Dollar up, Gold up
- **REAR VIEW**: Mixed NFP report, job growth slower than expected but unemployment ticks lower after downward revision; SCOTUS doesn't rule today on US Trump tariff case; UoM consumer sentiment improves; Japan's PM considers dissolving Lower House; Fed's Bostic still concerned over inflation, Barkin describes job growth a modest; EU members approve EU-Mercosur trade deal; Tensions with Iran boil
- **COMING UP**: **Holiday:** Japanese Holiday (Coming of Age Day). **Data:** NZIER Business Confidence, Westpac Consumer Confidence Change. **Speakers:** ECB's de Guindos; Fed's Bostic, Barkin, Williams. **Supply:** US 3- and 10-year.
- **WEEK AHEAD:** Highlights include US Earnings, US CPI, US Retail Sales, UK GDP, and China Trade. Click here for the full list.
- **WEEKLY US EARNINGS ESTIMATES:** Financials kick off earnings season; JPM, BAC, WFC, GS, MS, and C all due. Click here for the full list.

MARKET WRAP

Stocks were bid to end the week with outperformance in the Nasdaq after the underperformance on Thursday with gains broad-based; Equal weight S&P +0.6%, and the majority of sectors closed green with materials and utilities outperforming, the former buoyed by metal prices and the latter buoyed by gains in Vistra (VST) and other nuclear power stocks after Meta (META) signed a deal with Vistra for its power. T-notes flattened with the front end yield rising after the NFP report, while long-end yields fell after the SCOTUS avoided ruling on the Trump IEEPA tariffs today, but may potentially rule on the issue next Wednesday. The NFP report saw 50k jobs added in December, missing the 60k forecast, but the unemployment rate declined by more than expected. The report did little to suggest an immediate threat to the labour market and therefore any rate cut bets for January were unwound. In FX, the Dollar gained post-NFP while the Yen lagged after reports that Japan's PM Takaichi is considering a snap election in February after strong approval ratings, where Takaichi's LDP party is only a few seats short of a majority in the Lower House, which, if she can claw back, would see her take more control of the government. The Yen sold while Nikkei futures rallied on the prospects of looser fiscal policy. Oil prices gained as US tensions with Iran grew, while precious metals saw notable gains amid ongoing volatility in the space. Base metals also saw gains. Attention next week turns to US CPI, Retail Sales, Treasury supply, potential tariff rulings from the Supreme Court, and the start of the Q4 25 earnings season.

US

US NFP: The December employment report saw 50k jobs added to the economy, below the 60k consensus but within analyst forecast ranges and also towards the top end of the Fed's breakeven estimate of 0-50k. The unemployment rate fell to 4.4% from 4.5%, which was revised down from 4.6%, beneath the 4.5% forecast. The report did little to alter the Fed's narrative, and it largely confirms a hold at the January meeting as it shows no sharp deterioration in the labour market, and with inflation still above target, gives the Fed room to pause. Regarding earnings, average hourly earnings rose 0.3% M/M in line with forecasts but accelerated from the prior 0.2% (revised up from 0.1%). On a yearly basis, earnings rose 3.8%, accelerating from the 3.5% prior and above the 3.6% forecast. Regarding the NFP prints, remember Fed Chair Powell suggested that headline prints are likely being overstated by about 60k per month; implying an actual print of -10k. Meanwhile, the two-month net revisions were -76k, although the October data was subject to sharp one-time government job losses. Analysts at ING, meanwhile, highlight how job growth is also very concentrated, with 41k of the 50k jobs from private education and health care services. The desk also notes that since January 2023, this sector has accounted for 55% of the 5.2mln jobs added, government jobs accounted for 20%, and leisure and hospitality contributed 18%. Meanwhile, Tech, construction, manufacturing, business services, financial services, retail, transport, and logistics are responsible for just 7% of job creation over that time period, and in December, this group lost 51k jobs, with only one up month in the last eight. Therefore, ING suggests the Fed still has more work to do.

UOM PRELIM: Consumer Sentiment rose more than expected in January, 54.0 (exp. 53.5, prev. 52.9), its highest reading since September 2025. Improvements in January were seen among lower-income consumers, while sentiment fell for those with higher incomes. Consumers continue to be focused primarily on high prices and softening labour markets. Although consumers' worries about tariffs appear to be gradually receding, they remain guarded about the overall strength of business conditions and labour markets. Current conditions rose to 52.4 (exp. 50.5, prev. 50.4), and Expectations rose to 55 (exp. 54.2, prev. 54.6). Year-ahead inflation expectations remained at 4.2% (exp. 4.2%), while the five-year expectation increased to 3.4% (exp. 3.1%, prev. 3.2%).

BUILDING PERMITS/HOUSING STARTS: The October Building Permits fell 0.2% to 1.412mln from 1.415mln in September, above the 1.35mln forecast. Single-family authorisations fell 0.5% from September to 876k from 880k. Multi-family units were at 481k. Housing Starts fell 4.6% to 1.246mln from 1.306mln in September, while single-family starts rose 5.4% to 874k from 829k. Multi-family starts were at 347k. Pantheon Macroeconomics highlight that the data show signs of stabilisation, but big headwinds remain, and the desk continues to think "that a key route for homebuilders to run down their inventory will be building fewer homes."

FIXED INCOME

T-NOTE FUTURES (H6) SETTLED 1 TICK LOWER AT 112-07

T-notes flatten after NFP while SCOTUS avoids ruling on Trump tariffs for now. At settlement, 2-year +4.4bps at 3.538%, 3-year +3.7bps at 3.593%, 5-year +2.5bps at 3.753%, 7-year +1.8bps at 3.955%, 10-year +0.2bps at 4.171%, 20-year –1.4bps at 4.767%, 30-year –1.8bps at 4.820%.

THE DAY: The Treasury curve flattened on Friday in wake of the NFP report, with front-end yields rising as the jobs report showed no need for imminent rate cuts, seeing markets completely unwind any rate cut bets for January. However, the long-end of the curve saw yields lower on the session with the moves seen in wake of the SCOTUS announcing it will not rule on Trump's tariff ruling today, with long-end yields extending lower into settlement. The SCOTUS also announced it may be issuing opinions next Wednesday, so this may be another opportunity for markets to get clarity on whether Trump's IEEPA tariffs can go ahead. Elsewhere, the UoM prelim January survey came in above expectations with the inflation expectations unchanged for the year-ahead but rose to 3.4% from 3.1% in the 5-year horizon. Fed speak saw remarks from Bostic (retiring), who expressed concern about the inflation side of the mandate, while Barkin said the drop in unemployment was welcome, but job growth is modest. Attention next week turns to 3-, 10- and 30-year supply early in the week, US CPI, and US Retail Sales.

SUPPLY

Notes

- US Treasury to sell USD 58bln of 3yr notes on Jan 12th, USD 39bln of 10yr notes on Jan 12th and USD 22bln of 30yr bonds on Jan 13th (as expected); all to settle Jan 15th

Bills

- US to sell USD 86bln of 13-week bills and USD 77bln of 26-week bills on Jan 12th.
- US to sell USD 75bln of 6-week bills on Jan 13th.

STIRS/OPERATIONS

- Market Implied Fed Rate Cut Pricing: January 0bps (prev. 2bps), March 7bps (prev. 10bps), April 11bps (prev. 16bps), December 50bps (prev. 58bps)
- NY Fed RRP op demand at USD 3.28bln (prev. 3.1bln) across 6 counterparties (prev. 7)
- EFFR at 3.64% (prev. 3.64%), volumes at USD 87bln (prev. 83bln) on January 8th.
- SOFR at 3.64% (prev. 3.65%), volumes at USD 3.249tln (prev. 3.267tln) on January 8th

CRUDE

WTI (G6) SETTLED USD 1.36 HIGHER AT 59.12/BBL; BRENT (H6) SETTLED USD 1.35 HIGHER AT USD 63.34/BBL

Crude prices gained in the US session after contained trade through the European morning. Updates throughout the EU session included Trump noting the second wave of attacks on Venezuela was cancelled, resulting in brief new session lows for WTI and Brent of USD 57.61/bbl and USD 59.77/bbl, respectively. Thereafter, focus turned to the continued protests in Iran, with geopolitical risk seemingly being priced in following an Iranian prosecutor saying rioters causing damage will face the death penalty, a prospect that is likely to worsen relations with the US, given that Trump on Thursday said the US will hit Iran hard if they kill rioters. WTI and Brent hit highs of 59.77/bbl and USD 63.92/bbl, respectively. US Baker Hughes (9th Jan): Oil -3 at 409, Natgas -1 at 124, Total -2 at 544

EQUITIES

CLOSES: SPX +0.65% at 6,966, NDX +1.02% at 25,766, DJI +0.48% at 49,504, RUT +0.78% at 2,624

SECTORS: Health -0.58%, Financials -0.35%, Real Estate +0.19%, Energy +0.36%, Communication Services +0.75%, Technology +0.98%, Consumer Staples +1.09%, Industrials +1.11%, Consumer Discretionary +1.14%, Utilities +1.24%, Materials +1.80%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.58% at 5,998, Dax 40 +0.52% at 25,258, FTSE 100 +0.80% at 10,125, CAC 40 +1.44% at 8,362, FTSE MIB +0.10% at 45,719, IBEX 35 -0.03% at 17,649, PSI +0.40% at 8,520, SMI +0.47% at 13,413, AEX +2.40% at 988

STOCK SPECIFICS:

- **Vistra (VST):** Meta to buy power from three VST plants in the US.
- **Oklo (OKLO):** META to help develop SMRs planned by Oklo.
- **Revolution Medicines (RVMD):** Merck (MRK) is reportedly in talks to RVMD for $28–32B.
- **Insmed (INSM):** FY25 revenue guidance topped expectations.
- **WD-40 (WDFC):** Profit & revenue missed.
- **AXT (AXTI):** Cut Q4 revenue view.
- **Qualcomm (QCOM):** Downgraded at Mizuho to 'Neutral' from 'Outperform'.
- **CrowdStrike (CRWD):** Upgraded at Berenberg to 'Buy' from 'Hold'.
- **Amazon's (AMZN)** latest store concept is reportedly a Walmart (WMT) style supercentre, according to Business Insider.
- **Amazon (AMZN)** Pharmacy to expand access to Wegovy pill (NVO), according to reports.

FX

The dollar was ultimately firmer after the December jobs report, which sent mixed signals about the labour market. Downside was originally seen likely a result of the headline miss (act. 50k vs exp. 60k), but was accompanied by a welcome drop in the unemployment rate to 4.4% after the prior 4.6% was revised down to 4.5%. DXY saw a reversal, hitting highs of 99.264 amid broad USD strength. Strength extended after the Supreme Court said it will not rule today on the US Trump tariff case; however, those gains faded perhaps as uncertainty is to continue over US trade policy. On the consumer, sentiment improved to its highest level since Sept 2025, with improvement present amongst low-income consumers.

JPY was the notable G10 laggard, weighed by reports of political instability, namely Japan's PM Takaichi considering dissolving the Lower House; Lower House election likely in early or mid February. Japanese equities took the news as positive, likely on the prospects of greater stimulus inbound if Takaichi can take more control of the lower house following an improvement in the polls. Overnight, we got Bloomberg reports that BoJ officials are set to keep rates on hold in January and said to weigh a downgrade of CPI outlook on government measures. USD/JPY trades near highs of 158.187.

CAD price action seemingly followed the dollar today despite a slowdown in Canadian jobs growth. Employment grew 8.2k (exp. -5k, prev. 53.6k), as full-time employment gains (+50.2k) offset a decline in part-time employment (-42.0k). The unemployment rate rose to 6.8% from 6.5% (exp. 6.6%%), accompanied by an uptick in the participation rate.