newsquawk

US Market Wrap - 15th January 2026

TSMC earnings beat lifts semiconductors higher; USD & yields rise on hot claims data

- **SNAPSHOT**: Equities up, Treasuries down, Crude down, Dollar up, Gold down
- **REAR VIEW**: Strong initial jobless claims; Solid Regional Fed survey reports; Trump says have been told killing in Iran is stopping, no plan for executions; TSMC Q4 earnings beat lifts global semiconductor names; US Treasury sanctions Iran; Fed's Schmid remains a hawk, Barr describes rates as at the right level; UK GDP beats in November; PBoC cuts 1yr relending facility rate; BoJ is reportedly likely to keep rates steady in January; MS, GS, and BLK rally after earnings.
- **COMING UP**: **Data:** German CPI Final (Dec), US Industrial Production (Dec). **Speakers:** BoE's Bailey, Fed's Collins, Jefferson, Bowman, Jefferson . **Supply:** Australia. **Earnings:** State Street, PNC Financial Services

MARKET WRAP

US indices saw gains, albeit coming off highs through the US afternoon and into close, as an initial stellar report from TSMC provided tailwinds to the tech sector and broader semiconductor names; peak gains were not sustained. Despite the pullback seen in the US afternoon, Tech still saw strength, and sectors saw an upside bias. Utilities and Industrials outperformed, while Energy and Health lagged. Adding to the bullish Tech picture, today RBC initiated coverage on NVDA, MU, MRVL, ARM, ASML, AMAT, LRCX, and LSCC with Outperform ratings. Energy was weighed by weakness in the crude complex, which continues to give back some of its recent gains after Trump said last night, Iran has "no plan" to kill protestors. On the data footing, initial jobless claims impressed and printed 198k (exp. 215k, prev. 208k), which aided some Treasury downside and Dollar upside. Regional surveys NY Fed and the Philly Fed, were also solid, with both headlines surpassing Wall St. expectations. The Dollar is firmer to the detriment of G10 FX peers, which sees GBP reside as the laggard, despite fleeting Pound strength seen following the GDP report, which topped expectations and has Q4 GDP on track to surpass the BoE's forecast of no growth. T-Notes flattened, led by the short-end on strong aforementioned US data. There was a deluge of Fed speakers so far, albeit little new was said, with Schmid toeing his usual hawkish tones. On the earnings footing, GS and MS saw gains post-reports, and both impressed and helped quell some of the JPM induced-fears earlier in the week.

US DATA

JOBLESS CLAIMS: Weekly Initial Claims fell in the week ending January 10th to 198k from 207k, the lowest print since the w/e November 29th, which was subject to seasonality issues around Thanksgiving, with the next lowest not seen since January 2024. This saw the four-week average tumble to 205k from 211.75k. The continued claims, for the preceding week, also dropped, to 1.884mln from 1.903mln, albeit the four-week average was little changed. The low claims data is encouraging, and Pantheon Macroeconomics highlights that when looking through the residual seasonality, claims still remain low. The desk also writes that although claims have improved, the unemployment rate has risen. This suggests that new entrants to the labour market, who are ineligible to claim benefits, are finding it difficult to secure their first job. The data syncs up with the low-hire, low-firing economy.

IMPORT/EXPORT PRICES: Note: Most of the October data was suppressed, given the US government shutdown, with November monthly figures replaced with the 2-month period from September to October. Import prices increased 0.4% over the two months from September to November, translating to +0.1% Y/Y (exp. 0.4%). Prices for nonfuel imports rose 0.6% over the two months as higher prices for nonfuel industrial supplies and materials, and for capital goods, more than offset lower prices for automotive vehicles. Fuel import prices declined 2.5% over the 2-month period ended November 2025. Export prices rose 0.5% over the 2-month period and 3.3% on a yearly basis (exp. 2.3%). Driving the move higher, agricultural export prices 1.3% over the 2 months, with non-agricultural industrial supplies and materials export prices increasing 4.9% Y/Y.

PHILLY FED: Philly Fed impressed in January, as the index for general activity jumped to 12.6 from -8.8, way above the expected -2. New orders rose to 14.4 (prev. 5.7), while Employment printed 9.7 (prev. 13.0). Business conditions and prices paid came in at 25.5 (prev. 38.1) and 46.9 (prev. 49.3), respectively. Ahead, the diffusion index for future general activity declined from a revised reading of 38.1 in December to 25.5 in January, its lowest reading since July, and nearly 35% of the firms expect an increase in activity over the next six months, exceeding the 9% that expect a decrease; 37% expect no change. Overall, the indicators for current activity, new orders, and shipments all rose, with the current activity index turning positive this month. On balance, the firms continued to indicate overall increases in prices, and both price indices remained well above their long-run averages. The firms also continued to report higher employment levels, although the employment index edged lower. Most of the survey's broad indicators for future activity declined, but continued to suggest expectations for growth over the next six months.

NY FED: NY Fed headline for January rose to +7.7 from -3.7, and above the expected 1. New orders and shipments both jumped into positive territory at 6.6 (prev. -1.0) and 16.3 (prev. -5.0), respectively, while unfilled orders improved but still remain firmly in negative territory. The inflationary indicators saw both paid and received fall, with the former dipping to 42.8 from 44.2, while the latter tumbled to 14.4 from 25.4. Delivery times were unchanged, and inventories edged down, while supply availability worsened slightly. Looking six-months ahead, firms remained fairly optimistic about the outlook as the index for future business conditions printed 30.3, with roughly half of respondents expecting conditions to improve over the next six months. New orders and shipments are expected to increase. Firms continue to anticipate significant price increases, though notably less than in recent months. Richard Deltz, Economic Research Advisor at the NY Fed, said, "After a small dip in December, manufacturing activity increased modestly in NY State in January. Selling prices rose at the slowest pace in nearly a year. Firms remained fairly optimistic that conditions would improve.”

FED

BARR: Governor Barr said the DoJ probe is an assault on the independence of the Fed, and the Fed is acting only for economic reasons and according to its congressional mandate. Barr remarked that the benchmark interest rates are at the right level, equally balancing risks to inflation and the job market. Added that a reasonable base case is that the labour market is continuing to stabilise, and that inflation will continue to come down to 2%. Barr is taking a wait-and-see approach and said he'll continue to assess the data. Further remarked that they need to treat the data with some caution, and that will play through really into the spring.

GOOLSBEE (2027 Voter): The Chicago Fed President said he is not surprised by the low initial jobless claims numbers, noting the Chicago Fed data showed stability in the labour market. He noted, however, that the low-hiring, low-firing environment does highlight business uncertainty. On inflation, he said that within the CPI and PPI data, there is some encouragement, but there are still things that get his attention. Nonetheless, recent data shows a possible waning of the tariff impact. He noted non-housing services inflation is disturbing, and healthcare inflation is discouraging. On rates, he expects the Fed to cut further this year, but needs data to affirm his outlook. He said that rates can still go down a fair amount.

DALY (2027 voter): San Fran President did not say much, but noted the projections for growth are solid; incoming data looks promising, and there is still a lot of uncertainty, with risks to both sides of our mandated goals.

PAULSON (2028 voter): Comfortable with holding rates steady at next Fed meeting, and said the labour market risks a little bit higher than risks of sticky inflation. Paulson added she wants monetary policy restrictiveness to be playing a role to get them all the way back to 2%. If her baseline outlook for steady growth, declining inflation, and a stable labour market is right, “well, then we should be at neutral,” and the interest-rate setting she thinks is “a little lower than we are now.” On rates, she thinks they are still high enough that they are slightly above a neutral level that neither spurs nor slows growth, and said that was appropriate for the time being to help finish the job of bringing inflation down. Ahead, she would be particularly focused on January price data, because businesses often reset prices at the beginning of the year.

SCHMID (2028 voter): The Kansas City Fed President kept his hawk stance, arguing that there is little reason to cut rates, preferring to keep policy modestly restrictive with inflation still too hot. Schmid added that cutting rates could worsen inflation without helping employment much, as labour market stresses are structural. On inflation, Schmid noted that the December CPI is consistent with close to 3% inflation, and inflation is a top concern among business contacts. Schmid sees full employment likely between 3.5-4.5%.

BOSTIC (retiring in Feb): Said he expects inflationary pressure to continue in 2026, but GDP to grow upward of 2% in 2026. He argued that many businesses are still incorporating tariffs into prices, and inflation pressure is beyond tariffs, with other factors like medical costs adding to inflationary pressure. Bostic views the labour market as in balance and is not too tight nor too loose. Ahead, he believes that the government shutdown will continue to distort data until April or May. Bostic thinks the Fed needs to stay restrictive because inflation remains high.

FIXED INCOME

T-NOTE FUTURES (H5) SETTLED 8 TICKS LOWER AT 112-07

T-Notes flatten, led by the short-end on strong US data. At settlement, 2-year +4.4bps at 3.564%, 3-year +5.6bps at 3.617%, 5-year +5.2bps at 3.764%, 7-year 4.2bps at 3.956%, 10-year +2.8bps at 4.162%, 20-year +1.1bps at 4.737%, 30-year +0.4bps at 4.790%.

THE DAY: T-Notes had been paring some of the prior day gains overnight, perhaps as some geopolitical risk was unwound after Trump announced Iran will stop the killing and there will be no execution of protestors. However, the most vol was seen in response to the US data, which saw the curve flatten with front-end yields rising on the strong data as it reduces the need for near term rate cuts. The highlight was the jobless claims data, which fell to sub 200k, only the third print to do so in the last two years, which helped quell some labour market concerns. However, desks note that with the rising unemployment rate and falling claims, it echoes the low hiring, low firing economy, with the unemployment rate propped up by those who are new to the workforce and cannot find work, but can also not make a claim due to being recent entrants to the workforce. Meanwhile, both the NY Fed and Philly Fed Manufacturing Indices beat expectations. Elsewhere, Fed speak saw Bostic reiterate calls for policy to stay restrictive, while Goolsbee reiterated that rates can still go down a fair amount, but he wants to see more data to affirm his outlook. Governor Barr said rates are at the right level, equally balancing the risks to inflation and the labour market - seemingly a nod that he thinks that rates are at a neutral level. Elsewhere, with banking earnings largely behind us, several were active in the bond market, with Wells Fargo (WFC), Morgan Stanley (MS) and Goldman Sachs (GS) all filing to sell debt.

SUPPLY

Bills

- US sells 8-week bills at a high rate of 3.600%, B/C 2.71x, sells 4-week bills at a high rate of 3.595%, B/C 2.92x
- US to sell USD 85bln of 6-week bills (prev. 75bln), USD 89bln of 13-week bills (prev. 86bln), USD 77bln of 26-week bills (prev. 77bln) and USD 50bln of 52-week bills (prev. 50bln) on Jan 20th, to settle Jan 22nd.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: January 0bps (prev. 0bps), March 3.3bps (prev. 5.7bps), April 8.2bps (prev. 10.2bps), December 47.4bps (prev. 53.6bps).**
- NY Fed RRP op demand at USD 2bln (prev. 3.2bln) across 6 counterparties (prev. 15)
- EFFR at 3.64% (prev. 3.64%), volumes at USD 92bln (prev. 93bln) on January 14th

- SOFR at 3.64% (prev. 3.65%), volumes at USD 3.148tln (prev. 3.177tln) on January 14th

CRUDE

WTI (G6) SETTLED USD 2.83 LOWER AT 59.19/BBL; BRENT (H6) SETTLED USD 2.76 LOWER AT USD 63.76/BBL

The crude complex was distinctly lower, paring some of the recent geopolitical-induced strength after Trump said Iran has "no plan" to kill protestors. The key headline came after the settlement on Wednesday, and WTI and Brent have continued to edge lower since the initial plummet to hit lows of USD 58.76/bbl and 63.27, respectively. Today, the geopolitical updates were plentiful, but little market-moving given the Trump remarks on Wednesday night. Nonetheless, the White House said Trump and his team have told Iran that if killing continues, there will be grave consequences, and that all options remain on the table for Iran. Regarding an attack, the NYT reported that Netanyahu asked Trump on Wednesday to delay an attack on Iran, while the WSJ, citing officials, said Trump was told an attack on Iran would not guarantee the collapse of the regime and could spark a wider conflict. As such, it is clear that there is still some ambiguity about how Trump and the US will look to move going forward. Elsewhere, the Greenland position remains much the same with little movement on that footing.

EQUITIES

CLOSES: SPX +0.26% at 6,944, NDX +0.32% at 25,547, DJI +0.60% at 49,442, RUT +0.86% at 2,675

SECTORS: Energy -0.91%, Health -0.58%, Communication Services -0.43%, Consumer Staples -0.03%, Materials +0.33%, Consumer Discretionary +0.41%, Financials +0.43%, Technology +0.50%, Real Estate +0.68%, Industrials +0.93%, Utilities +1.04%.

EUROPEAN CLOSES: Euro Stoxx 50 +0.60% at 6,041, Dax 40 +0.35% at 25,375, FTSE 100 +0.54% at 10,239, CAC 40 -0.21% at 8,313, FTSE MIB +0.44% at 45,850, IBEX 35 -0.30% at 17,643, PSI +0.40% at 8,602, SMI +0.22% at 13,495, AEX +1.43% at 1,011

STOCK SPECIFICS:

- **Goldman Sachs (GS)** profit beat, but revenue missed; raised quarterly dividend to USD 4.50/shr (prev. 4). FICC sales/trading and equities trading topped expectations.
- **Morgan Stanley (MS)** EPS and revenue topped with strong revenue breakdown, although FICC missed.
- **TSMC (TSM)** reported a 35% jump in Q4 profit to a record, driven by surging AI chip demand; Net profit & rev. beat w/ strong next Q guidance
- **BlackRock (BLK)** EPS and revenue topped alongside lifting quarterly dividend by 10%.
- **Spotify (SPOT)** increasing prices for Premium subscribers in various regions.
- **Boston Scientific (BSX)** announced an agreement to acquire Penumbra (PEN) for USD 374/shr and deal values PEN at USD 14.5bln.
- US President Trump asks Congress to enact his health-care plan and wants low insurance premiums and insurance Cos. accountable; plan asks Congress to codify drug-cost lowering deals.
- **Ford Motor (F)** and **BYD (BYDDY)** are in discussions on a partnership in which Ford would buy batteries from BYD for some of Ford’s hybrid-vehicle models, WSJ reports citing sources; The two Cos. are still discussing how the arrangement would work.
- **Google (GOOGL)** is introducing TranslateGemma, a new collection of open translation models built on Gemma 3 helping people communicate across 55 languages; Duolingo (DUOL) was weighed by the news.
- **Coterra Energy (CTRA)** reportedly mull **Devon Energy (DVN)** combination in oil megadeal, Bloomberg reports.

FX

The Dollar was firmer as hot US claims data added to existing gains from overnight trade. Initial claims unexpectedly fell to its second lowest reading in two years, with continuing claims also falling beneath forecasts. The move saw short-duration yields outperform to the upside, and as such, the buck tracked the move higher. Additional data from regional Fed mfg surveys (NY and Philly) offered optimism thus far for expectations in January, as both readings topped expectations. Ahead of the Fed blackout this weekend, many officials were present. Schmid (2028 voter) unsurprisingly remains a hawk, cautioning against high inflation and a December reading that implies inflation "close to 3%"; Governor Barr views current rates at the right level, equally balancing risks to inflation and the job market. DXY hit highs of 99.49 before trimming gains to ~ 99.31.

G10 FX was generally lower against the buck, with AUD the exception, posting decent strength. GBP underperformed despite a GDP beat in November (Act: 0.3% M/M, exp. 0.1%), leaving Cable at around 1.3363 lows. CHF and EUR also underperformed.

The Japanese Yen was marginally weaker, with Bloomberg reports likely limiting downside, " BoJ is reportedly likely to keep rates steady in January; some officials are said to be concerned over the economic impact of a weak JPY. USD/JPY hit highs of 158.88 before paring to ~158.53.