

### US yields march higher as Trump seemingly dismisses Hasset for Fed Chair

- **SNAPSHOT:** Equities mixed, Treasuries down, Crude up, Dollar flat, Gold down
- **REAR VIEW:** Trump wants to keep Hasset at the NEC, downplaying him as the next Fed Chair; Trump thanks Iran for cancelling scheduled hangings; Fed's Bowman calls for more rate cuts given job market risks; Fed's Jefferson believes rates have entered a range consistent with neutral; Trump threatens tariffs on countries that do not go along with Greenland; Japan's Finance Minister says FX intervention is potential option under US-Japan agreement; Canada announces they will allow up to 49k Chinese EVs into the market; China adjusts silver and nickel futures trading limits.
- **COMING UP: Holiday:** US Holiday (MLK Day). **Desk:** Newsquawk will open for APAC coverage as usual on Sunday, 18th January at 22:00GMT/17:00EST. EU coverage starts at 06:30GMT/01:30EST on Monday, 19th January, as usual. Thereafter, the desk will shut at 18:00GMT/13:00EST and re-open on the same day for the beginning of APAC coverage at 22:00GMT/17:00EST. **Data:** EZ Final HICP (Dec), Canadian CPI (Dec), Chinese GDP (Q4), Retail Sales (Dec). **Events:** BoC SCE.
- **WEEK AHEAD:** Highlights include US PCE, BoJ, China Activity Data, Flash PMIs, and Inflation from the UK, Japan and Canada. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** Previewing BoJ, PBoC LPR, ECB Minutes, Norges Bank, and CBRT. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Deluge of earnings with highlights from NFLX, JNJ, SCHW, PG, INTC. [Click here for the full report.](#)

### MARKET WRAP

US indices ended the day very rangebound on Friday, ahead of the long US weekend due to MLK Day on Monday. Sectors were mixed, with Real Estate sitting atop the pile and Health lagging, amid a lack of tier 1 US data. While data and Fed speak was fairly light, the Dollar saw upside and Treasuries sold after Trump suggested he will keep Hasset as NEC Director, and will not be his choice his Fed Chair. Following the indication from Trump, T-Notes tumbled to lows across the curve, given Hasset is seen as the most dovish candidate, and less friendly for Fed-independence; traders pulled back Fed rate cut bets. Elsewhere on the matter, FBN reported that those inside the interview with Rick Rieder for Fed chair saw it as a positive that he was the only candidate with no prior Federal Reserve experience. Markets are largely favouring former Fed Governor Warsh as the next Fed Chair now, with Kalshi assigning Warsh's probability at 59%. Rieder still lags at 10%, however. Overall, the Dollar was flat with the Yen outperforming after BoJ sources and the latest jawboning. The crude complex was fairly maintained in what has been a busy week in geopolitics, and while energy settled firmer, benchmarks pared some gains after Trump said he greatly respects the fact that all scheduled hangings, which were to take place yesterday (over 800 of them), have been cancelled by the leadership of Iran. Spot silver was weighed on by updates from China (adjusted trading limits for silver futures), while spot gold also saw losses, albeit not to the same magnitude. Fed speak came via Fed dove Bowman, who noted the Fed should not signal a pause in rate cut campaign, while Jefferson does not want to prejudice January rate-setting decision and Fed rate cuts since 2024 have brought policy rate into range consistent with neutral; note, Fed goes into blackout this evening ahead of the aforementioned FOMC confab.

### US

**BOWMAN:** Fed Governor Bowman continued to show her dove stance. She believes the Fed should be ready to cut rates again due to job market risks, noting the Fed should not signal a pause in the rate cut campaign. She added that the risks to the Fed's mandate are asymmetric, and the Fed should be ready to cut again if the labour market needs. In her view, monetary policy is modestly restrictive, and she notes that policy should be forward looking. She sees solid growth and lower inflation, which should stabilise the labour market, noting the economy has been resilient. However, she is concerned about labour market fragility, stressing policy should be focussed on supporting the jobs market. She acknowledged the Fed has made considerable progress on lowering inflation, noting underlying inflation is close to the Fed's 2% target. She also noted that inflation pressures are easing as tariff impact abates.

**JEFFERSON (voter):** Said do not want to prejudice January rate-setting decision. He believes that some upside risks remain, but expects inflation to return to its path back to 2%. Jefferson views inflation as somewhat elevated, with the climb in core goods prices inconsistent with the return to 2% inflation. He is cautiously optimistic for 2026, though faces risks to both employment and price stability goals. The governor expects 2% economic growth in the near term and the unemployment rate to hold steady this year. He noted that Fed rate cuts since 2024 have brought the policy rate into a range consistent with neutral. Current policy stance leaves them well-positioned to determine how much and when to adjust the policy rate.

**NAHB:** NAHB housing market index fell to 37 in January from 39, below the expected 40. Within the report, current sales conditions dipped to 41 (prev. 40), while sales expectations in the next six months and traffic of prospective buyers both dropped by three points to 49 and 23, respectively. Within the release, and in a further sign of ongoing challenges for the housing market, it revealed that 40% of builders reported cutting prices in January, unchanged M/M, but the third consecutive month the share has been at 40% or higher since May 2020. On the price footing, the average price reduction was 6% in January (prev. 5% M/M), and the use of sales incentives was 65% in January, marking the 10th consecutive month this share has exceeded 60%.

**INDUSTRIAL PRODUCTION:** Industrial Production rose 2% Y/Y in December, cooling from the prior 2.5% and missing the 2.7% forecast. Manufacturing production rose 2%, accelerating from the prior 1.9% and in line with forecasts. M/M Manufacturing rose

0.2%, above the -0.2% forecast and up from the downwardly revised unchanged reading. Capacity utilisation rose to 76.3% from 76.1%, above the 76% forecast. Within the report, it notes that most of the major market groups posted gains in the month. Oxford Economics writes that the data reinforce their view of a sustainable increase throughout the year. The consultancy says, "In 2026, a confluence of factors will allow manufacturing to fire on multiple cylinders. Better tax treatment of business investment, greater defense spending, more interest-rate relief, and an ongoing AI buildout will undergird further growth in factory production."

## FIXED INCOME

### T-NOTE FUTURES (H6) SETTLED 15 TICKS LOWER AT 111-24

**T-Notes sold as Trump suggests he will keep Hassett as NEC Director.** At settlement, 2-year +2.8bps at 3.595%, 3-year +3.9bps at 3.661%, 5-year +5.5bps at 3.822%, 7-year +5.7bps at 4.018%, 10-year +5.6bps at 4.227%, 20-year +4.2bps at 4.789%, 30-year +3.8bps at 4.835%.

**THE DAY:** T-Notes largely meandered overnight before selling off as the US session was underway. However, T-Notes tumbled to lows across the curve after commentary from US President Trump suggested he will not be going ahead with NEC Director Hassett as Fed Chair, stating he would like to keep him where he is. The move was clearly lower across maturities, but it did turn quite choppy across the curve thereafter, with the two-year paring some of the losses and hovering into settlement, while the 30-year also pared a lot of the weakness, before resuming lower into settlement. With Hassett seen as the most dovish, and less friendly for Fed-independence, traders were pricing out rate cuts from the Fed. Elsewhere on the matter, FBN reported that those inside the interview with Rick Rieder for Fed chair, saw it as a positive that he was the only candidate with no prior Federal Reserve experience. Markets are largely favouring former Fed Governor Warsh as the next Fed Chair now, with Kalshi assigning Warsh's probability at 59%. Rieder still lags at 10%, however. We are expecting to get a definitive announcement by the end of January. Elsewhere, Fed's Bowman spoke and struck her usual dovish tone, stating the Fed should not signal a pause in January.

### SUPPLY

#### Notes

Reports suggested that the US Treasury is asking dealers whether they should consider quarterly 7-year T-note auctions with reopening's.

#### Bills

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. 3.3bps), April 8.2bps (prev. 8.2bps), December 43.2bps (prev. 47.4bps)
- NY Fed RRP op demand at USD (prev. 2bln) across counterparties (prev. 6)EFFR at 3.64% (prev. 3.64%), volumes at USD 92bln (prev. 93bln) on January 15th
- SOFR at 3.66% (prev. 3.64%), volumes at USD 3.201tln (prev. 3.148tln) on January 15th

## CRUDE

### WTI (G6) SETTLED USD 0.25 HIGHER AT 59.44/BBL; BRENT (H6) SETTLED USD 0.37 HIGHER AT 64.13/BBL

**The crude complex ended the day, and week, with gains in what was filled with geopolitical risk.** Although oil finished in the green for the week, it was well off earlier highs given the more constructive Trump tones in Iran in the last couple of days. The most recent update, which saw a brief bout of downside, was Trump noting he greatly respects the fact that all scheduled hangings, which were to take place yesterday (over 800 of them), have been cancelled by the leadership of Iran. Nonetheless, newsflow on Friday was fairly sparse, and participants are likely want to take money off the table ahead of the long US weekend due to MLK day on Monday. In the weekly Baker Hughes rig count, oil rose to 410, natgas fell 2 to 122, leaving the total down 1 at 543.

## EQUITIES

**CLOSES:** SPX -0.06% at 6,940, NDX -0.07% at 25,529, DJI -0.17% at 49,359, RUT +0.12% at 2,678

**SECTORS:** Health -0.84%, Communication Services -0.72%, Utilities -0.51%, Materials -0.44%, Consumer Discretionary -0.17%, Consumer Staples 0.00%, Technology +0.09%, Financials +0.12%, Energy +0.21%, Industrials +0.65%, Real Estate +1.20%.

**EUROPEAN CLOSES:** European Closes: Euro Stoxx 50 -0.25% at 6,026, Dax 40 -0.30% at 25,276, FTSE 100 -0.04% at 10,235, CAC 40 -0.65% at 8,259, FTSE MIB -0.11% at 45,800, IBEX 35 +0.39% at 17,711, PSI +0.43% at 8,639, SMI -0.50% at 13,409, AEX -0.08% at 1,010

### EARNINGS:

- **J.B. Hunt (JBHT):** Q4 revenue missed.
- **Regions Financial (RF):** Profit, net income missed and expect next quarter NII to fall -1-2% Q/Q. post-results, downgraded at Wells Fargo to 'Underweight' from 'Equal Weight' following "weaker-than-expected" guidance.
- **PNC Financial (PNC):** EPS & revenue topped with solid Q1 outlook.

### STOCK SPECIFICS:

- **AST SpaceMobile (ASTS)** awarded prime contract position on US Missile Defense Agency's SHIELD IDIQ programme.
- **Intel (INTC)** upgraded at Citi.
- **Micron (MU)** Director Teyin Liu purchased 23.2k shares between 13-14th January for a total USD 7.8mln.
- **Mosaic (MOS)** prelim announced disappointing Q4 results amid challenging market environment which significantly impacted Q4 performance.
- **Riot Platforms (RIOT)** announced fee simple acquisition of land and first data centre lease with AMD (AMD) at the Rockdale site.
- **Seagate Tech (STX)** was upgraded at Susquehanna to 'Neutral' from 'Negative'.
- US President Trump says he had a great meeting on Healthcare this morning, government money must be paid, not to the insurance companies, but directly to the people; Healthcare will be provided at a substantially reduced cost.
- **OpenAI** introducing ChatGPT Go, now available worldwide; available for USD 8/month in the US; ChatGPT now offers three subscription tiers globally; not launching ads in ChatGPT yet.
- **Genmab (GMAB)** announced topline results for epcoritamab from Phase 3 Epcore dlbc1-1 trial in patients with relapsed/refractory diffuse; said study OS did not reach statistical significance; study demonstrated an overall survival of hr: 0.96.
- **Intel (INTC)** - Hired Qualcomm (QCOM) executive to lead GPU engineering for data centres, CRN reports.

## FX

**The Dollar Index** was little changed with overnight losses erased as US President Trump downplayed NEC Director Hasset being the Fed Chair replacement. Hasset earlier highlighted that former Fed Governor Warsh and BlackRock's Rieder would be great Fed Chairs. Trump's comments sent both the dollar and US yields higher as Hasset is seen as the most dovish, and less friendly for Fed-independence, so participants were pricing out rate cuts from the Fed; gold was pressured as well. On the contrary, Fed's Bowman calls for continued rate cuts, noting concerns over job market risks with policy needing to be forward-looking. DXY hit lows of 99.16 before paring to ~99.37

**JPY** outperformed amongst G10 FX following a couple updates. Finance Minister Katayama said FX intervention is a potential option under the US-Japan agreement and expressed readiness to take decisive action while keeping all options on the table. Further JPY strength was founded on Reuters reports that some BoJ policymakers see scope to raise interest rates as soon as April due to the inflationary effect of a weaker JPY; seen as likely to raise its FY26 economic and inflation forecasts. USD/JPY now trades around lows of 157.82. AUD and CAD underperformed in the space.

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