newsquawk

US Market Wrap - 22nd January 2026

Stocks rebound continues as geopolitical woes ease

- **SNAPSHOT**: Equities up, Treasuries flatten, Crude down, Dollar down, Gold up.
- **REAR VIEW**: US Nov PCE matches expectations; GDP Final Q3 revised slightly higher; Initial jobless surprise to the downside, again; Trilateral meeting between US, Ukraine, and Russia on Fri-Sat; EIA crude stocks show bigger-than-expected build; Aussie employment change tops expectations; Norges Bank holds rates, as expected; TSLA starts Robotaxi drives in Austin.
- **COMING UP**: Global Flash PMIs (Jan), UK Retail Sales (Dec), Canadian Retail Sales (Nov), US UoM Consumer Expectations Final (Jan). **Events:** BoJ Policy Announcement. **Speakers:** BoJ Governor Ueda; BoE's Greene; ECB President Lagarde. **Earnings:** Ericsson

MARKET WRAP

US stocks closed in the green, extending on Wednesday's gains driven by Trump backing off from imposing additional tariffs on EU nations over Greenland. A few details emerged surrounding the US-NATO deal. Trump said there will be total access, and he will not be paying anything. This, however, does oppose a late Wednesday NYT report that the deal would involve small pockets of land. Nonetheless, risk sentiment improved and outweighed a chunky selloff after the open. Communications outperformed due to a Meta (META, +5.7%) rally after it received positive commentary at Jefferies. Tesla's (TSLA, +4.2%) rollout of Robotaxis in Austin, with no safety monitor, supported Discretionary gains, while Real Estate and Utilities lagged. US data had little sway over price action in fixed and FX. Initial claims were little changed, continued claims dropped as hiring picked up, GDP Final (Q3) was slightly revised higher, but once again short of consensus, and November PCE (headline & core) matched expectations. The dollar was broadly weaker as recent geopolitical developments have seemingly resumed the USD hedge trade amid trade uncertainty, with gold continuing to benefit as it surpassed USD 4,900/oz for the first time. Antipodes rally persisted with AUD supported by strong overnight jobs data; JPY lagged as political uncertainty lingers. Treasuries were mixed across the curve as the long end trimmed earlier losses to start the week, while the 2yr yield hit new WTD highs. Lastly, oil prices were weighed by welcoming geopolitical developments, namely, the US, Ukraine, and Russia to meet in the UAE - this followed a meeting between Trump and Zelensky, who both described the meeting as good. A bigger-than-expected crude stock build further pressured the complex.

US

PCE: PCE for November was in line with Wall St. consensus, highlighted by headline M/M and Y/Y printing 0.2% (exp. 0.2%, prev. 0.2%) and 2.8% (exp. 2.8%, prev. 2.7%), respectively, with Core M/M at 0.2% (exp. 0.2%, prev. 0.2%) and Y/Y at 2.8% (exp. 2.8%, prev. 2.7%). Personal income fell short of expectations at 0.3% (exp. 0.4%, prev. 0.1%), while personal spending was in line at 0.5%. Real consumption increased by 0.3%, and the core PCE deflator increased by 0.16% in November, which again matched the consensus. Note, alongside the November release, we got the delayed October figures. Ahead, Pantheon Macroeconomics looks for a 0.37% increase in the core PCE deflator in December after last week's CPI data, which revealed a jump in food services prices, but we will get an updated forecast following PPI. In addition, Pantheon thinks it looks like a toss-up whether the quarter-average inflation rate was unchanged from Q3's 2.9% rate in Q4 or edged down to 2.8%, but nonetheless, both are still less than the median FOMC participant's forecast of 3.0%. Ahead, Pantheon expect inflation to continue to undershoot the Committee's expectations this year, given the relatively low level of tariff revenues, negligible momentum in new rents, and signs that wage growth is set to slow further. The consultancy expects core PCE inflation to average 2.3% in Q4, below the FOMC's 2.5% forecast.

GDP FINAL (Q3): GDP was revised slightly higher to 4.4%, above the expected and prior 4.3%. Q3's growth reflected increases in consumer spending, exports, government spending, and investment. GDP sales were revised down to 4.5% from the prior and expected 4.6%. Corporate Profits were revised up to 4.7% from 4.2%, exp. 4.3%. On prices, Core PCE was revised up to 2.9% as expected from 2.9%, with the headline matching expectations of 2.8%, prev. 2.8%. Oxford Economics still expects the economy to slow in Q4, as the shutdown and a drop in auto sales weigh on activity, but the "swings in net trade and inventories driven by shifts in timing of shipments around tariff deadlines pose an upside risk".

JOBLESS CLAIMS: Initial jobless claims (w/e Jan 17th), for the week that coincides with the usual NFP survey period, once again surprised to the downside and printed 200k (exp. 212k, prev. 199k), leaving the 4wk average ticking lower to 201.5k from 205.25k. Continued claims (w/e Jan 10th) fell to 1.84mln (exp. 1.9mln) from 1.88mln. Looking through the usual seasonal factors of the last couple of weeks, initial claims are clearly trending lower, indicating some improvement in labour market conditions. Oxford Economics writes that a wave of layoff announcements in the fall never translated into a significant increase in claims, and notifications by employers of pending layoffs were down sharply as of December after a jump in October, suggesting initial claims will remain subdued.

FIXED INCOME

T-NOTE (H6) SETTLED 2 TICKS LOWER AT 111-19

T-Notes flatten as US data stirs little reaction. At settlement, 2-year +2.8bps at 3.614%, 3-year +2.5bps at 3.681%, 5-year +2.7bps at 3.849%, 7-year +1.8bps at 4.047%, 10-year +1bps at 4.251%, 20-year -1bps at 4.808%, 30-year -1.6bps at 4.49%.

THE DAY: T-Notes flattened with short duration yields on the rise while the 20- and 30 yr yields continued to pare large gains seen at the start of the week. Geopolitical updates continue to suggest tensions on trade and force between the US and EU have stabilised for now, surrounding Greenland. Both Greenland and Denmark have stated that sovereignty isn't up for negotiation. Trump gave more details of the deal; it will be total access, and he will not pay anything for Greenland. Separately, US data failed to have a sustained reaction across the curve. Claims data continues to show no imminent sign of further labour market stress, with the drop in continued claims indicating an uptick in hiring. GDP Final (Q3) was revised higher, while the PCE November report matched expectations. Similar to the 20yr auction on Wednesday, indirect demand proved strong on the 10yr TIPS auction, quelling any suspicion of a drop in international buying, a notion likely explanatory of the long-end outperformance in recent days as earlier fears in the week on trade/geopolitics get undone. ZN H6 traded between 111-14 and 111-24+.

SUPPLY:

- US sold USD 21bln of 10yr TIPS; tails 2bps
- Another weak 10yr TIPS auction was seen after a poor 5bps tail reading in September, but with signs of improvement. The tail decreased to 2bps from 5bps, with the dealer's bid proportion down to 12.2% from 17.8%. Indirect demand was behind the demand improvement, taking 67.4% of the bid from September's 56.1%. This left directs with 20.4% of the bid from 26.1%. B/C increased to 2.38x from 2.20x.US is to sell USD 69bln of 2-yr notes on January 26th, to sell USD 70bln of 5-yr notes on Jan. 27th, to sell USD 44bln of 7-yr notes on Jan. 29th; all to settle on Feb. 2nd

Bills/Notes

- US sold 4-week bills at a high rate of 3.630%, B/C 2.86x; sold 8-week bills at a high rate of 3.630%, B/C 2.84x
- US to sell USD 89bln of 13-wk bills, and USD 77bln of 26-wk bills on January 26th, to sell USD 90bln of 6-wk bills on Jan. 27th; all to settle on January 29th.
- US to sell USD 30bln of 2-yr FRN on January 28th, to settle on February 2nd.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: January 0bps (prev. 0bps), March 2.1bps (prev. 3.3bps), April 6.2bps (prev. 7.7bps), December 42.2bps (prev. 44.9bps).**
- NY Fed RRP op demand at 2.06bln (prev. 3.34bln) across 14 counterparties (prev. 12)
- EFFR at 3.64% (prev. 3.64%), volumes at USD 95bln (prev. 83bln) on January 21st
- SOFR at 3.63% (prev. 3.64%), volumes at USD 3.087tln (prev. 3.162tln) on January 21st

CRUDE

WTI (H6) SETTLED USD 1.26 LOWER AT 59.36/BBL; BRENT (H6) SETTLED 1.18 LOWER AT 64.06/BBL

The crude complex saw pressure amid the continued positive rhetoric regarding Greenland, and also Russia/Ukraine. Benchmarks were already lower heading into the US afternoon, given the softening of the US stance of EU tariffs, but took another leg lower after Ukrainian President Zelensky says there will be a trilateral meeting of US, Russian and Ukrainian officials, commencing on Friday in the UAE and continuing into Saturday. This came after the one hour Trump/Zelensky meeting, which both parties described as good. Ahead of the trilateral confab, Putin and Trump are meeting on Friday. Away from the geopolitical footing, but once again aiding the oil downside was the weekly EIA metrics. Crude stocks and gasoline saw a larger build than expected, in fitting with the private metrics last night, while distillates saw a surprise build. Overall, crude production fell 21k W/W. WTI and Brent traded between USD 58.96-60.82/bbl and USD 63.56-65.38/bbl, respectively, and are ending the session towards the bottom end of the ranges.

EQUITIES

CLOSES: SPX +0.55% at 6,913, NDX +0.76% at 25,518, DJI +0.63% at 49,384, RUT +0.76% at 2,719.

SECTORS: Real Estate -1.10%, Utilities -0.73%, Industrials -0.51%, Consumer Staples -0.14%, Health +0.03%, Energy +0.27%, Materials +0.62%, Financials +0.68%, Technology +0.70%, Consumer Discretionary +1.22%, Communication Services +1.57%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.22% at 5,955, Dax 40 +1.28% at 24,876, FTSE 100 +0.12% at 10,150, CAC 40 +0.99% at 8,149, FTSE MIB +1.36% at 45,091, IBEX 35 +1.28% at 17,663, PSI +1.70% at 8,604, SMI +0.67% at 13,245, AEX +0.63% at 1,000

STOCK SPECIFICS:

- **Alphabet (GOOGL)** was upgraded at Raymond James to 'Strong Buy' from 'Outperform'.
- **Apple (AAPL)** announced a Lunar New Year promotion in China offering discounts of up to CNY 1,000. In other news, CEO Cook not expected to step down as CEO imminently; Apple's Ternus adds design duties in new sign of CEO candidacy.
- **GameStop (GME)** Chairman Ryan Cohen's stake rose to 9.3% after buying further 500k shares on 21st Jan.
- **Leidos (LDOS)** and OpenAI deploying AI to transform federal operations; plan on integrating open AI-powered generative and agentic AI into core workflows of customers in strategic markets.
- **Micron (MU)** was initiated with an 'Outperform' at William Blair.
- **On Semiconductor (ON)** and **Microchip Technology (MCHP)** were both upgraded at BNP Paribas.
- **Tesla (TSLA)** CEO Musk noted in a post on X, "Just started Tesla Robotaxi drives in Austin with no safety monitor in the car".
- **Venture Global (VG)** said an arbitration tribunal ruled in its favour in a dispute with Repsol over LNG deliveries from the Calcasieu Pass project.
- **Warner Bros Discovery (WBD)** said Paramount Skydance (PSKY) continues to make the same offer, and their board

repeatedly, unanimously rejected in favour of a superior merger with **Netflix (NFLX)**. WBD is confident in its ability to achieve regulatory approval.
- Jefferies said **Meta's (META)** pullback offers attractive risk/reward, citing limited downside, AI-driven upside into 2026, and accelerating monetization at WhatsApp, Threads and Llama. The firm reiterated a 'Buy' rating and a USD 910 PT.

EARNINGS:

- **Abbott Laboratories (ABT):** Revenue light & next quarter profit view light.
- **GE Aerospace (GE):** EPS & revenue topped.
- **Knight-Swift (KNX):** Profit light.
- **Mobileye (MBLY):** Disappointing FY26 rev. guidance.
- **Procter & Gamble (PG):** Top line light & maintains FY outlook.

FX

The Dollar was lower on Thursday, as geopolitics, whether that be Greenland or Russia/Ukraine, continue to dominate the tape. The main update for the former, of course, came last night as Trump said they've agreed a framework of a deal. On the latter, Trump/Zelensky had a "good" meeting today, and have set up a trilateral meeting with Russia on Friday-Saturday, which will also see Trump meet Putin prior to that. On the data footing, initial jobless claims once again came in beneath expectations, showing encouraging signs for the labour market, while PCE for November printed in line with expectations, although personal income marginally missed.

G10 FX, ex-JPY, saw gains across the board and profited from the Dollar selling. The Yen was the clear laggard and saw losses, which saw USD/JPY print a peak of 158.89 ahead of the BoJ rate decision after-hours. Despite the Yen weakness, giving ongoing domestic political concerns, it did see some reprieve after Bloomberg reported that Japan now forecasts the primary balance to be in a deficit (prev. forecast surplus) in FY26, which perhaps eased some fears of a deeper deficit.

Antipodeans topped the charts, and while buoyed by broader risk-on sentiment, the Aussie also saw tailwinds from the employment report overnight. Recapping, the Australian economy added more jobs than expected, helped by full-time employment, whilst the unemployment rate fell to 4.1% from 4.3% (exp. 4.4%). AUD/USD traded between 0.6754-6845, and NZD/USD 0.5834-5910.

GBP saw strength, but did see weakness in the European morning amid reports that UK Labour MP Andrew Gwynne is set to stand down as MP, clearing the way for Andy Burnham. However, the Pound pared some weakness as Sky's Coates highlights, with reference to UK Labour Mayor Burnham, that there is a high threshold for the mayor to step down with the intention of becoming an MP. Cable traded between 1.3402-3502.

There was little action in Europe, as no move was seen in the **EUR** in wake of the ECB Minutes. For the Scandi watchers, no notable move was seen in the NOK following Norges Bank, which maintained rates at 4%, and in the forward guidance said if the economy evolves broadly as currently envisaged, the policy rate will be reduced further in the course of the year.

In EMFX, the **Yuan** saw pressure after PBoC Governor Pan remarked China has room this year to cut RRR and interest rates, pledging flexible use of tools. Lastly, and again on the central bank footing, the CBRT cut its repo rate by 100bps to 37.00%, smaller than the expected 150bps reduction to 36.50%.