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US Market Wrap - 26th January 2026

Stocks rally as earnings take focus despite looming trade uncertainty

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar down, Gold up.
- **REAR VIEW:** Trump threatens Canada with 100% tariffs over links to China; Strong US 2yr note auction; OPEC+ reportedly likely to maintain its supply pause in March; US winter storm to cut power for more than 200k customers, leaving many flights cancelled; MSFT announces Maia 200 chip; NVDA invests \$2B into CRWV; Democrats threat a partial government shutdown following ICE Minneapolis shooting
- **COMING UP: Data:** Chinese Industrial Profit (Dec), US Richmond Fed (Jan), Consumer Confidence (Jan), ADP Employment Change Weekly. **Events:** NBH Policy Announcement. **Speakers:** ECB President Lagarde, Nagel; US President Trump. **Supply:** Australia, UK, Italy, Germany, US. **Earnings:** Texas Instruments, UnitedHealth, Boeing, UPS, General Motors, RTX, American Airlines, LVMH, Logitech.
- **WEEK AHEAD:** Highlights include FOMC, BoC, Riksbank, EZ GDP, Tokyo CPI. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** Previewing FOMC, BoC, Riksbank, BCB; reviewing BoJ, Norges Bank, CBRT. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Mag-7 earnings begin as MSFT kicks things off. [Click here for the full report.](#)

MARKET WRAP

US stocks closed higher on Monday as sentiment remains bullish ahead of a busy and important week of earnings (MSFT, META, TSLA, AAPL, ASML). Futures dipped on Sunday before erasing gains throughout APAC and EU trade. Downside was sparked by Trump's threat of 100% tariffs on Canada over recent trade ties with China, as well as the potential for a partial government shutdown following disagreement over ICE funding after a Minneapolis shooting on the weekend. Sector performance was led by Communications and Tech, while Consumer Discretionary was the sole sector in the red. Microsoft announced the Maia 200 chip, in the latest challenge to NVIDIA, an update that contributed to modest losses in NVDA shares (-0.7%). In FX, participants continued to look for USD alternatives amid trade uncertainty and geopolitical tensions, leaving gold and silver rallying once again. Gold briefly surpassed USD 5,100/oz while silver climbed above 117/oz before paring to ~108. JPY extended on Friday's strong strength after more verbal intervention, as well as participants mulling a potential joint US-Japan intervention. For Treasuries, the long-end outperformed while the 2yr's relative underperformance was limited by a strong 2yr note auction. Attention turns towards the Fed rate decision on Wednesday, a possible Fed Chair announcement, as well as the beginning of Mag 7 earnings. Lastly, oil prices were lower following the return of Kazakhstan's oil production at its largest oil field, although outages have occurred in the US amid Storm Fern. Natgas prices saw a fifth day of consecutive gains.

FIXED INCOME

T-NOTE FUTURES (H6) SETTLED 5 TICKS HIGHER AT 111-26+

T-Notes see strength across the curve as attention turns to Fed and next Chair after strong 2yr auction. At settlement, 2-year -0.6bps at 3.590%, 3-year -0.6bps at 3.654%, 5-year -0.7bps at 3.816%, 7-year -1.3bps at 4.010%, 10-year -1.2bps at 4.211%, 20-year -2.2bps at 4.763%, 30-year -2.1ps at 4.803%.

THE DAY: T-Notes saw gains on Monday, with the long-end outperforming, albeit within narrow ranges and in light newsflow ahead of a week filled with risk events. Highlights include the Fed on Wednesday and Mag-7 earnings. Back to today, and the weekend, as USTs took the lead from firmer European bonds. Upside was facilitated by increased trade tensions between the US and China, no breakthrough between Ukraine and Russia, although seemingly more constructive, and continued pressures between the US and Iran. The latest on the latter was via the Washington Post, which reported that US aircraft carriers and warships reached the Middle East. As mentioned above, headline-driven newsflow was light on Monday, as shown by T-Notes trading within a 8 tick range. Brought forward a day on account of the Fed, there was a solid 2yr auction (more below), but little move was seen in Tsys in the aftermath. Finally, desks also note that aiding some of the upside was the odds of a US Government Shutdown rising after the events in Minnesota this weekend.

SUPPLY:

Notes

- **2YR:** Overall, it was a solid 2yr auction. The high yield was 3.580%, and saw a stop-through of 1.4bps. vs. the prior auctions 0.2bps tail and the six-auction average of a 0.3bps stop-through. Bid-to-cover was strong at 2.75x, above both the prior of 2.54x and the average of 2.6x. Dealers took a small 7.3% of the auction (prev. 12.7%, avg. 11.2%), while Directs took 28.3%, compared to 34.1% last time out and the six-auction average of 33.0%. Indirects took a very chunky 64.4% (prev. 53.2%, avg. 55.9%), ahead of the 5 and 7yr auctions later in the week.
- US Treasury to sell USD 70bln of 5-yr notes on Jan 27th, USD 44bln of 7-yr notes on Jan. 29th; all to settle on Feb. 2nd.
- US is to sell USD 30bln of 2-yr FRN on Jan. 28th, to settle on Feb. 2nd.

Bills

- US sold USD 89bln in 3-mnth bills at 3.580%, covered 2.90x; sold USD 77bln of 6-mnth bills at 3.525%, covered 3.07x

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: January 0bps (prev. 0bps), March 2.8bps (prev. 2.8bps), April 6.2bps (prev. 6.5bps), December 45.2bps (prev. 42.8bps)**
- NY Fed RRP op demand at 1.5bln (prev. 0.93bln) across 7 counterparties (prev. 5)
- EFFR at 3.64% (prev. 3.64%), volumes at USD 99bln (prev. 89bln) on January 23rd
- SOFR at 3.65% (prev. 3.63%), volumes at USD 3.137tln (prev. 3.121tln) on January 23rd

CRUDE

WTI (H6) SETTLED USD 0.44 LOWER AT 60.63/BBL; BRENT (H6) SETTLED USD 0.29 LOWER AT 65.59/BBL

The crude complex saw slight weakness as Kazakhstan is set to resume production at its biggest oilfield, although there have been outages in the US following Storm Fern. On the former, and as mentioned, the Kazakhstan energy minister said they are to restart production, although industry sources said volumes were still low and a force majeure on CPC Blend exports was still in place. CPC on Sunday said that its Black Sea terminal had returned to full loading capacity after maintenance was completed at one of its three mooring points. Further on the supply footing, but bullish for oil prices, was that the winter storm Fern hit the US coast, forcing shut-ins in major crude and natgas producing regions, with desks writing that roughly 250k BPD of crude production has been lost, including declines in the Bakken field in Oklahoma and parts of Texas. While supply dominated the slate, participants are still very cognisant of geopolitical woes, and latest reports from WaPo noted how US aircraft carriers and warships reached the Middle East. In addition, Zelensky said Ukraine-Russia delegation discussed steps to end the war and its monitoring, and Ukraine-Russia meeting can happen on Sunday, but it would be good if sooner. Overall, benchmarks hit highs in the European morning before gradually selling off through the day, albeit in a choppy manner, to settle just off earlier lows since alongside the cash open. For the record WTI traded between USD 60.42-61.71/bbl and Brent USD 64.52-65.72/bbl.

EQUITIES

CLOSES: SPX +0.50% at 6,950, NDX +0.42% at 25,713, DJI +0.64% at 49,412, RUT +0.64% at 49,412.

SECTORS: Consumer Discretionary -0.71%, Consumer Staples -0.05%, Real Estate -0.02%, Energy +0.04%, Industrials +0.10%, Materials +0.29%, Health +0.41%, Financials +0.65%, Utilities +0.78%, Technology +0.84%, Communication Services +1.32%.

EUROPEAN CLOSES: Euro Stoxx 50 +0.12% at 5,955, Dax 40 +0.20% at 24,950, FTSE 100 +0.05% at 10,149, CAC 40 -0.15% at 8,131, FTSE MIB +0.26% at 44,950, IBEX 35 +0.78% at 17,681, PSI +0.23% at 8,577, SMI +0.04% at 13,132, AEX -0.14% at 999

STOCK SPECIFICS:

- **Baker Hughes (BKR)** surpassed expectations on EPS and revenue.
- **Cisco (CSCO)** upgraded at Evercore to 'Outperform' from 'In Line'.
- **CoreWeave (CRWV)** strengthens collab. with NVIDIA (NVDA) and NVDA invests USD 2bln.
- **Merck (MRK)** is no longer in discussions to acquire Revolution Medicines (RVMD).
- **Netflix (NFLX)** upgraded at Phillip Securities to 'Accumulate' from 'Sell'.
- **Sarepta Therapeutics (SRPT)** reported positive topline three-year functional results from Part 1-treated patients in EMBARK.
- **SkyWater (SKYT)** is to be acquired by **IonQ (IONQ)** for c. USD 1.8bln.
- **Microsoft (MSFT)** announced Maia 200 chip, an AI inference accelerator built on TSMC's (TSM) 3NM process; to deploy in Iowa, future regions to follow; will serve multiple AI models including latest GPT-5.2 models.

FX

The Dollar started the week as it ended last week, sold against major peers (ex-CAD) as continued trade conflict left the de-dollarisation trade intact. This time, US President Trump threatened Canada with 100% tariffs over PM Carney looking to increase trade with China. CAD unsurprisingly lagged as an optimistic outcome of USMCA negotiations appears unlikely. Further trade uncertainty left the USD broadly sold to the benefit of the precious metals; gold climbed above USD 5,100/oz with silver surging above USD 116/oz. Other newsflow was light, with lagged November Durable goods data doing little to sway participants' outlook. Attention this week looms on the Fed rate decision on Wednesday (exp. to hold), a possible Fed Chair announcement from Trump, US-EU trade relations, and any geopolitical updates surrounding Iran or Ukraine/Russia. Barclays month-end rebalancing model indicates no strong USD directional bias vs most majors, with a weak USD buying signal vs the EUR.

Yen strength continued on Monday following further verbal intervention, namely, PM Takaichi, noting they are ready to take action against speculative moves amid a weakening currency and surge in bond yields. Despite much intervention speculation on Friday, BoJ accounts provided no clear signal of intervention in the JPY on Friday. ING can see two reasons behind a possible joint US-Japan intervention. A weak JPY that added to higher US yields via pressure on JBS, as well as potentially undoing the work of US tariffs on Japan, giving Japanese manufacturers a competitive advantage. USD/JPY hit lows of 153.30 from Friday's close of 155.74 before recovering to ~153.98 at pixel time.

USD/CAD was slightly firmer as Trump's latest trade threat on China has cast a dim view on USMCA negotiations later this year in July. PM Carney spoke today, showing no signs of caving, arguing that new opportunities make Canadians less dependent on the US. "Some of President Trump's recent comments should be viewed within the framework of the USMCA review". Canadian and Chinese officials have both said they are not seeking a free trade deal.

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