

SNAPSHOT

| STOCKS | | | |
|-----------|-------|--------------|-------|
| S&P 500 | Flat | Nasdaq Comp. | +0.2% |
| DJIA | Flat | Russell 2000 | -0.5% |
| ES Mar'26 | +0.1% | RTY Mar'26 | -0.5% |
| NQ Mar'26 | +0.8% | YM Mar'26 | -0.1% |

| FX | | | |
|---------|---------------|---------|-------|
| DXY | +0.6% (96.34) | EUR/USD | -0.7% |
| USD/JPY | +0.8% | GBP/USD | -0.2% |

| BONDS | | | |
|------------------|----------|-------------------|-----------|
| US T-Note Mar'26 | -3 ticks | 10yr Bund Mar'26 | +10 ticks |
| US 10yr Yield | 4.24% | German 10yr Yield | 2.85% |

| ENERGY & METALS | | | |
|-----------------|-------|--------------|-------|
| WTI Mar'26 | +1.8% | Brent Apr'26 | +1.7% |
| Spot Gold | +4.6% | LME Copper | +0.9% |

| CRYPTO | | | |
|---------|-------|----------|-------|
| Bitcoin | +0.2% | Ethereum | -0.2% |

As of 21:50GMT/16:50EST

LOOKING AHEAD

- Highlights include Australian & New Zealand Business Confidence, Philippines GDP, Japanese Household Confidence, MAS Policy Decision.
- [Click for the Newsquawk Week Ahead.](#)

US TRADE

- **US stocks** were ultimately mixed on Wednesday, while sectors saw downside bias as Real Estate and Health lagged, in which the latter extended on Tuesday's pronounced losses. Conversely, Energy and Tech sat atop of the pile, with the former buoyed by gains in the crude complex amid punchy Trump remarks on Iran, while Tech strengthened ahead of Mag 7 earnings after-hours. Nonetheless, the key risk event during the session was the FOMC and accompanying press conference by Fed Chair Powell, which largely went as expected and saw little market move, as the Fed kept rates unchanged at 3.50%-3.75%, as expected, albeit with two dissenters (Waller, Miran), who voted for a 25bps reduction.
- **SPX** -0.01% at 6,978, **NDX** +0.32% at 26,023, **DJI** +0.02% at 49,016, **RUT** -0.49% at 2,654.
- [Click here for a detailed summary.](#)

FOMC

- **FOMC kept rates unchanged at 3.50-3.75%**, as expected, with the vote split at 10-2 (Miran and Waller called for a 25bps rate cut). FOMC said it will assess incoming data, the evolving outlook, and the balance of risks when considering further rate adjustments, while it will monitor labour market conditions, inflation pressures and expectations, and financial and international developments. Fed said it is prepared to adjust the stance of monetary policy if risks emerge impeding goal attainment and said future policy adjustments depend on incoming information and risk developments. The January statement revised the economic assessment by replacing "economic activity has been expanding at a moderate pace" with "expanding at a solid pace", "job gains have slowed this year" with "job gains have remained low", and "the unemployment rate has edged up" with it having "shown some signs of stabilisation", while "inflation has moved up since earlier in the year and

remains somewhat elevated" is simplified to "inflation remains somewhat elevated". In its risk characterisation, December's addition that the Committee "judges that downside risks to employment rose in recent months" was removed, leaving only that it is attentive to risks to both sides of the mandate. Furthermore, balance-sheet guidance that "reserve balances have declined to ample levels and [the Committee] will initiate purchases of shorter-term Treasury securities" was omitted entirely.

- **Fed Chair Powell said in the post-meeting statement that the economy is on a firm footing and has been expanding at a solid pace, while job gains have remained low and consumer spending has been resilient.** Powell also stated that inflation remains somewhat elevated and the current stance of policy is appropriate. Furthermore, he reiterated the policy rate is in the range of neutral and decisions will be made on a meeting-by-meeting basis, as well as noted that policy is well set for further adjustments based on incoming data and balance of risks.
- **Fed Chair Powell said in the Q&A that the case of Fed's Cook is perhaps the most important case in the Fed's legal history and that he has not come to a decision on whether he will remain a Governor when his term as Chair expires.** Powell said they are getting through the data distortions from the shutdown, and distortions in data are no longer material. He also stated that the outlook for economic activity has clearly improved since the last meeting, and the Fed thought it would adjust language in the statement accordingly. **Powell said incoming data shows clear improvement for the outlook, inflation performed about as expected, and that overall, it is a stronger forecast, as well as stated that the Fed is well positioned to face the risks to both sides of its mandate and has not made any decision on future meetings, with decisions to be made on a meeting-by-meeting basis, letting the data light the way.** Powell also said rates are in a plausible range of neutral and at the higher end of the range of neutral, while he noted it could be loosely neutral or somewhat restrictive and that they will see the tariff effect on goods pricing peaking over this year; and if the Fed sees that, that would tell the Fed it can loosen policy. Furthermore, he said the Fed will always act to address when the economy moves further away from their goals, and no one has a base case that a rate hike is the next move, though the Fed never takes anything off the table.

TARIFFS/TRADE

- **US Treasury Secretary Bessent said there is no trade deal with South Korea until they ratify the deal, while he called the EU disappointing after freezing the trade deal during President Trump's Davos speech.**
- **South Korean Presidential Adviser said they cannot rule out the possibility of the US mentioning a tariff hike again because of a future disagreement over investment.**
- **USTR Greer said regarding a meeting with Mexico's Economy Secretary that both sides recognised substantial progress in recent months and agreed to continue intensive engagement to address non-tariff barriers.** Furthermore, they agreed to begin formal discussions on possible structural and strategic reforms in the context of the first USMCA joint review, while talks are on stricter rules of origin for key industrial goods, enhanced collaboration on critical minerals, and increased external trade policy alignment.
- **US Treasury Secretary Bessent said regarding Canadian relations that he thinks they will end up in a good place, and USMCA talks are coming up, according to CNBC.**
- **Canada and South Korea signed an MoU intending to bring South Korean auto manufacturing and investment to Canada, according to The Globe and Mail, citing a document.**
- **China resumed the purchase of Canadian canola, while crushers in China have booked cargoes for loading in the next few months, according to Bloomberg citing sources.**
- **UK PM Starmer said the UK and China need to take a "mature approach" to ties, while he added that the UK and China have to manage differences.**
- **German Chancellor Merz said they are not prepared to accept a deterioration of the trade deal, with reference to the EU-US agreement, while he added the basis for ratifying that remains in place.**
- **Indian official said they will immediately slash tariffs on 100k European cars a year to 30-35% from as high as 110% and tariff on cars priced EUR 15k-35k to be cut to 35%, while cars priced over EUR 35k to be taxed at 30% and the tariff will be gradually cut to 10% over 5 years, with the annual car import quota to be raised to 160k over 10 years.** Furthermore, India is to levy the same import tax cut on EV models priced over EUR 20k after 5 years.

NOTABLE HEADLINES

- **Fed has not yet complied with subpoenas as Powell probe continues, while it is not clear when the deadline is for the Fed to turn over documents demanded by the subpoena, according to CNBC.**
- **US President Trump praised Haseet and said he doesn't want to lose him.**
- **US Treasury Secretary Bessent said that he spoke to US President Trump regarding the Fed on Tuesday and they have not narrowed or expanded the list, according to CNBC.** It was separately reported that **Bessent said they do not know what to expect regarding the government shutdown, while he also said there will be some "exciting announcements" coming today, but didn't provide context.**
- **Meta Platforms Inc (META) Q4 2025 (USD) EPS 8.88 (exp. 8.19), Revenue 59.9bIn (exp. 58.38bIn)**
- **Microsoft Corporation (MSFT) Q2 2025 (USD): EPS 5.16 (exp. 3.92), Revenue 81.3bIn (exp. 80.28bIn)**
- **Tesla Inc. (TSLA) Q4 2025 (USD): Adj. EPS 0.50 (exp. 0.45), Revenue 24.9bIn**

FX

- **USD strength was present heading into the Fed decision to hold rates, as expected, with the greenback helped after US Treasury Secretary Bessent said they have always had a strong dollar policy and refuted speculation of US intervention in USD/JPY.** The dollar was then choppy amid the Fed's decision and ultimately trimmed some of the strength driven by Bessent, while language tweaks within the statement point towards an improved outlook on economic growth and reduced downside

risks to employment. Furthermore, the decision was met with two dovish dissenters, in which Miran scaled back his usual 50bps dissent in favour of 25bps, and Waller also opted for a 25bps rate cut, while Powell commented during the Q&A that they will see the tariff effect on goods pricing peaking over this year; and if the Fed sees that, that would tell the Fed it can loosen policy.

- **EUR** gave up ground to the firmer buck and retreated beneath the 1.2000 handle, while there were several comments from ECB officials, but had little impact, including Schnabel who said rates are in a good place and expected to remain at current levels for an extended period.
- **GBP** was on the backfoot but with downside limited and just about retained the 1.3800 status.
- **JPY** lost its haven appeal amid a firmer buck and was weighed on by remarks from US Treasury Secretary Bessent.
- **US Treasury Secretary Bessent said they are absolutely not intervening in USD/JPY currently, while he added the US does not speculate on interventions and they have always had a strong USD policy**, according to CNBC.
- **Bank of Canada held rates at 2.25%, as expected, and stated that uncertainty is heightened, while they are monitoring risks closely, and if the outlook changes, they are prepared to respond.** BoC said monetary policy is focused on keeping inflation close to the 2% target while helping the economy through this period of structural adjustment. Furthermore, the Governing Council judged that the current policy rate remains appropriate, conditional on the economy evolving broadly in line with the outlook they published today.

FIXED INCOME

- **T-notes** settled lower and long-end yields ticked higher after the Fed's decision to hold rates did little to shift markets.

COMMODITIES

- **Oil prices** were firmer and seemingly boosted by continued punchy Trump rhetoric on Iran, while the latest EIA inventory report showed a larger-than-expected draw in headline crude stockpiles.
- **US EIA Crude Oil Stocks Change (Jan/23) -2.296M vs. Exp. -0.200M (Prev. 3.602M)**

GEOPOLITICAL

MIDDLE EAST

- **US President Trump said a massive armada is heading to Iran and it is moving quickly, with great power, enthusiasm, and purpose, while he added that time is running out, make a deal, and the next attack will be far worse.**
- **US Secretary of State Rubio said protests in Iran may have ebbed, but they'll spark up again in the future.**
- **US and EU officials said they have put three demands in front of Iran,** including a permanent end to all enrichment of uranium, limits on the range/number of ballistic missiles, and an end to all support for proxy groups in the Middle East. Furthermore, it was stated that negotiations have made no progress in the past weeks, and there are no indications that the Iranians are preparing to give in to Trump's demands.
- **Iran repeated that it is ready for talks with the US on mutual respect, but will respond to the US like never before if pushed.**
- **Iran's Foreign Minister said Tehran has always welcomed a fair nuclear deal which ensures Iran's rights and guarantees no nuclear weapons.**
- **Iranian Supreme Leader's adviser totally dismissed the notion of "a limited strike" and said "Any military action from US, from any origin, at any level, will be considered the start of war".** Furthermore, it was stated that "The response will be immediate, all out and unprecedented targeting the aggressor, the heart of Tel Aviv and all who support the aggressor".
- **Hamas confirmed its readiness to transfer the management of Gaza affairs to the Palestinian Technocrats Committee,** according to Sky News Arabia.

RUSSIA-UKRAINE

- **US Secretary of State Rubio said there is active work to try to bridge the issue of Donbas in Ukraine talks, while he added they might be a US presence in the Ukraine talks in Abu Dhabi this weekend, but it won't be Witkoff and Kushner.**
- **Russia, Ukraine and US talks are to resume on the 1st of February,** according to the IFAX.
- **Russia's Kremlin spokesperson Peskov said work on Ukraine peace talks is underway, however they are very complicated negotiations.**
- **The question of Putin-Zelensky meeting was raised several times in Putin-Trump call, according to reports, while the Kremlin said Trump suggested they consider such a possibility, and they are not refusing contacts.** Furthermore, he said contacts with Zelensky must be well prepared, and as Putin said, they are waiting for him in Moscow.

OTHER

- **US Secretary of State Rubio said that Venezuela under Maduro posed a strategic risk to the US, and it will take time for the transition out of Maduro to take place, while he added that the US is much further along on the Venezuela project than anticipated this month.** Furthermore, Rubio said Venezuelan authorities are now identifying ships that they want the US to seize.

ASIA-PAC

NOTABLE HEADLINES

- Japan's ruling LDP could gain a majority of the 465 seats in the February 8 lower house election, up from 198, according to a new Nikkei poll which was conducted immediately after the election announcement.
- Nikkei is to launch the Nikkei Bank Stock Top 10 Index, which will be composed of major bank stocks listed on the Tokyo Stock Exchange (TSE) Prime Market.

EU/UK

NOTABLE HEADLINES

- ECB's Schnabel said rates are in a good place and expected to remain at current levels for an extended period. - ECB's Simkus said the EUR/USD level does not imply any policy direction and the current ECB stance fits the current situation very well. Simkus also said that inflation is at target and growth is better, which makes "near-term decisions rather clear", while he added they need to be agile and stick to a meeting-by-meeting and data-dependent approach.
- ECB's Villeroy said the ECB are closely monitoring the euro and its effect on inflation, while he added there is no target for the euro exchange rate.

DATA RECAP

- German GfK Consumer Confidence (Feb) -24.1 vs. Exp. -25.5 (Prev. -26.9)

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newsquawk.com · +44 20 3582 2778 · info@newsquawk.com