

## European Market Wrap - 29th January 2026

- European bourses were broadly higher, though the DAX 40 (-1.4%) underperformed, dragged by SAP (-15%) after reporting disappointing cloud revenue.
- US equity futures hit at the cash open; Microsoft (-11%, strong results, though AI spending and disappointing cloud growth weigh), Meta (+7.5%, posts record sales), and Tesla (-1.3%, annual revenue falls for the first time).
- Crude gains on rising tensions with Iran; Spot gold eyes USD 4.6k; 3M LME Copper topped USD 14k/t.

### EQUITIES

- **European equities remained mostly on a firmer footing** following the busy morning, which saw earnings from several key European companies. The **DAX (-1.0%)** remained the outlier against the broader uptick in European sentiment due to losses in heavyweight tech Co. **SAP (-15.3%)**, weighing down the index, after the Co's cloud revenue missed expectations.
- **European sectors remained mostly in the green**. Leading by a clear margin was **Basic Resources (+4.3%)**, underpinned by strong metal prices, with gold exceeding **USD 5,500/oz** and copper **reaching ATH at USD 14,000/tonne**. Also near the top was **Energy (+2.6%)** and **Industrial Goods & Services (+1.7%)** with the former lifted by rising crude prices as geopolitical tension heightens between the US and Iran. Whilst the latter was underpinned by gains in **ABB Ltd (+11.0%)** after the Co's revenue beat expectations whilst simultaneously announcing a USD 2bln share buyback. Lagging were **Tech (-2.1%)**, **Media (+0.7%)** and **Travel & Leisure (+0.6%)** with the former weighed down by losses in SAP, as discussed, and perhaps the read from MSFT.
- **US equities** are mixed in the pre-market. The **Nasdaq (-0.6%)** is the main underperformer, pinned back by losses in tech giant **Microsoft (-10.2%)** after the Co. reported weak growth in their Azure cloud system. The **S&P 500 (-0.2%)** is also down, whilst the **Dow Jones (+0.4%)** and **Russell 2000 (+0.5%)** are up.
- To the upside, following positive earnings, we have **Meta (+8.0%)**, **IBM (+6.9%)**, **Lockheed Martin (+7.5%)**, and **MasterCard (+1.4%)**. To the downside, aside from MSFT, **ServiceNow (-6.5%)** is lower due to concerns over AI, despite earnings beating expectations.

### FX

- **DXY traded** within a narrow 96.01-96.45 range, and looks to close the European session with incremental losses. Early morning trade in the aftermath of the Fed (kept rates u/c, whilst Powell described rates at the high end of neutral). Some mild pressure in the index after President Trump hit out at Chair Powell once again, complaining about high interest rates. Thereafter, DXY was choppy on Jobless Claims (marginally topped expectations) and US trade data; the labour market data appears to be consistent with a "low hire – low fire" environment.
- **EUR and GBP** traded with very mild gains. Earlier EZ Consumer Confidence metrics remain unrevised at -12.4; Spanish Retail Sales M/M printed at -0.8% (prev. 1%) – no move on these Tier 2 metrics. The single currency traded in a 1.1938 to 1.1996 range, still shy of the 1.20 mark seen in the prior session.
- **G10s were broadly firmer across the board**, to varying degrees. Antipodeans led for much of the session, buoyed by the continued strength in underlying metals prices. CAD also gained as the session progressed, extending on recent advances seen over the past couple of days.

### FIXED

- **A contained post-FOMC session for USTs**. Yields have exhibited an upward bias throughout the day with the **10yr back above 4.25%** though shy of last week's 4.31% JGB-inspired YTD peak.
- For the US, no move to **weekly claims** printing just above consensus while the continuing figure was modestly below consensus. Ahead, **7yr supply** before an announcement from POTUS.
- **Bunds** experienced a slightly choppy session, but with no real EGB-specific driver behind it as markets were, and are, focussed primarily on earnings. Traversing a 127.87 to 128.23 band, but set to end the day near-enough unchanged.
- **Gilts** began on the backfoot, catching up to the post-Fed yield action and overnight bias. To a 90.48 low with a downside of 39 ticks at most. However, this proved relatively shortlived and the benchmark has since bounced back into the green by c. 10 ticks. As above, drivers for this turnaround are somewhat limited.
- **Italy sold EUR 6.5bln vs exp. EUR 6-6.5bln 2.85% 2031, 3.45% 2036 BTP & EUR 2.0bln vs exp. EUR 1.5-2.0bln 1.468% 2035 CCTeu.**
- **UK sold GBP 1.25bln 0.125% 2028 Gilt auction via Tender: b/c 3.77x (prev. 3.84x), average yield 3.443% (prev. 3.783%).**
- **South Korea to issue KRW 18.0tln in government bonds in February.**

### COMMODITIES

- **Crude** benchmarks have trended higher throughout the European session, driven primarily by geopolitical risks. **WTI** and **Bren** gradually bid higher throughout the European morning to a peak of USD 65.08/bbl and USD 69.26/bbl, respectively, driven by reports from CNN that President Trump is considering a new large-scale attack on Iran due to a lack of progress on a nuclear deal. Prices oscillated in c. USD 0.70/bbl range before extending further, as Iran warned ships of its intention to run live firing drills in the Strait of Hormuz over the weekend. **Brent** climbed above USD 70/bbl and returned to highs not seen since late

Sep'25.

- After the spike higher in the first hour of APAC trade to an ATH of USD 5595/oz, **spot gold** oscillated in a USD 5447-5595/oz band for the entirety of the European session as the weaker dollar rebounded and the yellow metal consolidated following its recent surge to record highs. **Spot silver** traded choppy throughout the European session, briefly probing beyond USD 120/oz, however failing to hold a significant bid above the level.
- **3M LME Copper** surged higher throughout the European session and is set to have its largest daily gain in recent history, with gains of 9.2% and an ATH of USD 14.53k/t as European trade ends. This comes amid greater demand for the red metal due to an increased build-out of AI infrastructure and expectations of stronger US growth.
- **March loading cargoes of Russia's Espo-blend oil for delivery to China** are trading at a discount of USD 7-8/bbl vs Brent, sources report.
- **Zijin Mining reportedly** seeks USD 1.5bln from convertible bond, according to the terms sheet.

## EUROPEAN DATA

- **French** Unemployment Benefit Claims (Dec) -11.9K (Prev. -21.5K).
- **Spanish** Business Confidence (Jan) -3 (Prev. -3.4, Rev. From -3.5).
- **Spanish** Retail Sales YoY (Dec) Y/Y 2.9% (Prev. 6.0%, Rev. From 6%).
- **Spanish** Retail Sales MoM (Dec) M/M -0.8% (Prev. 1%).
- **EU** Consumer Inflation Expectations (Jan) 24.1 (Prev. 26.7).
- **EU** Selling Price Expectations (Jan) 10.0 (Prev. 10.8, Rev. From 10.9).
- **EU** Economic Sentiment (Jan) 99.4 vs. Exp. 97 (Prev. 97.2, Rev. From 96.7).
- **EU** Industrial Sentiment (Jan) -6.8 vs. Exp. -8.1 (Prev. -8.5, Rev. From -9.0, Low. -9, High. -7).
- **EU** Services Sentiment (Jan) 7.2 vs. Exp. 6 (Prev. 5.8, Rev. From 5.6, Low. 5.0, High. 9.8).
- **EU** Consumer Confidence Final (Jan) -12.4 vs. Exp. -12.4 (Prev. -13.1).
- **EU** M3 Money Supply YoY (Dec) Y/Y 2.8% vs. Exp. 3% (Prev. 3.0%, Rev. From 3%).
- **EU** Loans to Households YoY (Dec) Y/Y 3% vs. Exp. 2.9% (Prev. 2.9%).
- **EU** Loans to Companies YoY (Dec) Y/Y 3.0% (Prev. 3.1%).
- **Italian** Industrial Sales MoM (Nov) M/M -0.10% (Prev. -0.50%, Rev. From -0.5%).
- **Italian** Industrial Sales YoY (Nov) Y/Y 0% (Prev. 1.7%).
- **Swedish** Business Confidence (Jan) 106.4 (Prev. 107.4).
- **Swedish** Consumer Confidence (Jan) 95.3 (Prev. 95.6, Rev. From 95.8).
- **Swedish** Economic Tendency Indicator (Jan) 103 (Prev. 103.7).
- **Swedish** Consumer Inflation Expectations (Jan) 6.5% (Prev. 7%).
- **Swedish** GDP Growth Rate QoQ Flash (Q4) Q/Q 0.2% vs. Exp. 0.6% (Prev. 1.1%).
- **Swedish** GDP Growth Rate YoY Flash (Q4) Y/Y 1.8% vs. Exp. 2.2% (Prev. 2.6%).
- **Swedish** Household Lending Growth YoY (Dec) Y/Y 2.9% (Prev. 2.8%).
- **Swedish** GDP MoM (Dec) M/M -0.6% (Prev. 0.5%, Rev. From 0.9%).

## NOTABLE HEADLINES

- **UK PM Starmer's office confirms that China will** cut UK whisky tariff to 5% from 10%.
- **Germany's Chancellor Merz** said they are now seeing the first signs of recovery in the German economy.
- **French Finance Minister Lescure** said recent FX moves reflect fundamentals.

## TRADE/TARIFFS

- **China's MOFCOM spokesperson, when asked about a potential round of US-China trade talks, said China is willing to work with the US side to jointly uphold and implement the important consensus of the two heads of state, Global Times reported.**
- **Chinese President Xi** said they are willing to consider implementing a unilateral visa-free system for British nationals.

## CENTRAL BANKS

- **US President Trump said Fed Chair Powell again refused to cut interest rates, even though he has absolutely no reason to keep them so high; He is costing America hundreds of billions of dollars a year in unnecessary interest expense.**
- **BoC Governor Macklem said elevated geopolitical risks and US trade policy is viewed as potential shocks.**
- **SNB's Schlegel** said domestic growth is more resilient than expected. Domestic price pressure have barely moved.
- **South African Interest Rate Decision 6.75% vs. Exp. 6.75% (Prev. 6.75%); two members favoured a cut of 25bps, while four preferred a hold.** "We assess the risks to the inflation outlook as balanced." "Inflation was a bit higher towards the end of the year, mainly because of temporary factors. The December print came in at 3.6%. However, we expect this was the peak, and that inflation will slow from here." "... services inflation is still over 4%. It is desirable to have services inflation moving closer to 3%...".
- **Brazilian Finance Minister Haddad** said that BCB saying it will reduce rates will begin to bring down debt to a better level.
- **Riksbank leaves its policy rate unchanged at 1.75% as expected; reiterates that the policy rate is expected to remain at this level for some time to come, in line with the forecast in December.**

## GEOPOLITICS

### RUSSIA-UKRAINE

- **Kremlin aide Ushakov, when asked whether territorial claims remain the only unresolved issue between Russia and Ukraine,**

said he does not think so.

- **March loading cargoes of Russia's Espo-blend oil for delivery to China** are trading at a discount of USD 7-8/bbl vs Brent, sources report.
- **Russian Kremlin spokesperson Peskov does not comment on** reported of a energy infrastructure ceasefire between Russia and Ukraine.
- **Russia's Kremlin** said they're still waiting for the US response on Putin's offer to extend limits in expiring nuclear treaty.

#### MIDDLE EAST

- **European Council has adopted new sanctions on Iran, sanctioned individuals include the Interior Minister Momeni.**
- **Iran has warned ships that it intends to run a drill next week that would include live firing in the Strait of Hormuz, AP's Gambrell reported.** "A notice to mariners sent by VHF radio from Iran on Thursday warned that it planned to conduct "naval shooting" in the Strait of Hormuz on Sunday and Monday. The Associated Press saw a copy of the message, which was initially reported by the firm EOS Risk Group."
- **The US administration is reportedly hosting senior defense and intelligence officials from Israel and Saudi Arabia for talks on Iran this week, Axios reported citing sources; in the context of US President Trump considering military strikes.** Israel is sharing intelligence on potential targets in Iran. Saudi is looking to broker a diplomatic solution, concerned about a possible regional war.
- **Iran's Foreign Ministry Spokesperson Baghaei confirms visit to Turkey on Friday.**
- **Kpler's Bakr, on Iran, writes "What I'm hearing: Trump isn't looking for war. He wants a diplomatic win, or an "organic" internal uprising that forces change from within."**
- **Sources from Arab TV report that disputes** are still ongoing between Egypt and Israel regarding the number of people crossing through the Rafah in both direction on a daily basis.
- **EU's top diplomat** said the EU will likely agree on placing sanctions on Iran's IRGC, AP's Gambrell reported.

#### NOTABLE NORTH AMERICAN NEWS

- **White House** is considering a short-term deal to avert a government shutdown while negotiations continue with Democrats over reforms to ICE, Politico reported. White House is now directly involved, and apparently keen to avert a second shutdown. Sources told Playbook that key sticking points remain, and nothing has been agreed. Politico also noted that even if an agreement to separate the DHS bill is reached, "hard-liners in the House are threatening to throw up hurdles." But things are clearly moving fast.

#### NORTH AMERICAN DATA

- **US Balance of Trade (Nov)** -56.80B vs. Exp. -40.5B (Prev. -29.40B, Rev. From -29.4B, Low. -55B, High. -21.2B).
- **US Unit Labour Costs QoQ Final (Q3) Q/Q** -1.9% vs. Exp. -1.9% (Prev. 1.0%, Rev. From -2.9%).
- **US Nonfarm Productivity QoQ Final (Q3) Q/Q** 4.9% vs. Exp. 4.9% (Prev. 3.3%, Rev. From 4.1%).
- **US Initial Jobless Claims (Jan/24)** 209K vs. Exp. 205K (Prev. 210K, Rev. From 200K, Low. 190K, High. 222K).
- **US Continuing Jobless Claims (Jan/17)** 1827K vs. Exp. 1860K (Prev. 1840K, Rev. From 1849K, Low. 1834K, High. 1948K).
- **US Jobless Claims 4-week Average (Jan/24)** 206.25K (Prev. 204.00K, Rev. From 201.5K).
- **US Exports (Nov)** 292.1B (Prev. 302B).
- **US Imports (Nov)** 348.9B (Prev. 331.4B).

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