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US Market Wrap - 5th February 2026

Stocks sold as Tech valuations are questioned, yields fall on weak jobs data

- **SNAPSHOT:** Equities down, Treasuries up, Crude down, Dollar up, Gold down
- **REAR VIEW:** JOLTS sink beneath expectations, claims jump above forecasts while challenger layoffs accelerate in January; Trump says Iran is negotiating; US and Russia agree to re-establish military-to-military talks; BoE holds rates as expected but with a more dovish vote split; ECB holds rates as expected; GOOGL beats on earnings, CapEx 2026 outlook raises concerns; Anthropic launches Claude Opus 4.6 AI model that it calls 'industry-leading' in finance; QCOM guidance underwhelms; HIMS to sell a copy of NVO's Wegovy pill at \$49/month, NVO to take legal action; RIO and Glencore reportedly decide against merger.
- **COMING UP:** **Data:** Japanese Coincident/Leading Index (Dec), German Trade Balance (Dec), Swedish CPIF prelim. (Jan), Swiss Unemployment (Jan), Canadian Jobs Report (Jan), US Prelim. Michigan (Feb). **Events:** RBI Policy Announcement, ECB Survey of Professional Forecasters. **Speakers:** US President Trump; BoJ's Masu; ECB's Cipollone; BoE's Pill; Fed's Jefferson. **Supply:** Australia. **Earnings:** Biogen, Under Armour, Carlyle Group, Phillip Morris International, Societe Generale, Sabadell

MARKET WRAP

Stocks were sold on Thursday with the majority of sectors red, primarily led by consumer discretionary, materials and technology. Big tech valuations remain a key concern this earnings season, with Amazon (AMZN) sold ahead of earnings tonight, while Google (GOOGL) was sold after boosting its CapEx view, albeit the stock did close well off its earlier lows. Meanwhile, Microsoft (MSFT) slumped after a downgrade at Stifel. Software names continued its sell-off after the open after Anthropic announced the Claude Opus 4.6 AI model, adding more pressure to the recently beaten-up sector. Aside from tech woes, the risk-off tone was also supported by weak labour market data in the US. T-notes were firmer across the curve after several employment metrics disappointed, including notable increases in Challenger Layoffs and Initial Jobless claims, and a slump in the December JOLTS report, leaving participants wary ahead of the delayed January NFP report next Wednesday. The risk-off tone saw the Dollar, Franc and Yen outperform, while cyclical currencies, GBP, AUD and NZD lagged, albeit GBP was also pressured by a more dovish than expected BoE. The central bank held rates as expected, but in a 5-4 vote split vs expectations for a 7-2 split. Elsewhere, central bank activity saw the ECB hold rates as expected, which was largely a non-event. In Geopolitics, focus remained on Iran ahead of talks scheduled for tomorrow with the US, with optimism seeing crude prices settle lower, but the US is sceptical of any progress. Meanwhile, regarding Russia/Ukraine, the two agreed to a PoW swap while the next round of talks will take place in the near future. Silver and gold remained volatile, with both seeing notable pressure. Crypto prices were also slammed, with Bitcoin falling beneath USD 65k.

US

JOLTS: JOLTS (Dec) fell to its lowest level since September 2020, as the headline tumbled to 6.542m from a revised lower 6.928m, and way beneath the forecasted 7.2m. Within the report, quits rate was unchanged at 2.0%, while the vacancy rate fell to 3.9% (prev. 4.2%, revised from 4.3%). As Oxford Economics quips, total job openings registered a third consecutive decline, while the job openings-to-unemployed ratio sits at its lowest level since March 2021, as the currently unemployed are struggling to find work. On a more positive footing, the hiring rate has stabilised despite the continued declines in job openings. OxEco adds that the supply-side shock from restrictive immigration policies means hiring rates won't need to push much higher to keep the unemployment rate stable in 2026.

CHALLENGER: Layoffs in January rose to 108k in January, a notable increase from the c. 36k announced in December, and also notably above the January 2025 level of c. 50k. This is the largest amount of January layoffs since 2009, and the highest monthly total since October 2025. The report highlights that job cuts in Q1 are generally high, but this is still a high print for January. Challenger said that "It means most of these plans were set at the end of 2025, signalling employers are less-than-optimistic about the outlook for 2026". Regarding the breakdown, transportation saw the largest amount of cuts at 31k, primarily due to UPS (UPS) cutting 30k jobs after cutting ties with Amazon (AMZN). Technology saw 22k jobs, primarily from Amazon (AMZN), after it announced 16k job cuts as it restructured its layers of management. Healthcare saw 17 job cuts, the largest since April 2020. Chemical manufacturers shed 4.7k jobs, primarily due to Dow Inc. (DOW), which cited a shift to implementing AI and automation. The report also notes that contract loss led all reasons for job cuts (30.8k), followed by market and economic conditions (28.4k), restructuring (20k) and closings (12.7k). AI was cited for 7.6k of job cuts in January. Tariffs were cited for just 294 job cuts after the 7.9k reported throughout 2025.

CLAIMS: Initial Jobless Claims rose to 231k in the week ending 31st January 2026, a chunky increase from the prior 209k and well above the 212k forecast; it also was above the highest analyst estimate of 219k. This lifted the four-week average to 212.25k from 206.25k. The unadjusted data totalled 252k, rising 20k from the prior week, whilst seasonal factors expected a decrease of 3.8k from the prior week. The continued jobless claims for the preceding week rose to 1.844m from 1.819m, but below the 1.850m forecast. Pantheon Macroeconomics note that initial claims have returned to their trend after a few weeks of unusually low numbers due to low seasonal hiring in Q4, and therefore unusually low layoffs in January. Pantheon also acknowledges there was little impact from the Winter Storm Fern, and suggests disruption lies ahead. The desk thinks that the unemployment rate will continue to rise gradually over the first half of this year.

FIXED INCOME

T-NOTE FUTURES (H6) SETTLED 16+ TICKS HIGHER AT 112-04

T-notes rise across curve after soft labour metrics. At settlement, 2-year -7.6bps at 3.483%, 3-year -8.1bps at 3.557%, 5-year -8.1bps at 3.752%, 7-year -7.6bps at 3.974%, 10-year -6.8bps at 4.210%, 20-year -6.0bps at 4.804%, 30-year -5.2bps at 4.863%.

THE DAY: T-notes were firmer across the curve with the yield curve bull steepening. T-notes were range-bound overnight, with upside beginning from the release of the Challenger layoffs report, starting the ascension. Challenger Layoffs surged in January to 108k from 36k, printing the highest January figure since 2009. Attention then turned to the weekly claims report, which saw a notable jump to 231k from 209k, and above the 212k consensus, and the highest analyst estimate of 219k. The data added support to T-notes, but the peaks were seen after the JOLTS report, which tumbled to 6.5mln from 6.9mln, well below the 7.2mln forecast. The trifecta of weak labour market data added concerns in the market and saw money markets start to price in slightly more rate cuts, with 49bps of easing priced by December vs the 46bps on Wednesday. Attention largely turns to the delayed NFP report due next Wednesday, ahead of CPI next Friday. Elsewhere, the risk tone was negative on Thursday which gave a helping hand to havens with haven FX outperforming while T-notes were bid. Meanwhile, in the UK, Gilts rose on a more dovish vote split at the BoE but were sold on reports surrounding a Labour MP mutiny against PM Starmer. In Europe, the ECB was a non-event.

SUPPLY

Bills

- US sold 4-week bills at a high rate of 3.630%, B/C 2.85x; sold 8-week bills at a high rate of 3.630%, B/C 2.64x
- US to sell USD 90bln of 6-week bills on February 10th; to sell USD 89bln 3-month bills and USD 77bln of 6-month bills on February 9th; all to settle on February 12th

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: March 1bps (prev. 1bps), April 5.3bps (prev. 5.3bps), June 16.8bps (prev. 15.6bps), December 49.2bps (prev. 46.6bps).**
- NY Fed RRP op demand at USD 1.75bln (prev. 2.41) across 6 counterparties (prev. 18)
- EFR at 3.64% (prev. 3.64%), volumes at USD 109bln (prev. 107bln) on February 4th
- SOFR at 3.65% (prev. 3.69%), volumes at USD 3.310tln (prev. 3.268tln) on February 4th.
- Treasury Buyback (20-30 year nominal coupons, liquidity support, max. purchase USD 2bln): Accepts USD 2bln of USD 25.5bln offered, accepts 6 of 35 eligible securities. Offer to cover 12.75x

CRUDE

WTI (H6) SETTLED USD 1.85 LOWER AT USD 63.29/BBL; SETTLED USD 1.91 LOWER AT USD 67.55/BBL

The crude complex was lower amid improved US/Iran tensions as the meeting between the two is confirmed on Friday in Oman. More on that, Iranian Foreign Minister confirmed the meeting is set to take place at 10am local time in Muscat, Oman, on Friday. The reports on Wednesday suggested the only reasons the talks are taking place are after Arab countries pleaded with the US to not withdraw from talks, and hear what the Iranians have to say, although one official reportedly said they are "very sceptical". Nonetheless, participants will eagerly be awaiting are updates from the meeting - Trump today said that Iran is negotiating. Elsewhere from geopolitics, the risk tone continued to slip as US tech led the decline amid continued valuation concerns, it weighed on crude prices to see WTI and Brent hit troughs of USD 62.65/bbl and 66.89, respectively. Finally, Saudi Arabia sets the March Arab light crude oil OSP to the US at plus USD 2.10/bbl vs. ASCI; to NW Europe at minus USD 0.65/bbl to Ice Brent settlement; and at parity to Oman/Dubai for Asia.

EQUITIES

CLOSES: SPX -1.23% at 6,798, NDX -1.38% at 24,549, DJI -1.20% at 48,909, RUT -1.79% at 2,578

SECTORS: Materials -2.75%, Consumer Discretionary -2.59%, Technology -1.72%, Financials -1.22%, Energy -1.09%, Health -0.70%, Industrials -0.61%, Real Estate -0.36%, Communication Services -0.30%, Utilities +0.11%, Consumer Staples +0.25%.

EUROPEAN CLOSES: European Closes: Euro Stoxx 50 -0.66% at 5,931, Dax 40 -0.63% at 24,449, FTSE 100 -0.98% at 10,300, CAC 40 -0.29% at 8,238, FTSE MIB -1.77% at 45,813, IBEX 35 -1.97% at 17,746, PSI -1.16% at 8,779, SMI -0.39% at 13,464, AEX -0.52% at 985

STOCK SPECIFICS:

- **Alphabet (GOOGL):** Hiked 2026 capex plans, reviving investor concerns re. scale & payback of AI investment plans; note, EPS, rev., Cloud rev. topped.
- **Microsoft (MSFT):** Downgraded at Stifel as it sees 2027 estimates as too optimistic.
- **Qualcomm (QCOM):** Weak next Q outlook as mgmt. warned that a global memory shortage would weigh on near-term guidance.
- **Arm (ARM):** Licensing revenue light; guidance only slightly topped & weak outlook from key customer QCOM heightened concerns around smartphone exposure amid memory shortages.
- **Align Tech (ALGN):** Top & bottom-line surpassed expectations.
- **Snap (SNAP):** Surprise profit per shr., revenue beat & announced \$500mln share buyback.

- **Tapestry (TPR)**: Quarterly metrics impressed.
- **Hershey (HSY)**: Strong Q4 metrics with an impressive 2026 EPS guide.
- **Cigna (CI)**: EPS, rev. topped & lifted dividend 3.3%
- **Hims and Hers (HIMS)**: Said it will sell a copy of Novo's Nordisk's (NVO) Wegovy pill at USD 49/mnth; both NVO and Eli Lilly (LLY) were weighed by the news.
- **Shell (SHEL)**: Missed profit exp. as lower crude prices, weak oil trading & a struggling chemicals business offset slightly higher output.
- **FMC (FMC)**: Revenue missed, - 12% Y/Y w/ weak next Q & FY outlook.
- **Estee Lauder (EL)**: Top line fell marginally short.
- **Blue Owl (OWL)** executives says total software loan exposure is 8% of AUM.
- Anthropic launched Claude Opus 4.6 AI model that it calls 'industry-leading' in finance, which weighed on software names, including Factset (FDS) and Thomson Reuters (TRI).

FX

USD was broadly firmer against peers, looking to trim YTD weakness as the rebound post the Warsh Fed Chair nomination continues. Strength continued despite data coming in softer-than-expected. JOLTS dropped to their lowest level since September 2025, initial claims jumped above expectations (continued fell short but still rose), Challenger layoffs accelerated in January, and Revelio Labs views reported Jan NFP at -13.3k M/M. DXY trades around session highs of 97.915 heading into APAC trade.

GBP underperformed vs USD today following a dovish vote split by the BoE. Rates were kept unchanged at 3.75% as expected, with 5 voting for hold and the remaining 4 voting for a 25bps cut (exp. 2 or 3 to cut). The announcement and statements saw the first 25bps rate cut pricing in by April (prev. December) with the BoE guiding rates to 'likely be reduced further'; Governor Bailey expects 'quite sharp' inflation drop in the coming months. Cable hit lows of 1.3518 from earlier peaks of 1.3654.

The ECB held rates as expected, in line with expectations, and largely stuck to its messaging, offering little clues for traders looking for a near-term policy signal; **EUR/USD** was little moved on the announcement, now trading around 1.1790. Policymakers concluded that risks remain broadly balanced and the baseline outlook stands. Rabobank maintain the view that policy will be less agile than the ECB suggests, and sees the ECB on hold through end-2026. Elsewhere, havens were only marginally lower as the broad risk-off sentiment limited losses.

Banxico kept rates at 7.00% as expected in a unanimous decision ending the rate-cutting cycle consistent with the assessment of the current inflationary outlook. Ahead, the Governing Board is to evaluate additional reference rate adjustments (prev. the Board will evaluate the timing for additional reference rate adjustments); **USD/MXN** remained in the green post decision.

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