Weekly Report

Global Equities

U.S. stocks ended the week lower, as rising rates and policy uncertainty outweighed early earnings optimism

Review: U.S. stocks ended the week lower as rising Treasury yields pressured valuations and Fed-independence headlines weighed on sentiment, overwhelming early earnings optimism and pockets of AI strength.

Outlook: U.S. equities are expected to remain resilient, underpinned by constructive fiscal backdrop, robust consumer spending, and resilient corporate profitability, while elevated expectations leave the market vulnerable to negative earnings or data surprises.

European stocks rose last week as strength in AI/chips, healthcare, and defense, supported by a benign macro backdrop outweighed global risk noise

Review: The MSCI Europe Index rose by 0.80% last week as strength in AI/chips, healthcare, and defense, supported by a benign macro backdrop outweighed global risk noise.

Outlook: With inflation on target and risks broadly balanced, the ECB is likely to keep rates on hold through most of 2026. With limited near-term monetary upside and fiscal support subject to implementation lags, reinforcing our neutral stance on the region’s equities.

China equities closed mixed last week

Review: The Shanghai Composite fell 0.45% last week, while the Shenzhen Composite rose 1.00%. China stocks were mixed as regulators tightened leverage rules, triggering profit-taking in Shanghai’s old-economy heavyweights, while Shenzhen held up better on relatively resilient tech and advanced-manufacturing names.

Outlook: Chinese equities show cautious optimism, supported by favorable PBOC policies and AI/tech momentum. However, weak earnings and property sector challenges may constrain gains, with markets likely to remain range-bound and tech/consumer sectors outperforming traditional industries.

Hang Seng Index rose last week

Review: Hang Seng Index rose 2.34% last week, as upbeat tech/AI sentiment across Asia provided a tailwind and lifted Hong Kong–listed China tech and hardware supply-chain names.

Outlook: Hong Kong equities appear cautiously constructive but remain choppy, with lower U.S. rate expectations and ongoing, albeit modest, China policy support providing a slight upward bias. However, weak Chinese growth and unresolved property-sector stress remain key risks and potential sources of negative headlines.

Global Bonds

FTSE World Government Bond declined last week

Review: FTSE World Government Bond Index fell 0.17% last week.

Outlook: Major central banks are now at distinctly different stages of their monetary policy cycles. For passive investors, a barbell strategy may be worth considering, which combines short- to intermediate-duration U.S. Treasuries and high-grade USD corporates to capture prospective Fed easing, and includes selective EM local-currency bonds poised to benefit from a softer dollar and the current risk-on tone.

Both global high yield bond and EM bond rose last week

Review: The Bloomberg Barclays High Yield Bond Index gained 0.09%, while Bloomberg Barclays EM USD Aggregate Total Return Index also gained 0.09%.

Outlook: Major central banks are now at distinctly different stages of their monetary policy cycles. For passive investors, a barbell strategy may be worth considering, which combines short- to intermediate-duration U.S. Treasuries and high-grade USD corporates to capture prospective Fed easing, and includes selective EM local-currency bonds poised to benefit from a softer dollar and the current risk-on tone.

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Commodities

U.S. WTI crude rose 0.54% last week

Review: U.S. WTI rose 0.54% last week to US$59.47/bbl, as a geopolitical risk premium built early in the week. Protests in Iran and U.S. rhetoric around potential action heightened concerns over Middle East supply disruptions, including tail-risk scenarios involving the Strait of Hormuz.

Outlook: Crude oil is likely to trade range-bound as soft seasonal demand and inventory builds cap rallies. The main upside risk is a renewed geopolitical flare-up (especially Middle East-related) that could trigger short-lived spikes even if the base case remains sideways.

Gold prices rose 1.92% last week

Review: Spot gold rose 1.92% last week to US$4,663.93/oz t, driven primarily by stronger safe-haven demand amid heightened geopolitical risk (Iran/Middle East escalation concerns) and U.S. political/institutional uncertainty, including headlines that raised questions about the Fed's leadership and independence.

Outlook: Demand from central banks to allocate a larger share of reserves to gold has effectively established a price floor, encouraging dip-buying even during periods of dollar strength or rising real yields. Moreover, with Trump in office as U.S. President, persistent policy uncertainty continues to support gold prices.

Wheat price rose 0.14% last week

Review: Wheat price rose 0.14% last week to US$5.18/bushel, as traders priced in a modest weather risk premium—dryness in the U.S. southern Plains and cold-risk concerns in parts of Russia's winter-wheat belt—while improved export competitiveness supported incremental demand.

Outlook: Wheat is expected to remain range-bound with a mild downside bias, as the market is still weighed by ample global supply/ending stocks and fresh export competition (e.g., strong Southern Hemisphere output). The main upside risk is headline-driven spikes from Black Sea disruptions or U.S. winter wheat weather scares, which can lift nearby prices even if the broader balance remains comfortable.

Currencies

USD rose 0.26% last week

Review: The US Dollar Spot Index rose 0.26% last week as firmer U.S. data (notably lower jobless claims) lifted yields and pushed out Fed-cut expectations. The move was reinforced by a weaker JPY (a large US Dollar Spot Index component), which mechanically boosted the index.

Outlook: The USD is likely to trade broadly range-bound to modestly weaker, as the Fed's relatively more accommodative stance versus key peers, firmer growth in major non-U.S. economies, and a risk-supportive backdrop tilt flows toward pro-cyclical currencies.

EUR fell against the USD last week

Review: The EUR fell 0.41% against the dollar last week, as softer euro-area inflation data pulled European yields lower while U.S. yields held firmer. The dollar was also supported by solid U.S. data and lingering concerns over weak Eurozone growth, particularly in manufacturing.

Outlook: With euro-area inflation returning to 2.0% in December, the ECB's reaction function is consistent with a broadly "on-hold" policy stance through 2026. In contrast, a relatively more dovish Fed versus a steady ECB should be supportive for the euro, as EUR rates would relinquish less yield to the dollar over time.

Weekly Report

Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	26844.96	2.34	3.78	36.14	4.02	23.14	-10.05	36.71
Hang Seng China Enterprise	9220.81	1.90	3.08	29.07	2.94	25.47	-21.81	10.06
Shanghai Composite	4101.91	-0.45	5.59	26.72	3.50	26.78	15.18	36.38
Shenzen Composite	2686.56	1.00	9.39	40.72	6.54	27.66	13.36	41.71
Dow Jones Industrial	49359.33	-0.29	2.54	13.50	2.70	47.89	58.26	208.19
S&P 500	6940.01	-0.38	1.54	15.73	1.38	74.70	80.17	268.89
NASDAQ COMPOSITE	23515.39	-0.66	0.89	19.79	1.18	111.08	74.74	425.25
FTSE 100	10235.29	1.09	3.41	20.34	3.06	32.11	52.47	74.16
DAX	25297.13	0.14	4.15	21.02	3.29	69.55	83.11	161.76
NIKKEI 225	53936.17	3.84	7.89	38.91	6.11	102.28	86.54	216.37

Source: Bloomberg 2026/1/16

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
U.S.	CPI YoY (December)	2.7%	2.7%	2.7%	On Par
Japan	PPI YoY (December)	2.7%	2.4%	2.4%	On Par
China	Retail Sales YoY (December)	1.3%	1.0%	0.9%	Below
China	Industrial Production YoY (December)	4.8%	5.0%	5.2%	Above
India	CPI YoY (December)	0.71%	1.56%	1.33%	Below
Brazil	Retail Sales YoY (November)	1.1%	0.1%	1.3%	Above

Source: Bloomberg 2026/1/16

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury Bond 30Y	96.66	-0.31	4.84
US Treasury Note 10Y	98.21	-0.38	4.22
US Treasury Note 5Y	99.14	-0.22	3.82
US Treasury Note 2Y	99.60	-0.04	3.59
US Treasury Bill 3M	3.56	1.14	3.64
China Govt Bond 10Y	99.52	0.03	1.83
Japan Govt Bond 10Y	2.18	-0.72	2.18
German Bund 10Y	100.57	0.30	2.82
UK Gilt 10Y	100.74	-0.11	4.39

Source: Bloomberg 2026/1/16

ps: The tick size for the US 30-year Treasury Bond is 1/32 of a point, while the US 10-year Treasury Note's tick size is 1/64 of a point. These are represented in decimals.

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.7969	-0.01	0.18	0.16
HKD/CNH	0.8936	-0.12	-1.23	-0.39
USD/CNH	6.9678	-0.11	-1.05	-0.22
USD/JPY	158.1200	-0.18	0.06	0.73
USD/CAD	1.3914	0.15	0.71	1.28
GBP/USD	1.3380	-0.57	0.07	-0.65
AUD/USD	0.6683	-0.40	1.09	0.16
EUR/USD	1.1598	-0.41	-0.78	-1.08

Source: Bloomberg 2026/1/16