

MONTHLY REVIEW

MACRO

No time to waste for Trump at the start of this year. Between the military intervention in Venezuela and a show-of-force posture on the international stage, the White House seeks to remind that Washington intends to regain the upper hand. The Greenland issue illustrates this dynamic. The first time, on August 18, 2019, Donald Trump mentioned the idea of buying Greenland from Denmark, calling it a “big real estate deal,” without making it a strategic priority. In January 2026, the tone has radically changed: the discourse has hardened and become more threatening, including toward historic allies. Europe—led by France and Canada—reacts with astonishment and tries to stand united against the most powerful man in the world. On the domestic front, tensions appear equally high. ICE agents’ interventions are seen as increasingly aggressive, with controversial practices—some even describing them as a kind of “test” of social reaction. The general impression is that of a presidency under pressure but determined to accelerate the implementation of its agenda.

Markets have been shaken by these events but remain broadly resilient, continuing their upward trend. On the macroeconomic side, U.S. indicators point to a cycle that still extends growth slows at times but without any clear break signals for now. In Europe, inflation continues to normalize while PMIs stay in expansion territory, sending more constructive signals for activity. The picture, however, remains uneven across countries and sectors.

At the start of the year, markets experienced particularly extreme moves: strong volatility in silver, Japanese yields, the yen, and the dollar. Over a few sessions, these fluctuations seem mostly driven by positioning effects (notably in leveraged strategies) and liquidity factors. At the same time, the appetite for real assets has been strengthening for several quarters. Gold, silver, copper—and broader commodities—are regaining importance in allocations, both as diversification tools and as protection in a more uncertain environment (inflation, geopolitics, currency volatility). Gold in particular benefits from sustained structural demand, also supported by central bank purchases, feeding the idea of a gradual diversification beyond fiat currencies.

OUTLOOK

We remain positive on markets: expected earnings growth should continue to support equities. However, caution is required, as in a demanding valuation environment, even small disappointments (in results, guidance, or macro data) can trigger swift corrections. Such phases of pullback offer entry points to strengthen positions on stocks returning to levels closer to fair value. In the equity allocation, we increased diversification by adding exposure to emerging markets. We remain attentive to Swiss and European equities while maintaining solid exposure to U.S. stocks.

On the bond side, the pocket remains unchanged, with a preference for high yield over investment grade, within a carry-oriented approach, while maintaining strict credit risk discipline.

EQUITY MARKETS

In equities, the best start comes from resilient South Korea, posting record after record. Despite Trump's announcement to raise tariffs on some South Korean products (from 15% to 25%), the Kospi hit a new all-time high. In contrast, Switzerland, France, and India lag behind.

At the sector level, U.S. energy starts strongly, driven by the news from Venezuela. Semiconductors extend their rally, supported by solid earnings prospects and high expectations. Mining stocks post significant gains, benefiting from renewed interest in real assets and commodities. Sector rotation remains visible: U.S. financials stall, while European financials continue to rise. The industrial sector, driven by the defense theme, extends its upward trend.

January performance: CAC40 -0.28% (YTD -0.28%), SMI -0.60% (YTD -0.60%), Stoxx600 3.18% (YTD 3.18%), Nasdaq 0.95% (YTD 0.95%), S&P500 1.02% (YTD 1.02%), Hang Seng 6.85% (YTD 6.85%), Topix 4.62% (YTD 4.62%).



FOREIGN EXCHANGE MARKET

Strong volatility marked the end of January on the dollar, mainly due to sharp swings in the USD/JPY pair. On January 23, the yen experienced rapid moves fueled by intervention speculation and market sensitivity to monetary policy signals and stress in Japanese bonds. In this environment, large sales and position adjustments may have triggered a chain reaction (unwinding, stop-losses, deleveraging), amplifying fluctuations beyond short-term fundamentals. Meanwhile, dollar weakness lifted the euro to high levels, as investors increasingly price political uncertainty and macro volatility under the Trump administration. The move was very sharp, raising the risk of a short-term mean reversion around 1.18.



Facing this uncertainty, the Swiss franc remains the main safe haven, while the yen has recently lost its “protective” status. The EUR/CHF pair fell to around 0.9150, a level never reached before, reflecting highly stretched short-term positioning. After such a rapid move, we rather expect stabilization and a technical rebound toward 0.92–0.93 as positions normalize and volatility eases.



BOND MARKET

The Federal Reserve is keeping the target range for the Fed funds rate between 3.50% and 3.75%, which was largely expected. After three consecutive 25 bp rate cuts, the Fed is therefore entering a pause phase. Powell carefully avoided political questions while emphasizing robust economic growth. He also ruled out the possibility of a rate hike. Economic activity is now described as "solid" (versus "moderate" in December). Job creation remains weak, but unemployment is showing "signs of stabilization". As for inflation, the Fed remains fairly confident, maintaining the outlook of a gradual return toward target. The inflation peak caused by tariffs is being passed, and inflation expectations remain well anchored.

The Bank of Japan (BoJ) is maintaining its policy rate at 0.75%, as expected. The decision came amid heightened market tensions, as Japanese yields have been particularly volatile in recent weeks.



COMMODITIES

A historic threshold was crossed at the end of January: gold broke above 5,000 dollars an ounce. A record continuing the surge seen in 2025. The yellow metal was worth only about 2,700 dollars twelve months earlier—almost half that level. This rally finds its roots in the tense geopolitical backdrop: when uncertainty prevails, investors—led by central banks—traditionally turn to gold. Its appeal fits within a broader trend across metals: copper, silver, and platinum to enjoy similar enthusiasm. Silver's rise is especially spectacular: one ounce (31.1 grams) now trades at 113 dollars, nearly four times its early 2025 price. The last session of January will also go down in history: gold plunged 10% and silver 27% in a single day, illustrating the speculative frenzy fueled by leverage in today's markets and the potential violence of corrections after such rallies.



The U.S. intervention in Venezuela has supported oil prices. Instability in Iran then reinforced the move. U.S. aircraft carriers are now in position, and the Trump administration seems ready to increase the pressure.



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