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FORUM FINANCE

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MONTHLY NEWSLETTER

January 2026

KEY ECONOMIC DATA

- The Conference Board's Consumer Confidence Index fell to 84.5 in January 2026, which is its lowest reading since May 2014 and well below the consensus expectations of 87.0.
- US real GDP grew at an annualized rate of 4.4% in Q4 (third estimate, released late January), surpassing previous forecasts thanks to resilient consumer spending.
- US core PCE inflation remained at 2.9% y/y in December, with the September figure revised down to 2.8%.
- Euro area consumer confidence rose to -12.0 in January, the strongest reading since early 2025, but still below the long-term average of -10.5.
- December's headline HICP eased to 2.0% y/y, meeting the ECB's target, while core HICP stabilised near 2.4% y/y.
- Japan's Q4 GDP contracted 0.4% q/q, less severe than the Q3, with fiscal 2026 forecasts upgraded to 0.9% amid policy support.
- Prime Minister Sanae Takaichi announced snap elections for 8 February, pledging fiscal stimulus including a temporary suspension of the consumption tax.
- China's Q4 GDP grew by 4.5% y/y, marking the slowest quarterly pace in nearly three years, with full-year growth reaching 4.9%.

Gold briefly reached a new high of around 5,600 before "flash crashing" to around 4,700

21.3%

PERFORMANCE OF URANIUM

INVESTMENT PERSPECTIVE

Global risk assets extended last year's momentum, with equity indices flirting with new highs while precious metals experienced sharp, technically driven swings and investors continued to rotate out of crowded U.S. exposures into European and emerging-market equities.

The economic backdrop remained one of moderating inflation, late-cycle monetary policy and elevated geopolitical risks from Ukraine to the Middle East. In the latter, regional actors continued to hedge against a tougher U.S. "maximum pressure" posture on Iran, while intra-Gulf frictions and Yemen-related strikes underlined the potential for disruption to key maritime and energy routes.

Global macro data broadly confirmed the 'soft landing' narrative: growth is expected to slow towards the mid-2% area in 2026, with inflation converging towards central bank targets, helped by easing goods inflation and cooling labour markets. However, central banks struck a cautious tone, viewing rate-cut cycles as being in their later stages and considering further progress on inflation necessary before materially easing financial conditions.

Even if precious metals retain a central role as diversifiers against policy and geopolitical shocks, technical overhangs could lead to a choppy trading path. Gold, silver and especially platinum all rallied in the first trading days of the year, supported by ongoing central-bank demand, concerns about fiscal sustainability and currencies, and tight physical balances, particularly in the more industrial metals.

Kevin Warsh's nomination acted as an important catalyst, but it was not the sole driver of the metals sell-off, the temporary strengthening of the dollar and the renewed tension along the rate curve. Rather, it amplified moves that were already building on a hawkish shift in Fed expectations and an earlier dollar rebound. In the days around the nomination, precious metals suffered a brutal sell-off, with silver futures dropping more than 30% in a single session.

Major developed-market indices began 2026 at or near record levels; in Europe, the main benchmarks set fresh all-time highs, while the UK index traded above the psychological 10,000 mark for the first time. A notable feature of the month was the ongoing rotation away from the most richly valued U.S. growth universe towards international markets. Emerging-market equities entered 2026 on the back of a strong 2025 rebound, underpinned by a weaker dollar, improving fundamentals and renewed inflows.

FTSE 100 Index (UKX Index)

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INVESTMENT STRATEGY

Global activity data continue to signal positive growth momentum, with the United States standing out as the primary potential upside surprise. A combination of easier monetary policy, renewed fiscal stimulus, and regulatory easing is laying the groundwork for a possible reacceleration in US growth.

Meanwhile, breakeven inflation rates have moved sharply higher, offering an early warning that current benign inflation readings may not fully reflect medium-term price pressures.

Outside the US, inflation risks appear considerably lower. However, sustained public spending across Europe is likely to keep rates anchored at relatively elevated levels and may limit duration appetite among institutional investors.

In Japan, the ongoing process of rate normalization marks a structural shift after decades of ultra-low yields. Over time, higher domestic rates could encourage Japanese institutional investors to gradually repatriate capital, reducing their exposure to foreign fixed income and exerting upward pressure on global long-end yields.

Across global credit and equity markets, risk assets remain richly valued relative to history. Credit spreads in high-quality credit provide limited margins for error, while equity multiples largely price in a soft-landing scenario with only modest earnings volatility.

President Donald Trump has nominated Kevin Warsh to serve as the next Chair of the Federal Reserve, succeeding Jerome Powell.

PORTFOLIO ACTIVITY

Our positioning reflects a modest risk-on stance. Despite this, we reduced our overweight position during the month, recognising the late-cycle environment and asymmetric US inflation risks.

We maintain a neutral to slightly overweight stance, favouring regions and sectors that are less exposed to US-specific inflation and policy risks.

In the United States, the rotation out of growth stocks and into small caps and value has gained momentum as investors shift from overvalued mega-cap tech, driven by Fed rate cuts, a steepening yield curve and small-cap earnings growth forecasts of 17–22% versus the broad index's 14–15%.

In Europe, we reduced market sensitivity by selling eurozone equities in favour of a dedicated European event-driven strategy with limited market beta.

Emerging markets offer some of the most attractive opportunities across fixed income, equities, and currencies. Many EM central banks are further along in disinflation and easing, and real rates remain positive and elevated in key regions.

This month, we switched from an EM debt corporate-only strategy to a flexible approach spanning sovereigns (hard and local currency) and corporates, mirroring our prior shift in global credit towards bottom-up bond selection and agile management.

We maintained our positions in liquid alternatives and increased our gold position marginally during the month. We initiated a Japanese yen position and maintained our cautious stance on the US dollar, keeping it materially underweight.

	31/12/2024	31/12/2025	31/01/2026	Month-to-Date	Year-to-Date
Yields (%)				Δ In basis points	Δ In basis points
US 3-Month	4.31	3.63	3.56	3	3
German 3-Month	2.49	1.99	1.96	-3	-3
US 2-Year	4.24	3.47	3.52	5	5
German 2-Year	2.08	2.12	2.09	-4	-4
US 10-Year	4.57	4.17	4.24	7	7
German 10- Year	2.36	2.85	2.84	-1	-1
Currencies				Δ In %	Δ In %
EUR/USD	1.0354	1.1746	1.1851	0.9	0.9
USD/CHF	0.9074	0.7926	0.7730	(2.5)	(2.5)
EUR/CHF	0.9401	0.9307	0.9163	(1.5)	(1.5)
GBP/USD	1.2516	1.3475	1.3686	1.6	1.6
Commodities				Δ In %	Δ In %
Oil (WTI)	$71.7	$57.4	$65.2	13.6	13.6
Copper	$402.7	$568.2	$592.4	4.3	4.3
Gold	$2,625	$4,319	$4,894	13.3	13.3

Source: Bloomberg Finance L.P.