

# Weekly Market Update

Global markets were rattled by escalating US tariff threats, political pressure on central banks, and rising geopolitical tensions, offset partly by resilient Chinese markets and strong UK gilt performance, as investors rotated defensively amid elections, sanctions, and strained transatlantic relations.

## US

President Trump threatened tariffs of up to 25 % on multiple European countries unless they support his controversial Greenland acquisition plan, prompting sharp diplomatic pushback from allies.

The Department of Justice opened a criminal investigation into Federal Reserve Chair Jerome Powell, stoking deep concerns over Fed independence.

Broader geopolitical tensions continued, with US rhetoric on Iran unrest and potential military options underscored.

Domestic unrest and political controversies, including nationwide protests and civil liberty criticisms, continued to draw attention.

## UK

The UK was directly targeted in Trump's threatened tariffs over the Greenland dispute; Prime Minister Starmer labelled the move "completely wrong."

The UK expanded sanctions on Iran in response to violent repression of protests.

Gilt markets rallied strongly, with UK government bonds among the best-performing assets in early 2026 as interest rate cuts and reduced issuance calmed investors and lowered long-term yields.

Focus on inflation data and labour market metrics shaped expectations for Bank of England decisions in the coming weeks.

## Europe

EU leaders jointly condemned the US tariff threats, warning of a "dangerous downward spiral" in transatlantic ties.

Emergency EU discussions took place on invoking anti-coercion measures in response to US pressure.

Cyprus commenced its six-month EU Council presidency with sessions on defence partnerships and policy priorities.

In Portugal, polls opened in a cliffhanger presidential election with far-right and centrist candidates tied.

## Global

China bolstered its trade policy apparatus by appointing a seasoned export controls negotiator to key trade roles amid rising US and Japan tensions.

Chinese markets showed resilience amid softer CPI readings and easing producer price pressures, supporting risk sentiment.

Japan's Prime Minister Sanae Takaichi is preparing to call a snap general election as early as February, aiming to cement her political agenda.

Gold hit record highs amid concerns over political interference in monetary policy, while stocks recoiled on uncertainty.

# Performance

Asset Class/Region	Currency	Week ending 16 Jan 2026	Month to date	YTD 2026	12 Months
<b>Developed Market Equities</b>					
United States	USD	-0.4%	1.4%	1.4%	17.9%
United Kingdom	GBP	1.2%	3.1%	3.1%	26.3%
Continental Europe	EUR	0.7%	3.7%	3.7%	20.1%
Japan	JPY	4.1%	7.3%	7.3%	39.5%
Asia Pacific (ex Japan)	USD	2.1%	5.2%	5.2%	37.5%
Australia	AUD	2.1%	2.2%	2.2%	10.4%
Global	USD	0.1%	1.9%	1.9%	22.1%
<b>Emerging Markets Equities</b>					
Emerging Europe	USD	1.8%	6.3%	6.3%	60.3%
Emerging Asia	USD	2.2%	5.9%	5.9%	41.9%
Emerging Latin America	USD	1.8%	6.0%	6.0%	59.0%
BRICs	USD	0.7%	2.2%	2.2%	28.1%
China	USD	1.6%	4.5%	4.5%	42.1%
MENA countries	USD	2.1%	2.9%	2.9%	1.5%
South Africa	USD	2.9%	5.8%	5.8%	86.4%
India	USD	-0.4%	-2.5%	-2.5%	6.6%
Global emerging markets	USD	2.3%	5.8%	5.8%	42.3%
<b>Bonds</b>					
US Treasuries	USD	-0.2%	0.0%	0.0%	6.2%
US Treasuries (inflation protected)	USD	-0.1%	0.0%	0.0%	6.4%
US Corporate (investment grade)	USD	0.0%	0.3%	0.3%	8.1%
US High Yield	USD	0.2%	0.6%	0.6%	8.4%
UK Gilts	GBP	-0.1%	0.7%	0.7%	6.2%
UK Corporate (investment grade)	GBP	0.0%	0.8%	0.8%	8.1%
Euro Government Bonds	EUR	0.2%	0.5%	0.5%	2.1%
Euro Corporate (investment grade)	EUR	0.1%	0.4%	0.4%	3.9%
Euro High Yield	EUR	0.0%	0.5%	0.5%	5.9%
Global Government Bonds	USD	-0.2%	-0.4%	-0.4%	6.9%
Global Bonds	USD	-0.2%	-0.3%	-0.3%	9.1%
Global Convertible Bonds	USD	1.5%	5.0%	5.0%	27.0%
Emerging Market Bonds	USD	0.1%	-0.1%	-0.1%	12.7%

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Asset Class/Region	Currency	Week ending 16 Jan 2026	Month to date	YTD 2026	12 Months
<b>Property</b>					
US Property Securities	USD	2.9%	4.6%	4.6%	6.3%
Australian Property Securities	AUD	1.7%	0.4%	0.4%	1.5%
Global Property Securities	USD	2.0%	4.0%	4.0%	16.2%
<b>Currencies</b>					
Euro	USD	-0.3%	-1.2%	-1.2%	12.6%
UK Pound Sterling	USD	-0.2%	-0.5%	-0.5%	9.3%
Japanese Yen	USD	0.0%	-0.8%	-0.8%	-1.8%
Australian Dollar	USD	0.0%	0.1%	0.1%	7.5%
South African Rand	USD	0.6%	0.9%	0.9%	14.5%
Swiss Franc	USD	-0.2%	-1.2%	-1.2%	13.4%
Chinese Yuan	USD	0.1%	0.3%	0.3%	5.2%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	1.2%	3.3%	3.3%	4.9%
Agricultural Commodities	USD	0.1%	0.7%	0.7%	-6.0%
Oil	USD	1.2%	5.4%	5.4%	-21.1%
Gold	USD	1.9%	6.3%	6.3%	68.9%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

# Global Matters Weekly

19 Jan 2026

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited  
研富投資服務有限公司  
9th Floor, Centre Mark II  
305-313 Queen's Road Central  
Sheung Wan, Hong Kong

Tel +852 2827 1199  
Fax +852 2827 0270  
belvest@bis.hk  
[www.bis.hk](http://www.bis.hk)

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