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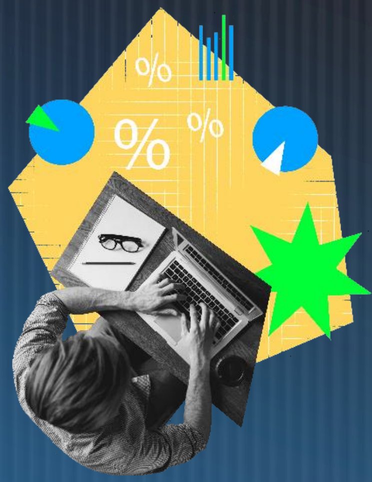
Monthly Investment Research Roundup

FEBRUARY DIVERGENCE

Commodity Volatility, policy easing expectations, and geopolitical risks

Investment Research Spotlight



From the SGA Research Desk

Global markets in January 2026 were shaped by a stark divergence between strengthening industrial activity and a sudden "geopolitical lightning strike" that rippled through commodities, currencies, and investor sentiment. Manufacturing momentum improved across major economies, yet political shocks and strategic realignments repeatedly unsettled markets, forcing investors to balance cyclical optimism with elevated geopolitical risk.

In the US, the year opened with a decisive hawkish shift. President Trump's nomination of Kevin Warsh to succeed Jerome Powell at the Federal Reserve signaled a tougher inflation-fighting stance. Despite firmer yields, the US dollar fell to a four-year low near 96 on the DXY, reflecting political uncertainty and official rhetoric favoring a softer currency to support exports.

Europe combined easing inflation with strategic ambition. Eurozone CPI declined to 1.7%, yet the ECB maintained its "plateau" strategy, holding the Deposit Facility Rate at 2.00%. More consequential was the bloc's geopolitical pivot. Triggered by US tariff threats during the Greenland standoff, the EU reduced its reliance on transatlantic trade by signing a landmark free trade agreement with India, widely dubbed the "Mother of All Deals."

The UK challenged "permacrisis" narratives as the Services PMI climbed to 54.0. The Bank of England (BoE) held rates at 3.75% in a narrow 5–4 vote, while Prime Minister Starmer pursued a calibrated "middle power" strategy combining firm Arctic diplomacy with a historic trade mission to Beijing.

Japan consolidated its exit from ultra-loose policy. Ten-year JGB yields reached a 27-year high of 2.3%, unions sought 5.5% wage hikes, and the Bank of Japan (BoJ) held its policy rate at 0.75%, reinforcing a durable shift toward positive real rates and domestic momentum.

India remained the global standout, with FY26 GDP growth projected at 7.4%. Trade breakthroughs, including the EU FTA and a strategic tariff deal with the US, cemented its status as the leading "quality growth" play, while China's property fatigue and sub-50 PMI forced an "Anti-Involution" policy pivot.

Asset markets were volatile: equities rose modestly, yields climbed, oil topped $70, gold briefly broke $5,000, and Bitcoin fell toward $75,000.

Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
Rates	▼ Negative	● Neutral	● Neutral	▼ Negative	● Neutral (Local Currency)
Credit	● Neutral	▲ Positive	● Neutral	● Neutral	▲ Positive (Hard Currency)
Currencies	▼ Negative	▲ Positive	● Neutral	▲ Positive	● Neutral
Equities	● Neutral	● Neutral	▲ Positive	▲ Positive	▲ Positive
Real Estate	● Neutral	▲ Positive	▲ Positive	▲ Positive	▲ Positive (APAC)
			Commodities		
Commodity	**Oil**	**Gold**	**Silver**	**Bitcoin**	
Views	▼ Negative	● Neutral	● Neutral	● Neutral	

Source: SGA Research

Outlook & Strategy

As we enter 2026, our outlook pivots to Strategic Autonomy, favoring markets with diversified trade ties and durable growth. We stay negative on US Treasuries and JGBs as fiscal deficits and rising term premia pressure duration, while preferring GCC debt and selective high-yield Argentina. Equity exposure should focus on Japanese exporters, Indian services, and US cyclical and energy sectors. Gold remains a vital geopolitical hedge; silver implies extreme volatility, while Bitcoin stays neutral amid ETF outflows and ongoing market rotation.

Global Macroeconomic Development

Global Macros: Easing Inflation Shifts Markets Toward Monetary Policy Cuts

US: Manufacturing Rebounds Amid Labor Cooling and Geopolitical Risks

January 2026 was a month of significant divergence. While robust industrial data and a "hawkish pivot" at the Federal Reserve dominated domestic headlines, a cooling labor market and a high-stakes geopolitical standoff over Greenland reminded investors that the path to a "soft landing" remains fraught with tail risks.

The new year began with a striking turnaround in industrial sentiment. The ISM Manufacturing PMI surged to 52.6 in January, shattering consensus estimates of 48.5. This rebound, driven by AI-infrastructure demand and a "reshoring" push, marked the first expansionary reading in over a year. Conversely, the ISM Services PMI remained stable at 53.8, signaling a cooling in discretionary spending.

The labor market showed more pronounced cracks. While Jobless Claims remained stable at 208K, the ADP Employment Report shocked markets with only a few private-sector jobs added, the lowest in years. A partial government shutdown in mid-January delayed the official Non-Farm Payroll (NFP) report, leaving the unemployment rate at 4.4%.

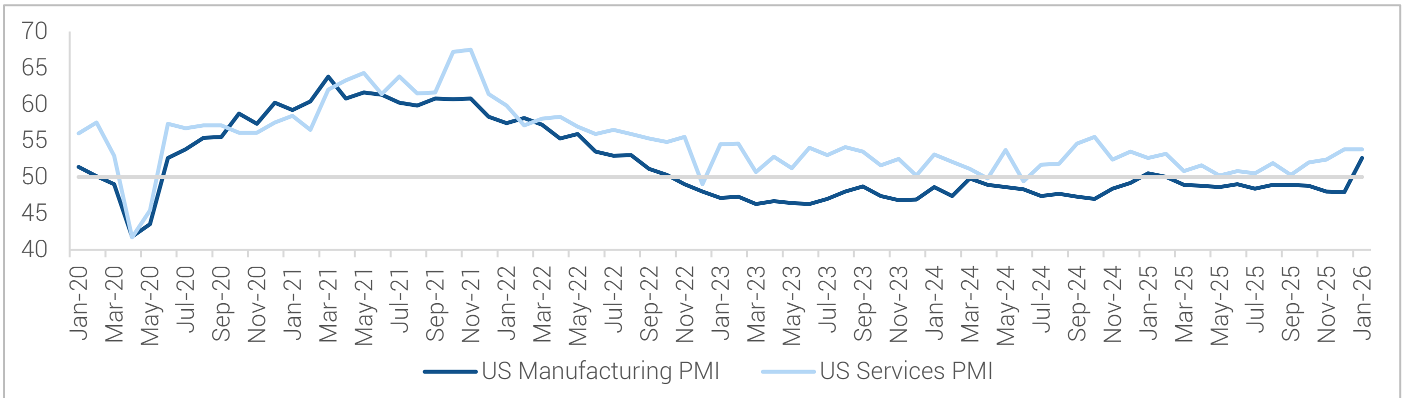
Geopolitics took an unexpected and volatile turn this month. On January 9, the White House intensified its push to acquire Greenland, with President Trump refusing to rule out military force and threatening 25% tariffs on EU goods if Denmark did not cede the territory.

This triggered a swift European response: Denmark and eight NATO allies launched "Operation Arctic Endurance" mid-month, deploying reconnaissance forces to the island. The resulting tension sent Gold to a record $5,000/oz on January 18 as investors fled to "safe havens." The crisis saw a fragile de-escalation on January 21 at the World Economic Forum in Davos, where a meeting with NATO Secretary-General Mark Rutte led to a withdrawal of the tariff threats in favor of a "future Arctic framework."

Inflation remains the primary friction point, with Core PCE at a sticky 2.8%. On January 28, the Federal Reserve held rates at 3.50%–3.75%. However, the market's focus shifted to the nomination of Kevin Warsh to succeed Jerome Powell. This "hawkish pivot" sent the US Dollar higher at month-end, as investors priced in a more aggressive inflation-fighting regime for the second half of the year.

We expect February volatility to cluster around the rescheduled NFP data and the Senate confirmation hearings for the new Fed Chair. While the "Greenland premium" has faded from commodity prices, we remain overweight on "Quality" cyclicals and cautious on consumer-facing sectors vulnerable to persistent tariff pass-throughs.

US manufacturing PMI marks the first expansionary reading in over a year



Source: Investing.com, SGA Research

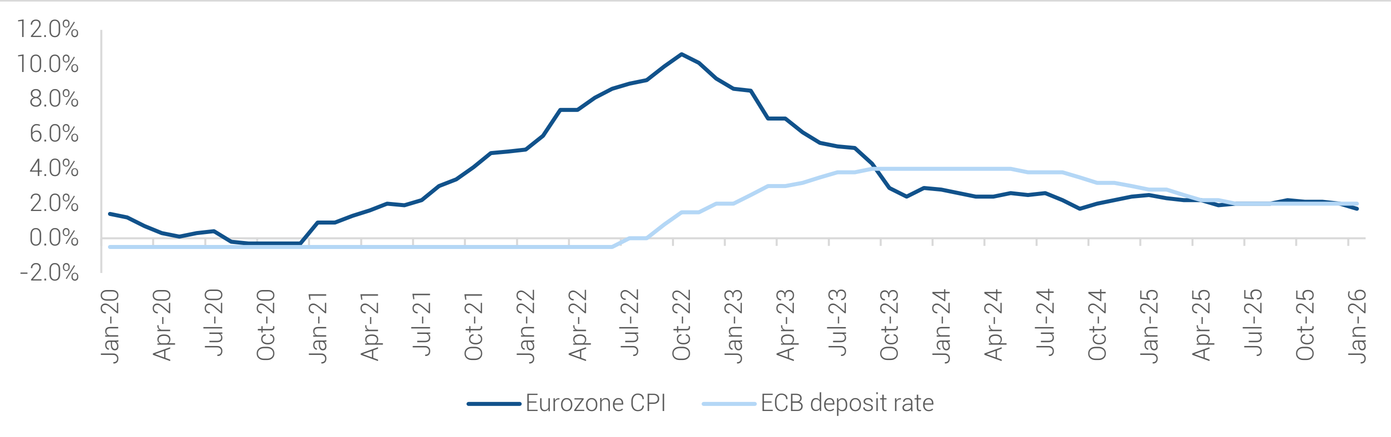
Europe: Strategic Autonomy and the "Mother of All Deals"

In a milestone for the European Central Bank (ECB), CPI fell to 1.7% in January—dipping below the 2% target for the first time in this cycle. Despite this, the Governing Council held the Deposit Facility Rate steady at 2.00% during its January meeting, opting for a "plateau" strategy to ensure core services inflation remains anchored. The HCOB Eurozone Manufacturing PMI climbed to a nine-month high of 49.5, led by a surprising surge in French industrial activity, while the Unemployment Rate remained resilient at a near-historical low of 6.2%.

Politically, although the Greenland tensions de-escalated at Davos, the crisis catalyzed a major strategic shift: on January 27, the EU and India signed a landmark Free Trade Agreement. Dubbed the "Mother of All Deals," this pact aims to double exports by 2032 and significantly reduce Europe's reliance on transatlantic trade routes.

We expect a "Euro-strength" theme to persist in February as the ECB maintains its hold while other central banks signal cuts. The primary risk remains the fragility of energy prices following the Abu Dhabi moratorium and the ongoing shipping diversions around the Cape of Good Hope, which could reignite goods inflation by late Q1.

Euro area inflation edged lower to 1.7%, ECB maintains its rate steady



Source: Investing.com, ECB, SGA Research

UK: A Tale of Resilience and Tightropes

In the UK, January 2026 was defined by a surprising "kick into gear" for the private sector, even as the Bank of England (BoE) maintains a restrictive grip to ensure the final mile of disinflation is completed.

The UK economy defied "permacrisis" skepticism this month as the S&P Global Services PMI surged to 54.0, its highest level since mid-2025. This rebound in business activity reflects a post-Budget lifting of uncertainty and a significant uptick in investment sentiment. However, the labor market remains a concern; the Unemployment Rate edged up to 5.1%, and private-sector job shedding hit its fastest pace in 16 years as firms prioritize productivity over headcount.

While the U.S. faces a leadership change, the BoE is navigating internal division. In its first meeting of the year, the Monetary Policy Committee (MPC) voted 5-4 to hold the Bank Rate at 3.75%. The narrow margin underscores a "wait-and-see" approach following an unexpected uptick in CPI to 3.4% (driven by tobacco duty and airfares). However, Governor Andrew Bailey provided a dovish tilt in his commentary, projecting that inflation will hit the 2.0% target by April, facilitated by the anti-inflationary measures and rail fare freezes introduced in the late-2025 Budget.

Geopolitically, the UK played a central role in the "Arctic Shield" diplomacy. Prime Minister Keir Starmer's firm stance against the U.S. tariff threats over Greenland—coupled with his landmark trip to Beijing (the first by a UK PM in eight years)—signals a "middle power" strategy aimed at diversifying trade dependencies. The UK's refusal to cede on the Greenland sovereignty issue briefly put 10% tariffs on the table, but the de-escalation at Davos has restored a fragile stability to the "Special Relationship."

As we look to February, the investment focus will shift toward Spring Budget previews and the first signs of "April Disinflation" in forward-looking price surveys. We remain constructive on the UK central bank beginning a rate cut from April, but the MPC's 5-4 split signals a more definitive dovish consensus.

Global Macroeconomic Development

Asia: Trade Deals, and Policy Normalization Stories Drive Growth

Japan: The End of an Era and the Birth of "Normal" Policy

In January 2026, Japan reached a defining inflection point, finally leaving behind decades of hyper-accommodative policy and entering a regime shaped by positive real rates and sustained wage momentum.

The Bank of Japan remained the market's anchor, holding the policy rate at 0.50% at its January 22 meeting as Governor Ueda signaled patience after the 2025 normalization. Currency markets were volatile early in the month, with the yen strengthening toward 152 JPY/USD amid a hawkish U.S. backdrop, before stabilizing following a firm 2.4% Core CPI print that preserved expectations for a possible March hike.

Economic indicators were constructive. The au Jibun Bank Manufacturing PMI rose to 50.8, supported by AI-driven semiconductor demand and firmer auto exports. Early Shunto negotiations, with unions seeking 5.5% wage hikes, reinforced confidence in a durable wage-price cycle. Looking into February, focus shifts to Q4 GDP data and wage outcomes, which will be critical in confirming recession avoidance and shaping near-term policy expectations.

India and the EU trade relationship

	Export to partners (2024)	Goods export to partners (2024)	Top goods sectors exported to partners (2024)	Services exported to partners (2024)	% of trade accounted for partner (2024)	FDI stock in partner (2023)	GDP (2025)	GDP growth (2025)	Population (2025)
India	€109 bn	€71.4 bn	Machinery & Equipment, Chemicals, Fuel	€37.4 bn	11.50%	€10.3 bn	$4.1 tn	~6.8%	1.41 bn
EU	€78 bn	€48.8 bn	Machinery & Equipment, Transport, Chemicals	€29.2 bn	2.40%	€140 bn	€21.1 tn	~1.4%	0.45 bn
India-EU		**€120 bn**		**€66 bn**		**~25% of global FDI stock**	**~25% of global GDP**		**~25% of global population**

Source: IMF, Europe.eu, World Economic Forum, SGA Research

India: The "Strategic Outlier" and the Dual Trade Reset

India began 2026 as the world's standout economic performer, using its policy of "strategic autonomy" to secure two landmark trade achievements that meaningfully strengthened its medium-term growth outlook. Domestic momentum was evident in January, with the HSBC Services PMI rising to a robust 58.5 and the Manufacturing PMI holding firm at 55.4. Although the Indian rupee briefly weakened to a record low of 91.98 per USD amid broad dollar strength, sentiment remained resilient. Confidence was reinforced by the Economic Survey 2025–26, which projected a healthy 7.4% GDP growth rate, and by the Union Budget presented on February 1, which advanced the "Viksit Bharat" agenda through expanded production-linked incentives for AI, semiconductors, and advanced manufacturing.

Trade policy developments were transformative. On January 27, India and the EU signed a comprehensive free trade agreement aimed at doubling bilateral trade by 2032. The deal grants duty-free access to more than 99% of Indian exports, particularly textiles and pharmaceuticals, while India reduced tariffs on European luxury cars, wines, and capital goods. In parallel, India concluded a strategic trade reset with the US, cutting effective tariffs on Indian exports to 18%, well below key regional peers. In exchange, India committed to large-scale US energy and technology imports and a gradual diversification away from Russian crude. We remain Overweight on India as the most compelling "quality growth" story among emerging markets, while closely monitoring fiscal and energy-import dynamics.

China: The "Anti-Involution" Pivot and the G2 Truce

China entered the year under renewed pressure as domestic demand showed fresh signs of fatigue. The Official Manufacturing PMI unexpectedly slipped into contraction at 49.2, reflecting persistent overcapacity at large state-owned enterprises and weakening pricing power. The property sector remains the central drag on growth. January new-home sales fell 27% y/y, while China Vanke's record annual loss reinforced the view that the five-year housing downturn has yet to reach a durable bottom.

In response, Beijing has shifted its policy rhetoric toward "Anti-Involution," a framework aimed at curbing destructive price wars in sectors such as electric vehicles and solar panels. The objective is to restore corporate margins, improve capital discipline, and stabilize medium-term profitability rather than maximize volumes. With GDP growth now tracking a moderated 4.0%–4.4%, macro support remains tilted toward fiscal stimulus. The People's Bank of China has kept policy accommodative, while the central government announced a front-loaded CNY 1 trillion bond issuance to catalyze investment under the 15th Five-Year Plan (2026–2030).

A key policy shift took effect on January 1, when the long-standing purchase tax exemption for New Energy Vehicles was replaced by a 5% levy. While this move cooled January retail sales, it also signaled a clear intent to rationalize the increasingly crowded EV market.

Geopolitics delivered the most meaningful upside surprise. The "Busan Breakthrough" produced a temporary G2 truce, with China resuming large-scale U.S. agricultural and energy purchases in exchange for a partial suspension of high-tech export controls. China's concurrent pause on rare-earth export restrictions eased global supply-chain stress and supported a late-month rally in Hong Kong equities.

Looking ahead, February is likely to be a wait-and-see period as markets seek clearer stimulus details ahead of March's National People's Congress. We remain Neutral on China.

Latin America: A Region of Sharp Ideological and Economic Divergence

The Latin American landscape in January 2026 has been reshaped by a seismic geopolitical shift and a widening gap between the region's three largest economies. The arrest of Nicolás Maduro in Caracas on January 3—the "geopolitical lightning strike" of the year—has fundamentally altered regional risk premia, pushing capital toward US-aligned markets while forcing a strategic rethink in Brasília and Mexico City.

Argentina: The Milei "Miracle" Consolidates

Argentina has emerged as the region's standout success story this month. Following a landslide midterm election victory, President Javier Milei's administration secured a $20 billion currency swap deal with the U.S. Treasury, providing a crucial liquidity buffer. The "stabilization trade" is in full swing: inflation plummeted to 31% (the lowest since 2018) while the government maintained its first fiscal surplus in 14 years. With GDP growth projected at 4.5% for 2026, driven by a Vaca Muerta energy boom, Argentina is rapidly transitioning from a distressed asset to a preferred emerging market play.

Brazil: Navigating High Rates and Electoral Shadows

In contrast, Brazil is grappling with a more restrictive "plateau" phase. The Central Bank of Brazil (BCB) held the Selic rate at 15% in January, citing unanchored inflation expectations and a sticky 4% CPI. While the economy remains the regional leader in renewables and "Amazonian Shield" biodiversity credits, domestic manufacturing is showing fatigue, with industrial job creation stalling.

As the nation pivots toward the October 2026 general elections, fiscal discipline remains the primary concern for investors, especially as the government balances social spending with the need to service a 95% Debt-to-GDP ratio.

Mexico: The Nearshoring Friction Point

Mexico's economic engine is facing significant headwinds from the new North American trade regime. The S&P Global Mexico Manufacturing PMI remained in contraction at 46.3 in January, as new export orders fell at their sharpest pace since mid-2025. The "tariff pass-through" has become a reality; input costs surged this month as firms adjusted to the 11.7% effective tariff rate on cross-border logistics. While the long-term nearshoring thesis remains intact, the immediate outlook is one of stagflationary pressure, with growth slowing to a projected 1.3% while core inflation remains stubborn near 4.3%.

We expect a "flight to quality" within Latin America to continue. We are Overweight on Argentina as the reform momentum accelerates and Neutral on Brazil until the BCB provides a clearer timeline for the first rate cut. We maintain a Cautious stance on Mexico, awaiting clarity on the USMCA review and potential relief from the current tariff frictions.

Fixed Income

Fiscal Expansion and Uneven Policy Normalization Drive Global Bond Repricing

US Treasury Curve Repricing Reflects Rising Term Premium

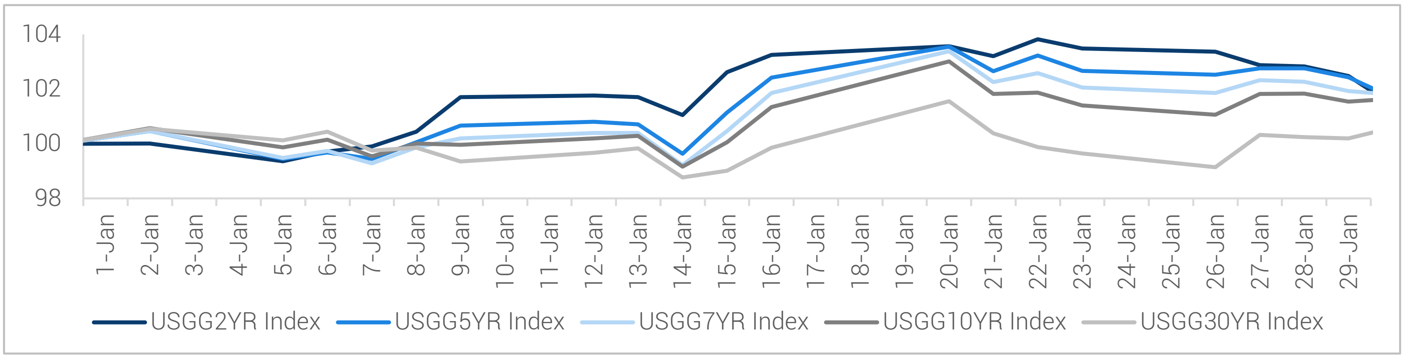
US Treasury markets ended January with a notable shift in curve dynamics, as the long end outperformed the belly amid rising term premia and persistent fiscal concerns. While expectations of Federal Reserve rate cuts in the near term anchored front-end yields, longer maturities increasingly reflected structural rather than cyclical forces.

The appointment of Kevin Warsh as the next Fed Chair prompted a reassessment of the inflation outlook, pushing the 10-year yield above 4.25% and closing the month near 4.24%. Despite markets continuing to price in two rate cuts in 2026, long-dated yields remained elevated, highlighting the growing disconnect between policy expectations and duration pricing.

The belly of the curve (2–5 years) was the weakest segment over the year, buffeted by shifting Fed communication, delayed labor data due to the government shutdown, and uncertainty over the timing of easing. By contrast, the long end benefited from higher carry and a rebuilding of the term premium, driven by large fiscal deficits, elevated inflation uncertainty, and increased Treasury issuance in 10–30-year maturities. These factors compelled investors to demand greater compensation for holding long-duration assets, allowing long-end yields to reprice earlier and stabilize sooner.

Looking ahead to 2026, we remain negative on US Treasuries. High debt-servicing costs, heavy supply, and reliance on price-sensitive domestic buyers leave duration vulnerable. While lower inflation could offer temporary relief, the balance of risks suggests limited upside for US government bonds.

Long ends of the US Treasury outperformed the belly



Source: FRED, SGA Research (Rebased as of 31st December 2025)

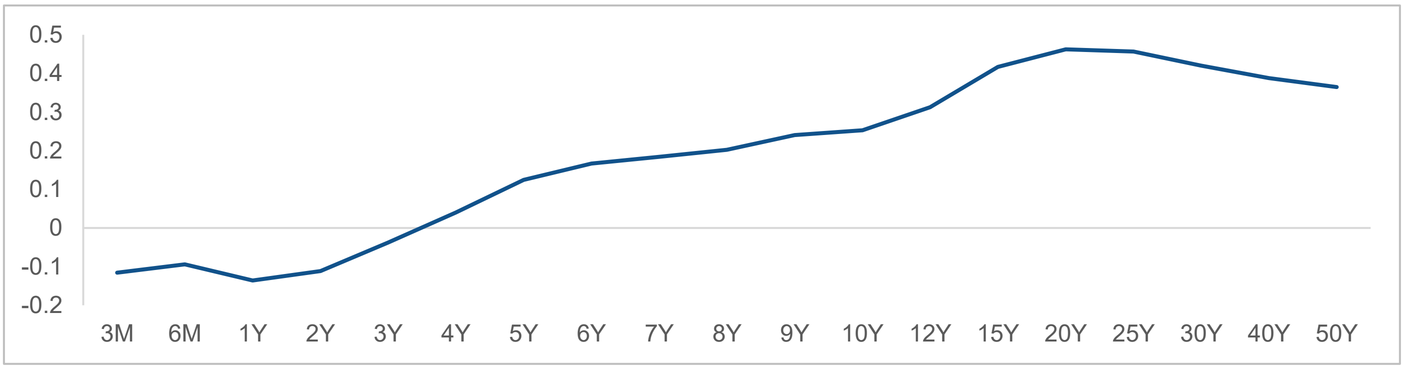
European Bonds Reprice Policy Divergence as FX Trends Dominate

European fixed income entered 2026 shaped by diverging monetary outlooks and strong currency effects. German Bund yields rose toward multi-year highs, with the 10-year nearing 2.9%, as investors weighed a firmer global policy backdrop and expectations that ECB easing would be delayed by euro strength. Policymakers have flagged that further appreciation of the single currency could revive rate cuts, but markets currently price only a limited probability of easing this year. Increased German issuance tied to fiscal stimulus has also contributed to upward pressure on yields, leaving euro area government bonds broadly fairly valued.

UK gilts stabilized near recent highs of 4.5%, reflecting sticky domestic price pressures that constrain the BoE despite some relief from sterling strength and global dollar weakness. Fiscal consolidation has helped anchor confidence, though volatility risks remain.

Meanwhile, the Swiss government bonds stand apart. Short-dated maturities of three years or less are yielding negative returns as markets price a meaningful chance of sub-zero SNB policy by 2026. Near-zero inflation, episodic deflation, and persistent safe-haven inflows into the franc reinforce expectations of very low real rates, making negative front-end yields rational in today's policy context. Overall, we remain neutral on European bonds, preferring selective exposure outside Germany.

Switzerland sovereign curve returning negative interest rates



Source: Investing.com, SGA Research

Japanese Yields at 27-Year High as Fiscal Risks Eclipse Policy Patience

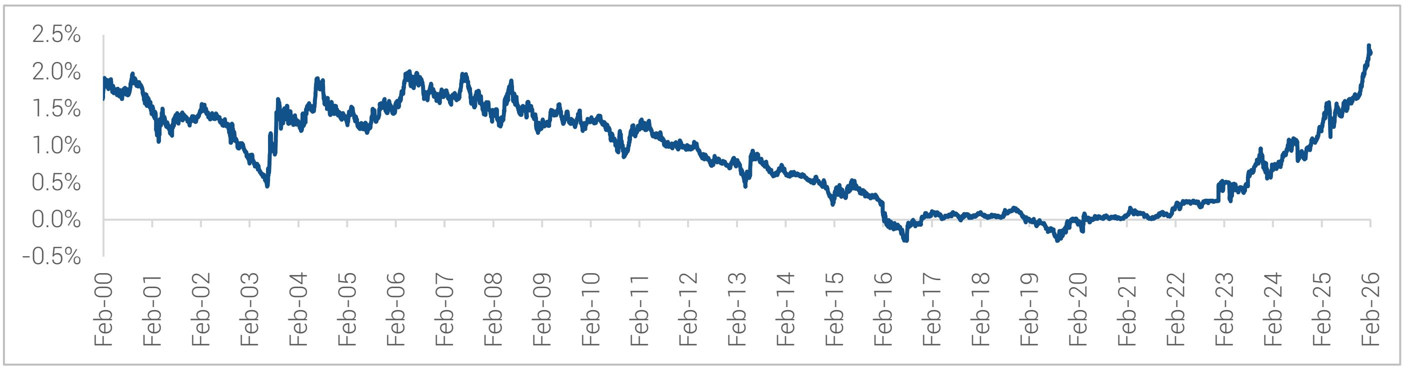
Japanese government bonds entered 2026 under sustained upward pressure as yields adjusted to a new policy and fiscal regime. The 10-year JGB yield rose to around 2.3% in January, marking its highest level in 27 years, as investors reacted to mounting political uncertainty and concerns over expanded deficit spending. Prime Minister Sanae Takaichi's decision to call a snap lower house election, coupled with her push for higher public outlays and tax cuts, has intensified fears of heavier bond issuance and long-term debt sustainability.

On the monetary side, the Bank of Japan kept rates unchanged at its January meeting, after lifting its policy rate to 0.75% in December, a three-decade high.

Officials reiterated that further tightening remains likely, following upward revisions to inflation forecasts that reinforce expectations of continued normalization. Recent 10-year bond auctions reflected softer demand, with higher clearing yields and a weaker bid-to-cover ratio.

We remain negative on Japanese government bonds. Prospects of additional rate hikes, rising global term premia, and expanding supply suggest upward pressure on yields is likely to persist.

Japan's 10-year bond yields surged aggressively in January, hitting a 27-year high



Source: Investing.com, SGA Research

GCC Bond Supply Accelerates as Primary Markets Stay Firm

GCC fixed-income markets opened the year under modest pressure as heavy issuance, uncertainty around the Fed's policy outlook, and lingering geopolitical risks weighed on prices. Despite this, spreads remained broadly stable, underscoring resilient investor demand.

Primary market activity was particularly strong, with more than $40 billion raised in January, led by Saudi Arabia, which accounted for over half of total issuance. The Kingdom tapped markets aggressively across sovereign, corporate, and financial sectors, with large multi-tranche bond and sukuk deals drawing solid order books.

Sukuk issuance remained a key feature, representing roughly one quarter of total supply, while AT1 and Tier 1 instruments from regional banks highlighted ongoing capital optimization. UAE and Omani issuers also contributed meaningfully, reflecting broad-based access to funding. Overall, elevated supply is likely to persist in 2026, but strong liquidity, diversified issuance, and stable spreads support a constructive allocation to GCC fixed income despite near-term volatility risks.

Currencies

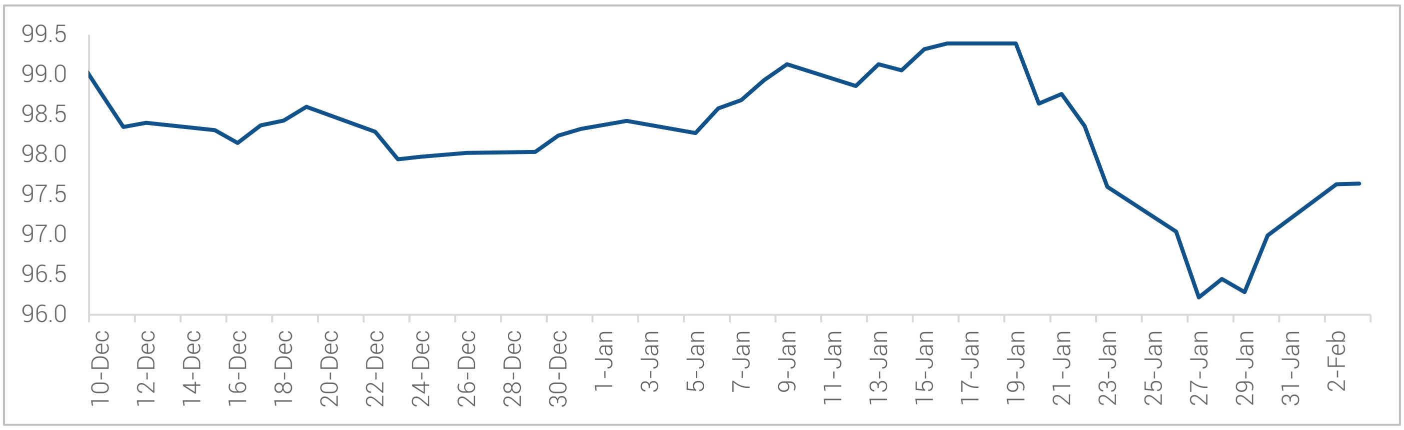
Dollar Slides to Multi-Year Lows as G10 and EM FX Gain Support

US Dollar Records Sharpest Annual Decline Since 2017

The US dollar entered 2026 on a notably weak footing, slumping sharply in January as political risk and shifting policy expectations undermined confidence. The DXY fell towards 96, its lowest level in four years, marking one of the weakest starts to a year. The immediate catalyst was President Trump's public indifference to the dollar's decline, reinforcing market perceptions that the administration favors a softer currency to enhance export competitiveness. This rhetoric coincided with heightened policy uncertainty in Washington, including renewed geopolitical statements and criticism of the Federal Reserve's independence. These factors raised the political risk premium embedded in the dollar. At the same time, speculation around a potential US-Japan intervention to support the yen added further downward pressure. While the Federal Reserve held rates steady in its January meeting, markets increasingly priced in two quarter-point cuts later in the year, compressing yield differentials and eroding the dollar's carry appeal. The dollar's weakness reflects a combination of easing monetary expectations, political noise, and reduced safe-haven demand amid the IMF's projected stable global growth of 3.3% in 2026.

Looking ahead, we expect the DXY to remain volatile but trend lower. As the Fed eventually resumes easing and global rate differentials narrow, our stance remains negative on the dollar, with downside risks outweighing potential rebounds.

DXY slumped sharply in January



Source: Investing.com, SGA Research

G10 Currencies Begin 2026 Firmly as Dollar Weakness Persists

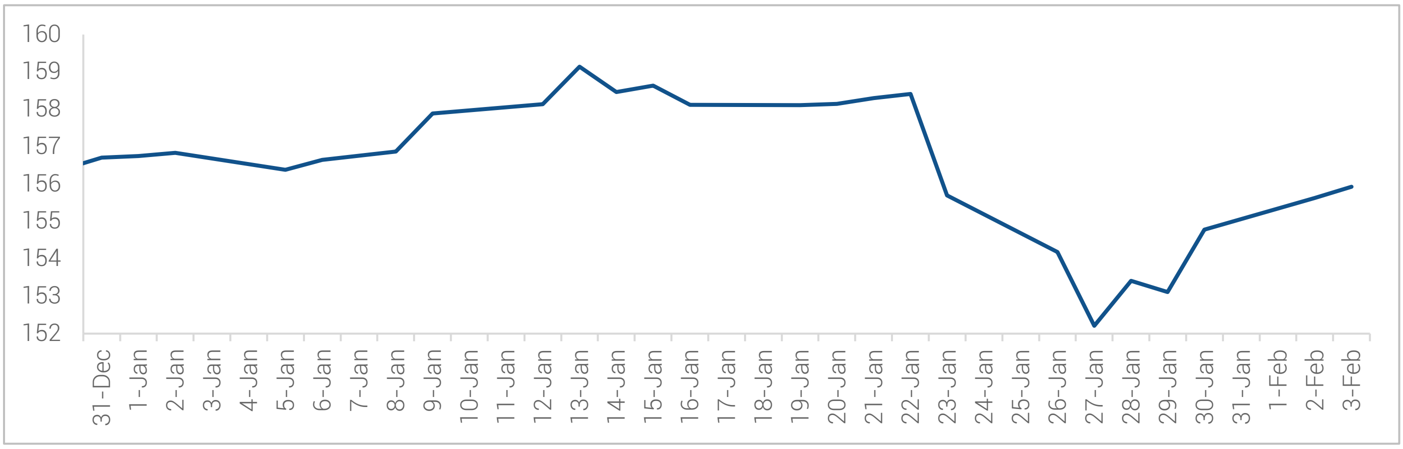
The euro closed January 2026 trading near $1.18, just below a four-year high of $1.204, supported primarily by broad US dollar weakness rather than by a material improvement in eurozone fundamentals. The ECB is expected to keep policy unchanged, with inflation below the 2% target and growth proving more or less resilient. However, policymakers have flagged that excessive euro strength could reignite discussions about easing later in the year. As such, capital inflows appear more defensive than conviction-driven. We remain neutral on EUR, as limited growth momentum and external risks cap upside despite favorable FX dynamics.

Sterling outperformed in January, rising above $1.385 to its strongest level since 2021. Gains were driven by firmer UK price pressures, which reduced expectations for near-term BoE rate cuts, alongside persistent dollar weakness. That said, the rally is vulnerable to slowing growth and the likelihood of gradual easing later in 2026. We maintain a neutral GBP positioning, with upside in early 2026 balanced by rising second-half risks.

The yen rallied sharply to three-month highs near 152.220, supported by speculation of coordinated US–Japan FX intervention, rising Japanese yields, and an increasingly hawkish BoJ. Political tolerance for a weaker dollar further amplified gains. The JPY remains our preferred long, benefiting from policy normalization and carry.

We expect EUR and GBP to trade broadly range-bound, while the JPY emerges as one of the strongest G10 performers in 2026.

Japanese Yen rose to three-month highs in January end



Source: Investing.com, SGA Research

Emerging Market Currencies Find Support as Dollar Dominance Fades

Emerging-market currencies delivered a mixed but broadly resilient performance through January, supported by a structurally weaker, more volatile US dollar.

The offshore yuan outperformed, strengthening towards 6.96 per dollar, close to a 33-month high of 6.93. Gains were driven by stronger-than-expected manufacturing PMI data, firm FX settlement demand, and steady guidance from the PBoC. The rising emphasis on yuan internationalization further underpinned sentiment, though medium-term constraints from deflationary pressures and capital outflows persist.

The Indian rupee weakened to around 91.67, weighed down by corporate hedging demand and liquidity dynamics linked to the RBI's dollar-rupee swap. While the US–India trade deal offers export support, a wider trade deficit and a dovish RBI following 125 bps of cuts in 2025 limited upside.

The Turkish lira continued its controlled depreciation, falling to record lows near 43.54 per dollar amid policy easing and high inflation. Structural imbalances and reserve management remain dominant drivers.

The South African rand extended gains to near 15.72, supported by strong precious metal prices, credible policy settings, and political stability.

The Brazilian real rebounded towards 5.18, benefiting from high real yields, predictable policy easing, and favourable terms of trade.

With global growth stable and the USD no longer a one-way trade, EM FX should remain supported. However, idiosyncratic risks argue for a neutral allocation stance in 2026.

Equities

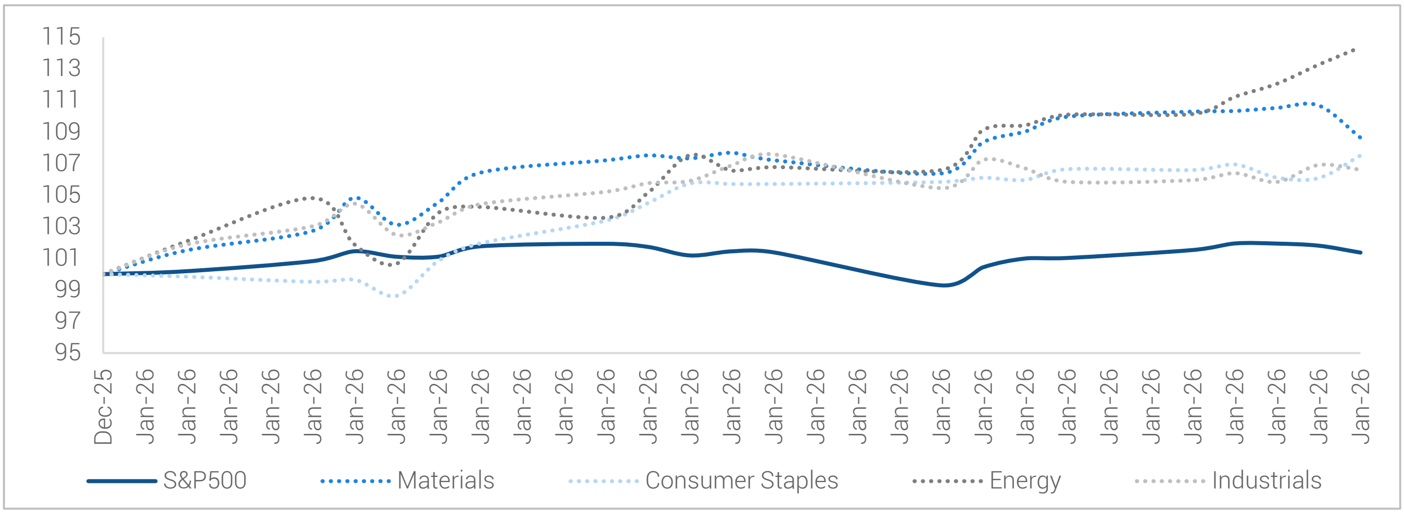
Global Equities Open 2026 with Cyclical Strength and Diverging Regional Trends

US: Energy and Industrials Lead January; Rates Hold the February Key

The S&P 500 rose 1.4% in January 2026, with cyclical and commodity-linked sectors leading the gains. Energy was the standout, surging 14.4% amid firmer oil prices and improved demand outlook, while Materials (+8.6%) and Industrials (+6.6%) benefited from stronger global growth expectations and infrastructure-related spending themes. Communication Services (+5.7%) and Consumer Staples (+7.5%) also posted solid gains, supported by resilient earnings and defensive positioning. In contrast, Financials (-2.6%) and IT (-1.7%) lagged, reflecting concerns around interest-rate volatility and mixed tech earnings. Health Care was broadly flat (-0.2%), while Real Estate (+2.7%), Utilities (+1.3%), and Consumer Discretionary (+1.7%) delivered modest gains.

In February 2026, the S&P 500 outlook is likely to hinge on interest-rate expectations, earnings momentum, and sector rotation. Markets are expected to remain sensitive to incoming inflation data and Federal Reserve commentary, as any shift in rate-cut expectations could quickly impact equity valuations. Cyclical sectors such as Energy, Materials, and Industrials could remain supported by firm commodity prices, infrastructure spending themes, and resilient global growth trends. Communication Services may also remain strong on solid earnings and improving demand for advertising and digital media, while defensive areas like Consumer Staples and Utilities could attract steady inflows amid macro uncertainty. In contrast, IT and Financials may remain under pressure due to volatility in interest rates, valuation concerns, and a mixed earnings outlook.

Energy, Consumer Staples, Materials and Industrials shine in January 2026



Commodity Strength Lifts Europe, but Divergence Persists

European equities delivered mixed but generally positive returns in January 2026. The broad STOXX 600 advanced 3.2%, supported by strength in cyclicals and commodity-linked sectors. The UK's FTSE 100 rose 2.9%, benefiting from gains in energy and materials stocks amid firmer commodity prices and a weaker pound. Germany's DAX was broadly flat, up just 0.2%, while the mid-cap MDAX gained 1.8%, reflecting softer industrial and export-oriented sentiment. France's CAC 40 was the main laggard, declining 0.3% as luxury and consumer names faced demand concerns. Overall, performance was shaped by commodity price strength, currency moves, and cautious expectations around European growth and central-bank policy.

European equities in February 2026 are likely to trade in a narrow, data-dependent range, with sentiment driven by central-bank signals, growth indicators, and earnings updates.

Expectations that the ECB will remain on hold as inflation nears target should provide a supportive backdrop for equities, though subdued Eurozone growth of around 1-1.5% may cap upside. Cyclical sectors could benefit from stable rates and commodity strength, while defensives may remain in demand amid geopolitical and trade uncertainties.

UK equities may see modest support from anticipated BoE rate cuts later in 2026, which could ease financial conditions, although soft growth and sticky inflation remain key risks.

Divergent Asia, Surging Commodities Lift EM and Middle East

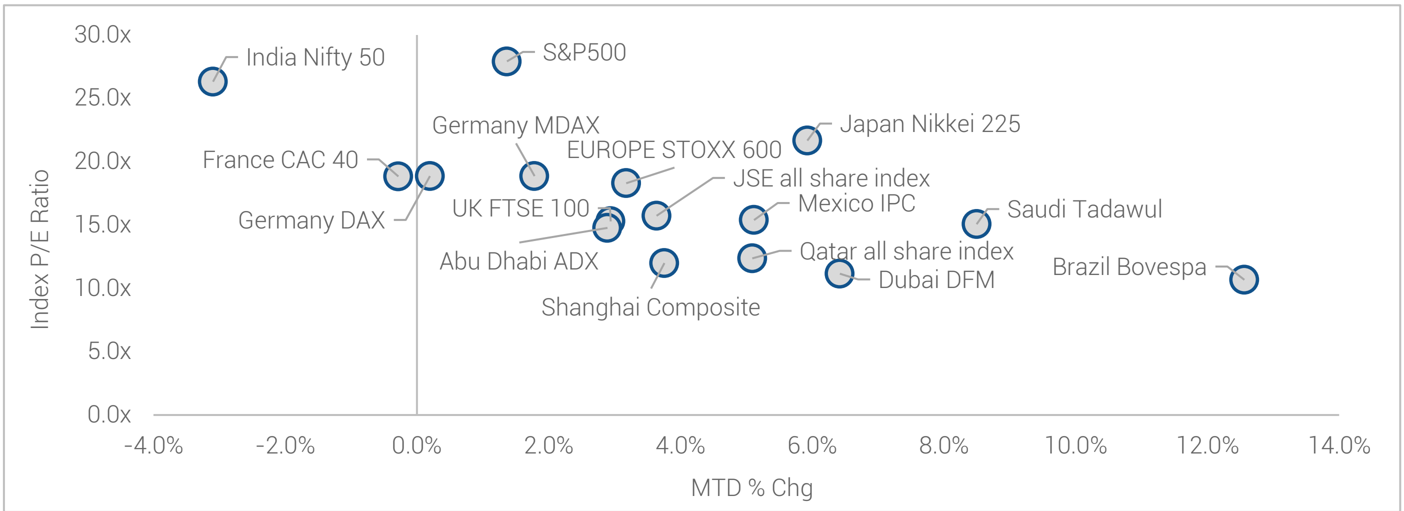
Asian equities delivered mixed performance in January 2026, reflecting divergent macro and policy trends. Japan's Nikkei 225 rose 5.9%, supported by a weaker yen, strong corporate earnings, and continued investor inflows into export-oriented sectors. China's Shanghai Composite gained 3.8% as policy support measures and expectations of additional stimulus helped stabilize sentiment after a weak prior year. In contrast, India's Nifty 50 declined 3.1%, weighed down by profit-taking after a strong 2025, elevated valuations, and cautious flows amid global rate uncertainty. Overall, regional performance was shaped by currency movements, domestic policy support, and differing growth outlooks across major Asian economies.

Middle East equities delivered solid gains, supported by firm oil prices, strong fiscal positions, and resilient non-oil growth. Saudi Arabia's Tadawul led the region with an 8.5% rise, followed by Dubai's DFM (+6.4%) and Qatar's all-share index (+5.1%). Abu Dhabi's ADX gained 2.9%, reflecting steady earnings and investor inflows.

Emerging market equities posted strong gains, led by commodity-linked and cyclical markets. Brazil's Bovespa surged 12.6%, supported by higher commodity prices and improving growth sentiment. Mexico's IPC rose 5.1% on resilient domestic demand and near-shoring optimism, while South Africa's JSE gained 3.6%, aided by firmer metals prices and currency stability.

Asia-Pacific equities in February 2026 are likely to be influenced by policy developments, currency trends, and trade dynamics. In India, the recently announced US-India trade deal, which reduces US tariffs on Indian goods to around 18% and improves market access, has already boosted investor sentiment and foreign inflows, supporting export-oriented sectors and overall growth expectations. Japan could remain a relative outperformer on strong export demand, though any shift in BoJ policy may add volatility. China may stabilize amid hopes of further stimulus. In the Middle East, equities should remain supported by firm oil prices and strong fiscal balances. Emerging markets more broadly may benefit from softer global rates and improved trade flows, with commodity-linked and export-oriented markets likely to outperform.

Value beats Growth in early-2026 global equity rally



Source: Investing.com, SGA Research

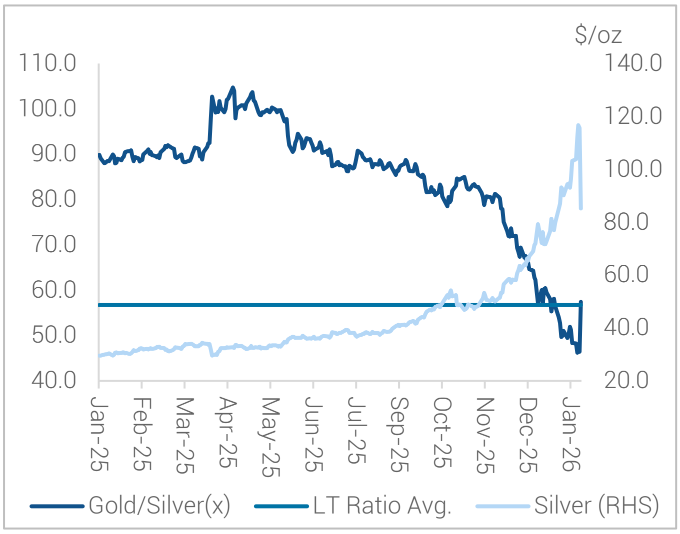
Commodities

Extreme volatility hits precious metals

Record Gains in Silver Undone by Sharp Volatility

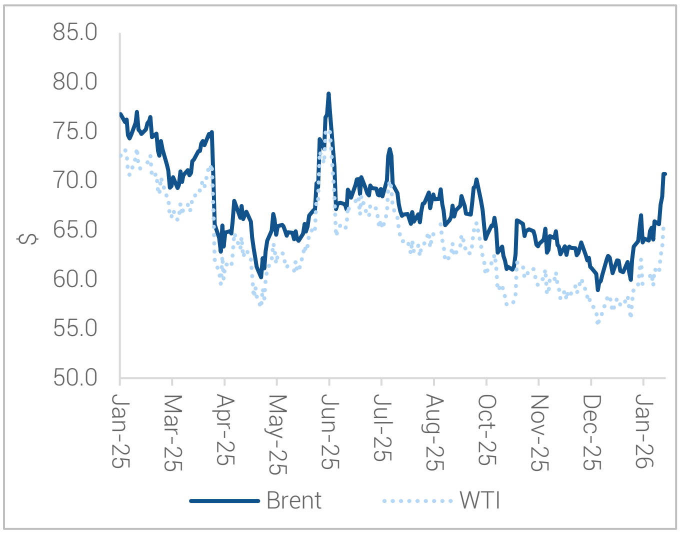
Silver gained about 18.7% during the month, marked by extreme volatility on both sides. Sentiment was bullish throughout the month, with prices surging to around 68% to a high of $120 per oz. The parabolic move was supported by heightened geopolitical tensions, including US-EU tariff escalation linked to Greenland and broader instability such as the military blockade in Venezuela, which spurred strong safe-haven demand. Towards the month's end, silver sold off sharply due to a combination of profit-taking after record highs, a stronger US dollar, rising bond yields, and a sudden shift in investor sentiment following the appointment of Kevin Warsh as the next Federal Reserve Chair. Extreme speculative positioning also amplified the volatility, leading to one of the steepest single-day declines in modern silver trading. Going forward, silver is expected to trade in the USD 70-90/oz range, with volatility likely to persist as markets respond to ongoing geopolitical uncertainty and China's export restrictions. These factors should help the metal hold above key support levels despite fluctuations.

Silver see sharp month correction



Source: Investing.com, SGA Research

Geopolitics and weather lifts oil prices



Source: Investing.com, SGA Research

Crude Oil Rebounds Sharply Amid Supply Disruptions

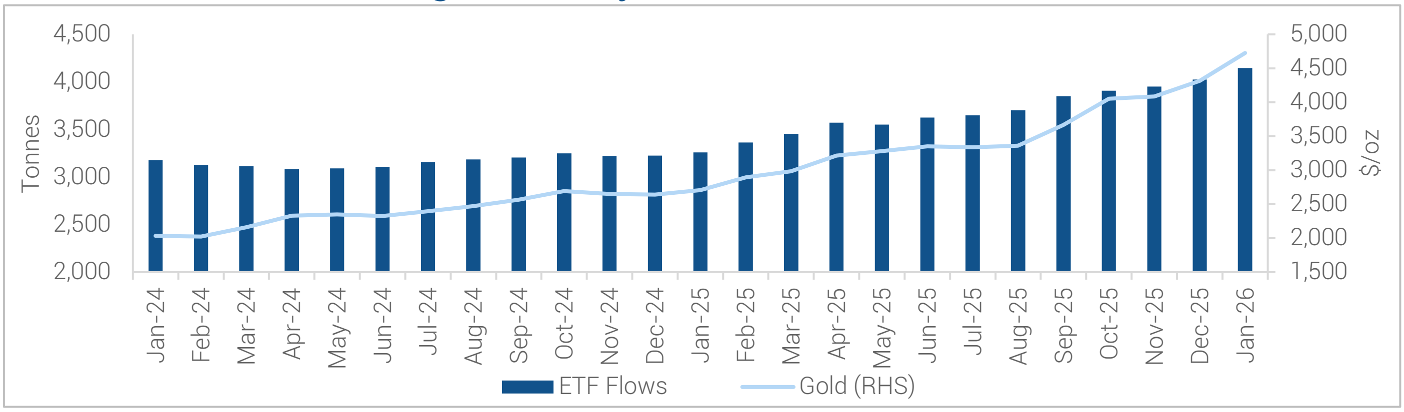
Crude oil prices rose by more than 13.0% in January as markets saw a sharp turnaround. The month started with weakness driven by oversupply concerns, before staging a strong rally in the latter half. Brent crude climbed to $70 per barrel, while WTI broke above $65. Early declines reflected swelling global inventories, record output from non-OPEC+ producers, and rising US stockpiles. The bearish tone was reinforced by the resumption of Venezuelan exports under US oversight. However, sentiment shifted dramatically as geopolitical risk premiums returned. Escalating US–Iran tensions, underscored by President Trump's naval deployment and threats of military action, reignited fears of supply disruption. Severe winter storms in the US further curtailed production and logistics, while a major fire at Kazakhstan's Tengiz oil field disrupted the supply, tightening global balances. Crude is expected to trade steady within the $62–68 per barrel range, with oversupply restraining gains while geopolitical news may drive short-term swings.

Safe-haven Flows Drive Gold Past $5,000 before retreat

Gold traded across a broad range in January, oscillating between USD 4,330–5,560 as shifting macro signals and alternating safe-haven flows dictated momentum. Early in the month, a firmer US dollar kept prices contained near USD 4,330–4,400, curbing risk-off demand. Midway through, geopolitical tensions and softer Treasury yields fueled risk aversion, propelling gold beyond the psychological USD 5,000 threshold. However, momentum faded toward the month-end as Kevin Warsh's Fed Chair nomination strengthened the dollar, lifted yields, and triggered a broad reset of the debasement trade, pulling gold back below USD 5,000.

Looking ahead, February is likely to see gold consolidating within a USD 4,700–5,000 band, with central bank demand providing stability while uncertainty over the rate path keeps directional conviction limited.

ETF flows remained strong in January



Source: World Gold Council, SGA Research

Heavy ETF Withdrawals Drive Bitcoin Slide

Bitcoin endured a challenging January, retreating nearly 5.0% from around $85,000 at the start of the month to approximately $75,000 by month-end. The weakness was largely driven by heavy redemptions from US spot Bitcoin ETFs, which recorded net outflows of $1.6 billion. The most pronounced pressure came on January 29, when a single-day withdrawal of around $820 million sparked accelerated selling and forced liquidations across the broader crypto market. Additional headwinds included a stronger US dollar and fading investor confidence, both of which compounded downside momentum. Meanwhile, inflows into Solana and XRP ETFs underscored a rotation of capital away from Bitcoin, reflecting investor appetite for diversification within the digital asset space.

Looking ahead to February, Bitcoin is expected to consolidate within a $78,000–92,000 range. Market stabilization will hinge on ETF flow dynamics and broader risk sentiment, with investor positioning likely to dictate near-term direction. If Bitcoin slides below the crucial $70,000 level, it could trigger a further correction.

Bitcoin breaks the channel

Source: Investing.com, SGA Research

Real Estate

APAC & Europe Maintained Momentum; US Remain Subdued

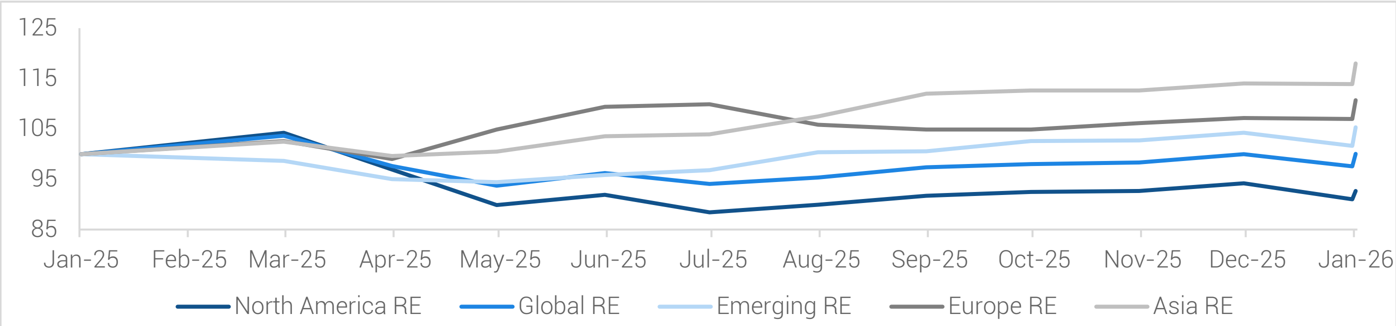
Global CRE Continuing Its Shift From Valuation Reset to Measured Recovery

The global real estate market continued its cautious recovery as shift from repricing to stabilization with transaction volumes beginning to pick up in select markets. APAC attractiveness continue to owing to growing internal fund inflows while select markets in GCC benefit from immigration led prime living demand & policy led demand for Grade A office spaces. Europe is navigating a new real estate cycle, focused on Income & active asset management, though the divide between prime & sub-class assets persists. On the other hand, the UK witnessed increased supply-led activity supporting first-time buyers. The US showed a bifurcated recovery despite narrowing bid-ask spreads. Affordability concerns are expected to gradually improve as a reset of buyers' & sellers' expectations is underway, implying slow activity growth for residential space, whereas prime assets appear to be stabilizing.

In Q1 2026, the global real estate market's transition from a period of "valuation reset" to a measured recovery is likely to continue. However, the early mover's advantage experienced in 2025 is now fading. Q1 is seeing stabilizing prices, a return of institutional capital, compressed yield in selective markets, and a sharp focus on asset quality.

The global RE indices grew 2.5% in January 2026. Among the regional indices, Emerging RE led the chart as the best-performing region. Asia RE followed as the second-best performing region for the month with Europe RE closely replicated the similar performance. North America continued its subdued performance though recorded a positive growth of +1.8%

Global CRE performance – Jan 2025 to Jan 2026



Source: Global RE Represented by FTSE EPRA Nareit Global Index, Regional RE Indices Are Subsectors of Broader Index, SGA Research; Numbers are sourced from the database (not directly from the EPRA website) & may vary from the EPRA's published report

Resilient Core Asset Pricing And a Widening Valuation Gap in Secondary Markets

The US residential market entered 2026 on a steadier footing, as the 30-year fixed-rate mortgage (FRM) held near 6.10% in late January, aiding buyer activity after a soft end to 2025. However, active listings showed slower improvement - inventory was 10% higher y/y in January but still 17.2% below 2017–19 levels (Realtor), the widest gap since spring 2025. Homes spent 78 days on the market, and national list prices stayed mostly flat, reflecting ongoing affordability pressure and continued price adjustments by sellers.

Overall, these trends point to a slowly improving market, with rate relief supporting demand while limited supply keeps conditions competitive heading into Feb-26

Stabilization continued for CRE, with high-quality assets remaining steady, while low-grade assets faced valuation pressure. The CoStar value-weighted US Composite Index (heavily influenced by high-value trades common in core markets) held steady, whereas the equal-weighted US Composite Index (reflecting lower-priced property sales typical of secondary & tertiary markets) fell 1.3% sequentially in December; this divergence is similar to that observed post-recession in 2010 & 2011. Industrial remained the top performer while supply discipline ensured gains for Retail. Office and data center markets lagged, as the split between prime and sub-grade assets continued.

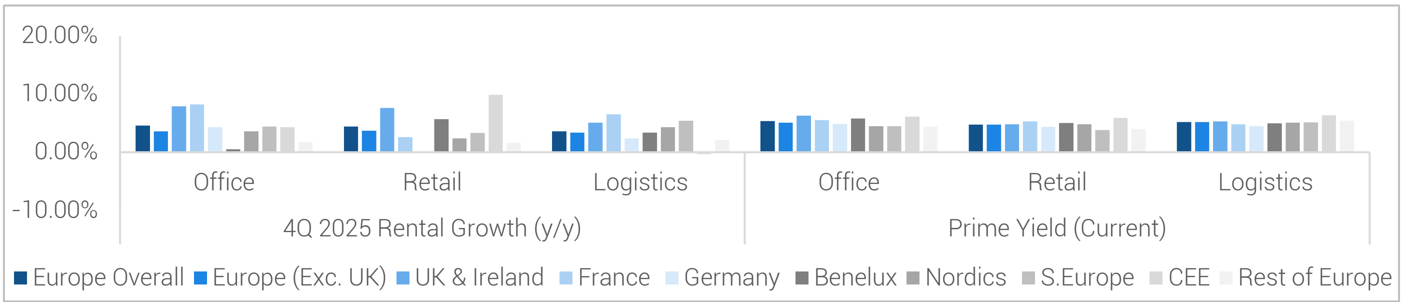
Lower borrowing costs narrowed the bid-ask gap, improving deal flow and supporting firmer pricing in larger assets.

CBRE expects a 16% increase in CRE investments in 2026, while Aberdeen Investments highlights strength in Top-tier data center markets; secondary markets are expected to see supply exceeding demand. Sagard projects a valuation gap between current market prices and index valuations, especially in office space.

JP Morgan predicts house prices to stall at 0% growth as the market reaches a new equilibrium. While Realter.com expects mortgage rates to remain above 6%, affordability to modestly improve as monthly payments fall below 30% of household income for the first time since 2022.

Overall, the real estate market has emerged from a price-correction phase to a period of stabilization, though growth is tempered by sticky inflation and high construction costs. Future success now hinges on navigating through policy changes -fiscal, trade, and immigration.

Mixed rental growth & largely stable yield across Europe and UK



Europe Navigating the New Real Estate Cycle, Income over Yield

Europe's CRE landscape is shifting from defensive revaluation toward expansionary capital deployment. This transition follows the ECB's success in anchoring headline inflation at the 2% target by late 2025 amid stabilized interest rates. However, MSCI RCA data indicates a 15% year-on-year investment dip in Q4, suggesting a cautious investor stance.

French and German CRE markets entered 2026 with strengthening fundamentals and improving transaction momentum as financing costs normalized. Yield compression persists across key sub-markets as lender competition intensifies.

Similarly, the UK witnessed a sharp non-seasonal price rebound in January, followed by increased inquiries after a late 2025 rate cut. Easing affordability and increased supply supported these trends, with regions outside of London and the south expected to witness higher growth.

Overall, falling interest rates and wage growth are enhancing residential affordability in the UK, while prime office and retail sectors benefit from acute supply shortages. Investors are increasingly pivoting toward income-resilient "living" sectors and AI-driven data centers to capture growth.

In Europe, investor sentiment is rebounding, particularly from international capital. Growth is increasingly income-driven, favoring "Living" and logistics sectors. While sovereign risks persist, low supply and stable yield spreads make core and value-add strategies increasingly attractive.

APAC & GCC's Appeal as Resilient Market Continue to Grow

The APAC real estate markets attractiveness continue to grow for international investors led by rental growth prospects and easing financing. Offices become the most preferred sub-asset class in the region as leasing demand recovered.

Japan continue to remain a cornerstone for the region's stability with strong rental growth for office space & resilient multifamily demand with increased acceptance for rent reversions. Australia showed continued preference for high grade office properties with vacancy remained flat for Sydney CBD with Brisbane and Canberra have identified as high potential market for this year.

China continues to face a significant downtime characterized by weak demand, high inventory, and falling prices. India continue to focus on manufacturing hubs while Singapore & Japan focus on rental stability and premium logistics upgrades.

The UAE started the year with record activity led by strong off-plan demand. The Golden Visa and millionaire migration boosting luxury home values. Meanwhile, Saudi Arabia's market witnessed implementation of new laws, a shift towards high-density, mid-market apartment development Riyadh seeing near-zero vacancy in its prime office sector led by RHQ program.

Looking ahead, APAC CRE is poised for another solid year in 2026 as both investment & leasing activity is likely to strengthen. While UAE & KSA is expected to benefit from robust foreign inflows and migration. The market continue to remain resilient with strong demand for grade A office space and luxury residential space.

Currencies

Currencies	Jan-end	▲ 1-Month	▲6-Month	▲ YoY
DXY Index	96.9910	-1.4%	-3.0%	-10.5%
EUR/USD	1.1848	0.9%	3.8%	14.3%
GBP/USD	1.3688	1.6%	3.7%	10.5%
USD/CHF	0.7729	-2.4%	-4.8%	-15.1%
USD/CAD	1.3613	-0.8%	-1.7%	-6.3%
USD/AUD	1.4370	4.3%	8.3%	12.0%
USD/AED	3.6720	0.0%	0.0%	0.0%
USD/INR	91.6710	2.0%	4.8%	5.9%
USD/CNY	6.9510	0.6%	3.5%	-4.1%
USD/JPY	154.7600	1.2%	-2.7%	-0.3%
Bitcoin	104,751	-2.3%	-28.3%	-17.6%

Commodities

Commodities	Jan-end	▲ 1-Month	▲6-Month	▲ YoY
WTI Crude ($/barrel)	65.2	13.6%	-5.8%	-10.1%
Brent Oil ($/barrel)	70.7	16.2%	-2.5%	-7.9%
Natural Gas ($/mmBtu)	4.4	18.1%	40.2%	43.0%
Gold ($/oz)	4,864.4	12.8%	47.9%	73.7%
Silver ($/oz)	84.6	18.7%	130.3%	170.3%
Platinum ($/oz)	2,163.2	5.3%	67.8%	121.3%
Palladium ($/oz)	970.5	0.8%	1.7%	1.7%
Copper ($/metric ton)	9,518.8	3.8%	4.2%	12.6%

Fixed Income

Rates	31-Jan-26	31-Dec- 25	31-Oct-25	31-Jul-25
Fed Funds Target	3.75%	3.75%	4.00%	4.50%
ECB Depo Rate	2.0%	2.0%	2.0%	2.0%
US Treasuries 2-year	3.5%	3.5%	3.6%	4.0%
US Treasuries 10-year	4.2%	4.2%	4.1%	4.4%
US Treasury 2–10 Spread (bps)	71	68	50	41
German Bunds 2-year	2.1%	2.1%	2.0%	1.9%
German Bunds 10-year	2.8%	2.9%	2.6%	2.7%
UK Gilts 10-year	4.5%	4.5%	4.4%	4.6%
Japanese Govt Bonds 10-year	2.2%	2.1%	1.7%	1.6%
Swiss Govt Bonds 10-year	0.2%	0.3%	0.2%	0.3%
China 10-year	1.8%	1.9%	1.8%	1.7%
India 10-year	6.7%	6.6%	6.5%	6.4%
Australia 10-year	4.8%	4.8%	4.3%	4.3%

Source: investing.com, data as of 31 January 2026, SGA Research

Global Equity Markets

Country	Index	Janend	▲1-Month	▲6-Month	▲YoY
US	S&P 500 ($)	6,939.03	1.4%	9.5%	14.9%
	DJ Industrial Average ($)	48,892.47	1.7%	10.8%	9.8%
	Nasdaq 100 ($)	25,552.39	1.2%	10.1%	19.0%
Europe	STOXX Europe 600 (€)	611.00	3.2%	11.9%	13.2%
	STOXX Europe 50 (€)	5,947.81	2.7%	11.8%	12.5%
	UK FTSE 100 (£)	10,223.54	2.9%	11.9%	17.9%
	Germany DAX (€)	24,538.81	0.2%	2.0%	12.9%
	France CAC 40 (€)	8,126.53	-0.3%	4.6%	2.2%
	SWISS MKT (CHF)	13,188.26	-0.6%	11.4%	4.7%
APAC	Japan Nikkei 225 (JPY)	53,322.85	5.9%	29.8%	34.7%
	SHANGHAI COMPOSITE (CNY)	4,117.95	3.8%	15.2%	26.7%
	Hang Seng (HKD)	27,387.11	6.9%	10.6%	35.4%
	Australia S&P/ ASX 200 (AUD)	8,869.10	1.8%	1.4%	3.9%
	India Nifty 50 (INR)	25,320.65	-3.1%	2.2%	7.7%
MENAT	UAE ADX (AED)	10,281.76	2.9%	-0.9%	7.3%
	Dubai DFMGI (AED)	6,435.36	6.4%	4.5%	24.2%
	Qatar DSM (QAR)	11,310.38	5.1%	0.4%	6.0%
	Saudi Arabia Tadawul (SAR)	11,382.08	8.5%	4.2%	-8.3%
	Kuwait BK Main 50 (KWD)	8,523.34	-1.9%	12.1%	17.3%
	Muscat MSM30 (OMR)	6,330.27	7.9%	32.4%	39.3%
	Bahrain All Share (BHD)	2,044.09	-1.1%	4.5%	8.8%
	Egypt EGX 30 (EGP)	47,785.93	14.2%	39.7%	59.2%
	Turkey N100 (TRY)	13,838.29	22.9%	28.8%	38.3%

Source: investing.com, data as of 31 January 2026, SGA Research

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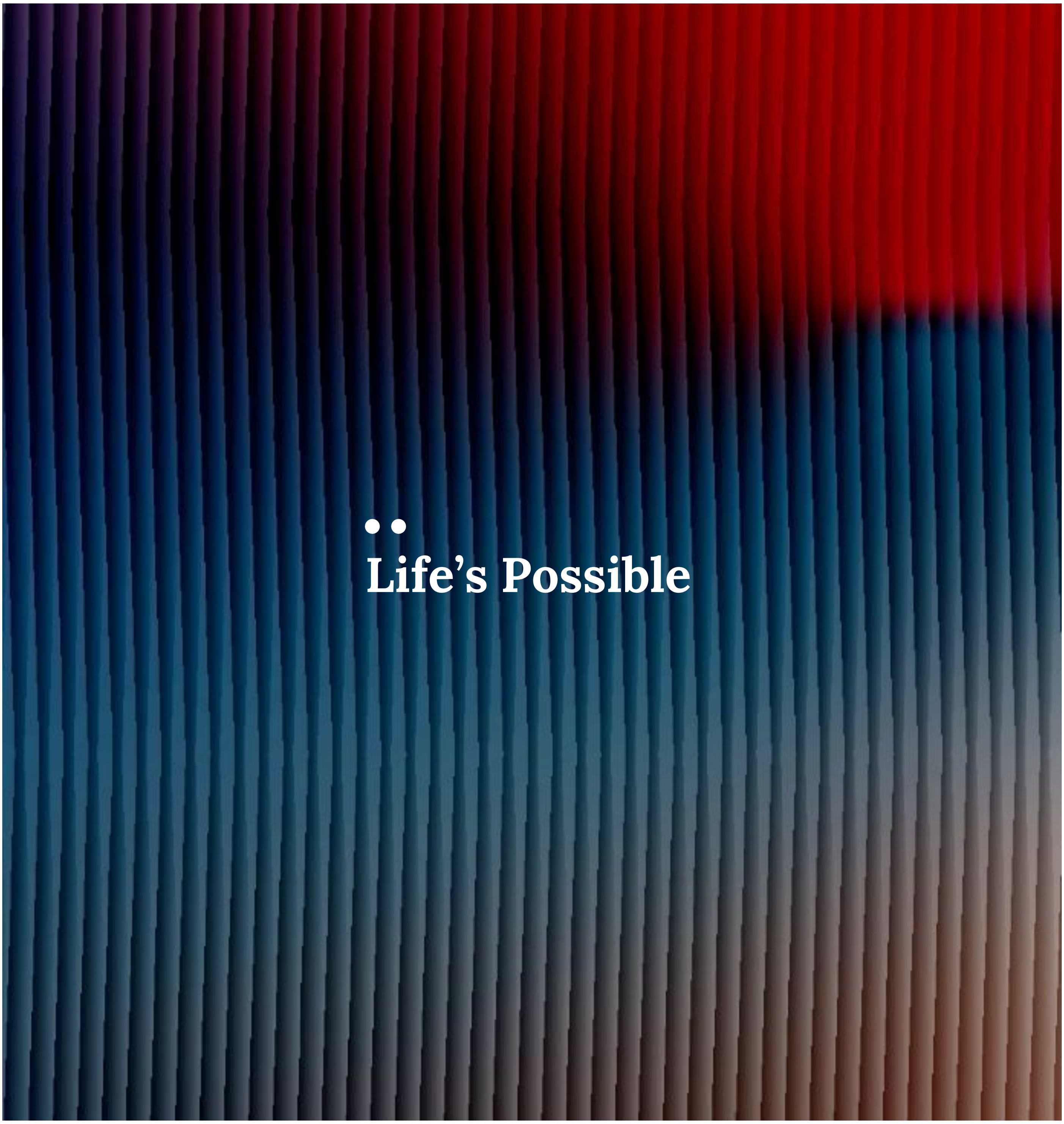

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