



WEEKLY BULLETIN

EU circles the wagons

Key takeaways

Although US stock markets were choppy last week, those in the UK, emerging markets and especially Japan, made progress. Gold and silver prices also raced away once more before a Saturday night salvo from Truth Social left Europe reaching for its 'trade bazooka'.

Trump burning bridges to reach Greenland

President Trump took to his Truth Social platform on Saturday night to threaten the UK, and seven other European allies, namely Denmark, Norway, Sweden, France, Germany, the Netherlands and Finland, with swinging new trade tariffs, starting in two weeks, unless they agree to the immediate US purchase of Greenland.

This week's US sabre-rattling threatens a 10% trade tariff on exports to the US, rising to 25% by 1 June, unless an agreement is reached for the sale of the giant, mineral-rich island. The European Union gathered in emergency session on Sunday to discuss its response which ranges from diplomacy to the potential deployment of the EU's so-called 'trade bazooka' – a raft of counter tariffs and financial constraints originally drawn up to fight a potential trade war with China. Markets were slow to digest the news which, regardless of outcome, bodes of increased European defence spending and continued demand for precious metals.

Election hopes spur Japanese stocks to record high

Japanese stocks jumped 4.5% last week. They have so far led those of other regions in 2026 and were more than 7% up in the year to 16 January. Japan's markets have been flying ever since new Prime Minister Sanae Takaichi, its first female leader, came to power in the autumn.

On Tuesday, Japan's Nikkei 225 Index surged to a new record high as investors bet that Takaichi's plans to call a snap election, to capitalise on her current popularity, would lead to more fiscal stimulus. Meanwhile, the yen tumbled to new lows, boosting Japanese corporate earnings at a time when overseas investors are returning seeking alternative AI investments.

Trump talks tough on plastic

The start of US earnings season saw the 'Big 6' banks, namely JPMorgan, Citigroup, Bank of America, Wells Fargo, Goldman Sachs, and Morgan Stanley leading the quarterly stampede to announce results. Amid a few exceptional charges, this cohort, previously labelled as being 'too big to fail', delivered a generally strong set of results with annual revenue growth for the group as a whole reported as 6% for 2025. The results disappointed analysts, but were largely overshadowed by the furore caused by Mr Trump's call, the previous weekend, for US credit-card companies to cap interest rates at 10%, starting from tomorrow.

Market moves

US stock markets were flat as investors digested the news of White House moves against the chair of the Federal Reserve and Mr Trump's calls to freeze US credit-card interest rates at 10% from tomorrow.

Stock markets elsewhere made notable progress. The UK saw stocks gain more than 1%; emerging market stocks added 2.6% while Japanese stocks jumped 4.5%.

Global bond markets were essentially flat while gold and silver prices continued to break new all-time highs. The price of silver jumped 16.5% last week.

What to look out for this week

The US data week includes housing starts and pending home sales on Wednesday, US GDP and jobless numbers on Thursday, and consumer sentiment figures on Friday.

Europe publishes inflation numbers at the start of the week while UK unemployment figures will be the focus on Tuesday. UK inflation numbers are out on Wednesday followed by consumer confidence figures on Friday.

Elsewhere, world leaders will rub shoulders with the US president at the 56th Davos World Economic Forum this week.

If you have questions about financial markets, or our investment services, please contact the Marketing team:

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