



WEEKLY BULLETIN

Trump backtracks on Greenland

Key takeaways

Global stock markets stumbled last week in the face of Donald Trump's belligerence toward Greenland. They bounced back following his expected volte-face but were unable to make up the lost ground. Meanwhile, the bonanza for gold and silver investors continued.

The president's 'Greenland 180'

When US stock markets reopened on Tuesday, they nosedived on the news of President Trump's Greenland antics, and his fresh threats of trade tariffs against the UK and other European allies.

True to form, Mr Trump used his Davos speech, which was thick with invective, but thin on facts, to effectively backtrack. Even before the president's 'Liberation Day' speech in April last year, which sent global markets crashing, the financial media had coined the term 'TACO' – standing for 'Trump Always Chickens Out'. Mr Trump's 'Greenland TACO' helped restore investor risk appetite and US shares rose steadily from mid-week with technology and banking stocks among the winners.

Japan facing 'Liz Truss moment'

Since Japan's first female prime minister, Sanae Takaichi, called for a snap election on 8 February, Japanese shares have briefly surged while its bond markets, and its currency, have plummeted, due to expectations of fiscal stimulus. Japanese interest rates were cut to zero in 1999 in an attempt to stimulate its moribund economy. A quarter century later, the country has little to show for this, except for the world's highest level of debt to GDP – circa 260% – a weak and falling currency, and inflation at close to 3%. Last year, was Japan's most expensive ever year of debt-servicing costs.

This has more than an echo of the Liz Truss government. Back in 2022, the new British PM unleashed a raft of unfunded tax cuts that sent UK bond markets into convulsions and helped make Britain's third female prime minister the shortest-serving in modern history.

Saddle up: 'Magnificent 7' reporting starts this week

In a busy week of US earnings news, it's the 'Magnificent 7' that's most likely to capture the headlines. Four of these mega-cap technology stocks, namely, Tesla, Microsoft, Meta (Facebook), and Apple report this week.

The tech cohort has been less than magnificent in the last year and has trailed the broader S&P 500 Index of leading US stocks by some margin. Of those reporting this week, Meta and Microsoft have been especially poor performers. Even so, their earning numbers, and the forward guidance that accompanies them, will help to define investor appetite for the AI investment theme in the coming year.

Market moves

Global stock markets retreated 1.4% last week as investors digested news of President Trump's latest tariff threats to European allies.

After leading regional markets so far in 2026, shares in Japanese companies suffered the biggest losses, followed by US shares.

Although UK government bonds, or gilts, lost ground last week, other bond markets were flat. Meanwhile, gold and silver prices continued to race away.

What to look out for this week

This week's highlight will be the Federal Reserve meeting to decide the next move in US interest rates. Markets expect rates to stay on hold.

Other US data this week includes consumer confidence and new home sales on Tuesday, durable goods orders on Wednesday, and jobless claims on Thursday.

Elsewhere, Canada, Brazil and Sweden make their respective interest-rate decisions this week. France and Germany also publish GDP numbers this week.

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