

# Monthly Market Review

## JANUARY 2026

Global investment markets were positive in January, withstanding geopolitical concerns, renewed tariff threats, and a weaker U.S. dollar. Tensions were heightened by U.S. intervention in Venezuela, friction with NATO allies over Greenland, and escalating unrest in Iran. Among developed markets, the U.S. lagged peers – the S&P 500 Index rose 1.4% and the Nasdaq Composite Index gained 0.9%, while the Euro Stoxx 500 Index climbed 3.2% and Japan's Nikkei 225 Index rallied 5.9%. Emerging markets outperformed, advancing 8.8% for the month. In Australia, the S&P/ASX 200 Accumulation Index gained 1.8%, supported by strength across resource-linked sectors.

Interest rate expectations shifted. Markets scaled back assumptions of aggressive rate cuts following President Trump's nomination of Kevin Warsh as the next Federal Reserve (Fed) Chair. In Australia, investors priced in a near-term rate hike by the Reserve Bank of Australia (RBA) given stubbornly high inflation and a tight labour market.

Commodity markets delivered another strong month. Gold rallied 25% intra month (above USD 5,300 an ounce) before dropping by 11% on the last trading day of the month. Similarly, the price of silver surged 62.9% before posting a one-day fall of 30%. Copper climbed 4.9% and oil rebounded, with Brent Crude rising 16.2% and West Texas Intermediate advancing 13.6%. Meanwhile, the USD Index closed the month down 1.4% to its lowest level since 2022, while the Australian dollar strengthened to 69.60¢ against the USD (versus 66.73¢ at the end of December).

### Australia

- The Australian equity market, as measured by the S&P/ASX 200 Accumulation Index, climbed 1.8% in January. Over the month, Energy (+10.6%) and Materials (+9.5%) outperformed, while Information Technology (-9.4%) and Real Estate (-2.7%) lagged.
- Australian bonds delivered minor gains over the month, with the Bloomberg AusBond Composite Index (AUD) up 0.2%.
- Australian CPI was higher than expected, increasing to 3.8% in the 12-months to December (up from 3.4% in November). Significant price rises were Housing (+5.5%), Recreation and Culture (+4.4%) and Food and Non-alcoholic beverages (+3.4%). Trimmed mean inflation (excludes volatile items) was 3.3% in December, up from 3.2% in November. Given higher inflation, markets priced in more than two rate hikes by the RBA in 2026.
- The seasonally adjusted unemployment rate declined for a second consecutive month to 4.1% in December (down from 4.3% in November) versus market expectations that it would remain unchanged.
- The Westpac-Melbourne Institute Consumer Sentiment Index slipped 1.7% to 92.9 in January, extending its move into pessimistic territory driven by a sharp shift in interest-rate expectations.
- Nationally, residential property price growth continued, increasing 0.1% in December as measured by the PropTrack Home Price Index, and up 8.8% over 12 months. Adelaide climbed 0.8%, while both Brisbane and Perth prices rose 0.5%.

### International

- U.S. equity markets were positive in January but underperformed developed market peers. The S&P 500 Index (USD) climbed 1.4%, while the tech-heavy Nasdaq Composite Index rose 0.9%.

Within the S&P 500 Index, Energy (+14.4%) was the stand-out, followed by Materials (+8.6%) and Consumer Staples (+7.5%), while Financials (-2.6%) and Information Technology (-1.7%) lagged.

- U.S. corporate earnings gathered momentum in January – 59% of S&P 500 companies had released results by the end of the month. According to FactSet, 76% of S&P 500 companies beat earnings expectations, and the blended Q4 earnings growth rate is 13%.
- Headline U.S. CPI rose 0.3% in December and 2.7% year-on-year, in line with expectations. Core CPI (excludes food and energy) was below expectations, increasing just 0.2% for the month and 2.6% in the 12-months to December.
- The Fed held the target rate steady between 3.50% to 3.75% at its January meeting, with Fed Chair Powell commenting the U.S economy was coming into 2026 on a “firm footing”. The U.S. 10-year bond yield climbed 7 basis points, closing January at 4.24% (versus 4.17% in December). The Bloomberg Global-Aggregate TR Index (AUD) climbed 0.2% over the month.
- The Euro Stoxx 600 Index (EUR) advanced 3.2% in January, supported by easing inflation and a moderation in geopolitical tensions with the U.S. Euro markets initially wavered following tariff threats early in the month, but the index regained momentum as these concerns subsided.
- Japan’s Nikkei 225 Index (JPY) climbed 5.9%, buoyed in part by optimism around Prime Minister Takaichi’s decision to call a snap election for 8 February 8 and a weaker yen.
- Emerging market equities delivered the strongest monthly gain since 2022 in January, climbing 8.8% as measured by the MSCI Emerging Markets Index (USD). Strong advances in Korea supported the Index, with the KOSPI up 24% over the month to record highs, driven by a surge in semi-conductor exports in January and investor enthusiasm, including high levels of margin trading.
- The USD Index (the value of the U.S. dollar against a basket of widely recognised, publicly traded currencies) fell 1.4% in January. The Australian dollar continued to rise versus the USD, closing the month at 69.60¢ (versus 66.73¢ in December), recording a 4.4% gain.

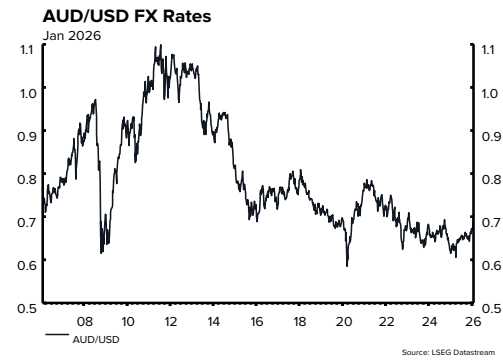
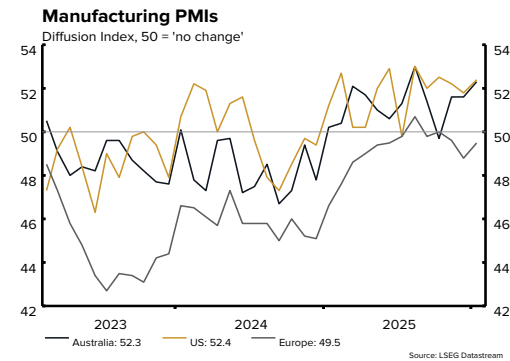
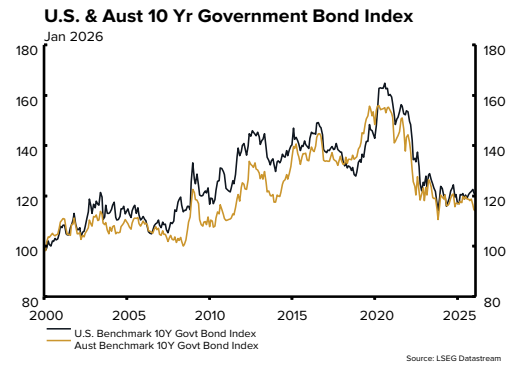
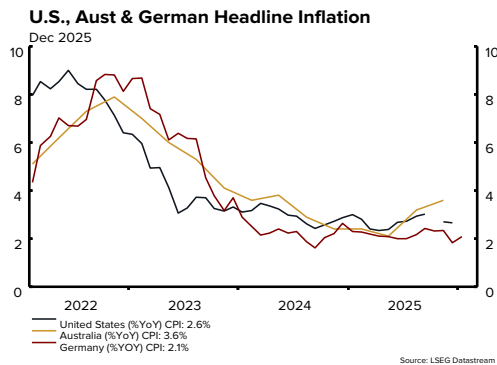
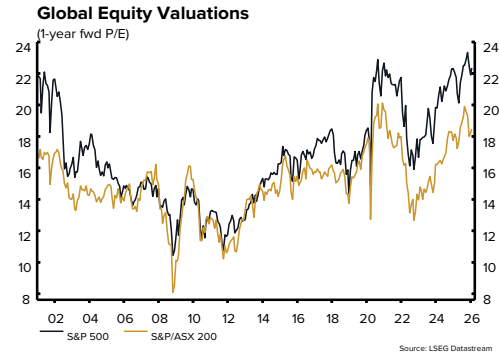
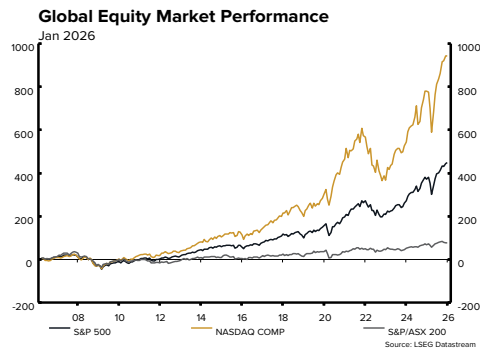
## Commodities

- Commodity markets recorded strong performance in January. Brent Crude was up 16.2%, closing the month at US\$70.69/bbl. West Texas Intermediate Crude followed, up 13.6% to close at \$US65.21/bbl. Gold and silver continued to climb, despite experiencing sharp declines at the end of the month, closing January up 13.3% and 18.9% respectively. Copper (US \$/t) advanced 4.9%.

## Global Markets – 31 January 2026

Equities	CYTD	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
S&P /ASX 200 Accumulation Index (AUD)	1.8%	1.8%	0.4%	7.4%	9.8%	10.2%
S&P/ASX Small Ordinaries Index (AUD)	2.7%	2.7%	2.4%	19.7%	9.1%	4.7%
S&P 500 Index (USD)	1.4%	1.4%	1.4%	14.9%	19.4%	13.3%
Nasdaq Composite Index (USD)	0.9%	0.9%	-1.1%	19.5%	26.5%	12.4%
Russell 3000 Index (USD)	1.5%	1.5%	1.5%	13.9%	18.5%	12.0%
FTSE 100 Index (GBP)	2.9%	2.9%	5.2%	17.9%	9.6%	9.8%
Euro Stoxx 600 (EUR)	3.2%	3.2%	6.8%	13.2%	10.5%	9.1%
Nikkei 225 (JPY)	5.9%	5.9%	1.7%	34.7%	25.0%	14.0%
Hang Seng (HKD)	6.9%	6.9%	5.7%	35.4%	7.8%	-0.6%
MSCI Emerging Markets Index (USD)	8.8%	8.8%	9.0%	39.8%	14.0%	2.8%
MSCI World Ex Australia (AUD)	-2.7%	-2.7%	-3.5%	6.5%	19.8%	15.0%
<b>Bonds</b>						
Bloomberg AusBond Composite Index (AUD)	0.2%	0.2%	-1.3%	3.2%	2.9%	-0.3%
Bloomberg Global Agg Bond Index (AUD)	0.2%	0.2%	0.2%	4.3%	3.3%	-0.4%
<b>Currency</b>						
AUD/JPY	3.1%	3.1%	6.9%	11.8%	5.5%	6.1%
AUD/USD	4.4%	4.4%	6.4%	12.0%	-0.4%	-1.8%

Source: Bloomberg 31 January 2026 (All returns are in local currency terms.)



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