Markets Flash
GLOBAL

23 Jan 2026

- **Relief rally extended for US stocks**
- **2- and 5-year US Treasury yields rose**
- **USD Index fell another 0.4% overnight**
- **Gold rose 2.2% while oil fell 1.8%**

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Hot issues

No rush for the Fed to cut rates in Q1

- A slew of US data releases overnight highlighted resilient growth momentum, a subdued yet steady labour market, and sticky but manageable inflation. This reinforced market expectations that the Fed is in no rush to cut rates in the near term, or at least not until the next Fed chairman takes office. CME FedWatch shows the market continuing its YTD trend of pricing out rate cuts, shifting from expectations of two full 25bps cuts this year to now only about a 70% chance for a second cut.
- The already-strong Q3 US GDP (the fastest in two years) was revised upwards, to a q/q annualised rate of 4.4% from 4.3%, supported by stronger exports and a smaller drag from inventories. This was followed by personal spending and outlay reports for October and November, which showed stronger-than-expected spending growth (+0.5% m/m for both months) despite slightly cooler income growth (+0.1% in October and +0.3% in November).
- On jobs, the latest weekly initial jobless claims came in at 200k, largely unchanged from the prior 199k print and better than the 209k consensus. This points to limited layoffs despite ongoing concerns about labour market demand softness. For inflation, the core PCE deflator—the Fed's preferred inflation measure—was 2.7% y/y in October and 2.8% in November, remaining relatively steady after averaging 2.86% in Q3. Overall, these data points are unlikely to disrupt the current delicate balance between US growth and inflation risks in the eyes of the market and the Fed.

Today in focus

Japan BoJ target rate, %
(consensus: 0.75%; previous: 0.75%)

Key Indices

	Latest	% Change (Day-to-day)
FX		
USD/CNH	**6.9643**	**0.06**
USD/HKD	**7.7969**	**0.00**
EUR/USD	**1.1755**	**0.60**
GBP/USD	**1.3501**	**0.54**
USD/JPY	**158.41**	**0.07**
AUD/USD	**0.6840**	**1.15**
NZD/USD	**0.5928**	**1.44**
USD/CAD	**1.3786**	**-0.35**
Equities		
S&P 500	**6,913**	**0.55**
NASDAQ	**23,436**	**0.91**
STOXX 50	**5,956**	**1.25**
HSI	**26,630**	**0.17**
Commodities		
Brent Oil	**64.06**	**-1.81**
Gold	**4,936.0**	**2.16**

Source: Bloomberg, Hang Seng Bank

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