NEWSLETTER – JANUARY 2026

Period covered: 01 – 31 January 2026

Six Arrows Consultancy
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1) Macro Summary

Global context: January 2026 opened with markets navigating heightened geopolitical tensions and unprecedented precious metals volatility. The S&P 500 briefly crossed 7,000 for the first time on January 28 before pulling back, ending the month up approximately 1.2% around 6,939. The Federal Reserve held rates steady at 3.50%–3.75% in a 10-2 vote on January 28, with dissents from Trump appointee Stephen Miran and Christopher Waller advocating for a cut. Markets recalibrated expectations, pricing only one or two cuts for the remainder of 2026. Precious metals experienced extraordinary moves, with gold surging to $5,520/oz and silver reaching $119/oz by month-end, continuing their historic rallies amid dollar weakness and geopolitical uncertainty. Oil prices climbed from the low-$60s to near $70/barrel for Brent crude on escalating U.S.-Iran tensions and supply concerns. Bitcoin remained volatile, trading between $85K-$100K before declining sharply to $93K by month-end.

Regional focus (UAE, UK, Turkey, U.S.): The UK's Bank of England held rates at 3.75% with no meeting in January; next decision scheduled for February 5. Markets expect potential further cuts as inflation continues moderating. Turkey's CBRT delivered a cautious 100 basis point cut to 37% on January 22, less than the 150bp market expectation, citing rising food inflation and stronger-than-expected domestic demand. The UAE maintained its AED-USD peg stability while benefiting from elevated oil prices and strong economic fundamentals. U.S. December 2025 CPI came in at 2.7% year-over-year (matching November), with core inflation steady at 2.6%, though data quality concerns persisted due to the prior government shutdown. President Trump nominated Kevin Warsh as next Federal Reserve Chair, signaling potential policy shifts ahead.

2) Key Economic Indicators (snapshot as of late January 2026)

Indicator	Value / Latest	Notes
U.S. CPI (December 2025)	2.7% (year-over-year)	Released January 13, 2026. Headline inflation unchanged at 2.7%; core CPI steady at 2.6%, below 2.7% forecast. Food prices rose 3.1%, shelter 3.2%. Energy inflation eased to 2.3% from 4.2% in November.
U.S. Producer Prices (December 2025)	+0.5% (monthly), 3.0% (annual)	Released January 30, 2026. Higher than 0.3% estimate; core PPI up 0.7%. Annual rate declined to 3% from 3.5% in 2024, moving closer to Fed's 2% target.
U.S. Consumer Sentiment (January 2026)	56.4 (final)	University of Michigan index rose from 52.9 in December, indicating improving consumer confidence despite inflation concerns.
U.S. Labor Market	Job gains averaging -22K/month (Oct-Dec)	Private sector added 29K jobs/month. Labor market showing signs of stabilization after cooling through 2025. Unemployment rate previously at 5.0%.
UK CPI (December 2025)	Expected near 2% in Q2 2026	Bank of England revised forecast downward from previous 2027 timeline, citing Autumn Budget measures and lower energy prices. Latest reading was 3.2% in November.
UK Economic Growth	Weak momentum	Inflation easing while economy remains subdued; unemployment rising. Bank of England projects gradual rate cuts through 2026 dependent on inflation trajectory.
Turkey CPI (December 2025)	30.9% (year-over-year)	January 2026 expected at 29.8% YoY (4.2% monthly) due to base effects, despite rising food prices ahead of Ramadan. CBRT year-end 2026 target: 16% (range 13%-19%).
UAE/GCC Context	Stable peg, elevated oil prices	CBUAE maintains Fed alignment. Regional markets supported by higher oil prices (~$70/barrel Brent), tourism strength, and corporate earnings resilience.

3) Market Performance & Dynamics (focus: Jan 2026)

Equities

- **S&P 500:** +1.2% for January, closing around 6,939. Briefly touched 7,000 intraday on January 28 (record 7,002.28) before Fed decision. Technology and materials underperformed; healthcare outperformed.
- **Dow Jones:** +1.6% for January, ending near 48,892. UnitedHealth weighed heavily (-19%) on Medicare rate news. Verizon surged 11.8% on strong guidance.
- **Nasdaq:** +1.1% for January, closing around 23,462. Microsoft plunged 10% (worst day since March 2020) on cloud growth slowdown. Meta rallied 9% on strong earnings. Concentration risk persists with top 5 companies representing 30%+ of S&P 500.
- **Notable sectors:** Healthcare insurance stocks collapsed on CMS Medicare Advantage rate proposal (+0.09% vs. 4-6% expected). Semiconductors volatile but generally positive. Small-cap Russell 2000 outperformed early month before fading.
- **Earnings season:** Mixed results from Magnificent Seven. Tesla deliveries missed expectations. Starbucks showed first traffic growth in two years. Financial sector mixed with JPMorgan down despite beats on defensive positioning.

Fixed Income & Rates

- **U.S. Treasury yields:** 10-year yield rose to ~4.26% by month-end on Fed pause and Kevin Warsh nomination. 2-year at ~3.59%. Yield curve steepening continued.
- **Fed outlook:** Markets price 2 cuts maximum in 2026 (down from 3-4 at year-start), with first cut unlikely before June. Fed Fund Futures show 16% odds of February cut, 45% by April.
- **Corporate credit:** Spreads generally stable despite rate volatility. High-yield remained resilient on economic growth expectations.
- **International rates:** Bank of England expected to hold at February 5 meeting; 2-3 cuts priced for 2026. ECB inflation at target (2.0% expected January), reducing pressure for aggressive easing.

Commodities

- **Gold:** Extraordinary rally to $5,520/oz (+100% gain over 12 months), setting multiple records. Up ~25% in January alone. Drivers: central bank buying, dollar weakness (4-year lows), geopolitical tensions, fiscal deficit concerns. Analysts question sustainability; some see "broken" market dynamics.
- **Silver:** Historic surge to $119/oz, up 65% in January (+150% over 12 months). Citigroup predicts $150 within 3 months. China buying, export restrictions, industrial demand (AI, solar, EVs) driving momentum. Extreme volatility led some exchanges to slash leverage.
- **Platinum/Palladium:** Rallied alongside precious metals complex. Platinum hit 3-year highs. Both metals experienced sharp volatility amid speculative flows.
- **Base metals:** Aluminum crossed $3,000/ton (first time since 2022) on supply disruptions. Copper supported by AI infrastructure demand.

Energy

- **Brent crude:** Rallied from ~$61 to ~$70/barrel (+15%), best month since July 2023. Trump threats against Iran raised supply disruption concerns (Strait of Hormuz chokepoint at risk).
- **WTI crude:** Surged from ~$57 to ~$65/barrel. Geopolitical risk premium from Iran tensions, Venezuela sanctions, Kazakhstan outages, and U.S. production freeze-offs offset oversupply narrative.
- **Natural gas:** Volatile due to winter weather. Prices rallied sharply on cold snap, with March contracts up 11%+ on some days.
- **Outlook:** EIA forecasts Brent averaging $56/barrel in 2026 (19% below 2025), WTI at $52/barrel, citing persistent oversupply. IEA expects 3.85M bpd surplus. Geopolitical risks provide upside potential.

Currencies & Crypto

- **U.S. Dollar (DXY):** Fell to 4-year lows, supporting dollar-denominated commodity prices. Weakness attributed to Fed pause expectations and global growth resilience.
- **Bitcoin:** Extreme volatility, trading $85K-$100K range before declining 5%+ to ~$93K by month-end (lowest since late November). Analysts cite "broken" market with weak momentum, apathy. Prediction markets show three downside targets: $85K, $74K, $53K.
- **Crypto sector:** Ethereum, XRP, Dogecoin all declined. $1.7 billion liquidated. Analysts describe space as "weak, lifeless, uninspiring." Institutional interest waning despite 2025 ETF approvals.
- **Turkish Lira:** Stable despite CBRT easing. Real interest rate ~5.3% supporting currency. Central bank FX reserves near $192 billion.

4) Long-Term Trends Shaping the Outlook

- **Precious metals "supercycle" continuation** – Gold and silver extended 2025's historic gains into January 2026 with accelerating momentum. Gold up 100% over 12 months; silver up 150%+. Structural drivers include central bank diversification away from U.S. Treasuries, fiscal sustainability concerns across major economies, persistent geopolitical risk, and weak dollar. However, analysts increasingly warn of speculative excess, with some calling markets "broken" due to thin liquidity and detachment from fundamentals.
- **AI concentration risk intensifies** – Top 5 S&P 500 companies now represent over 30% of index value. Microsoft's 10% single-day drop on cloud concerns demonstrated vulnerability. Bifurcation within Magnificent Seven widening (Alphabet +65% in 2025, Amazon +5%). Market debates sustainability as capex spending must convert to profits. Nvidia, Oracle, Google remain favored; questions mount about valuation multiples.
- **Geopolitical flashpoints multiply** – U.S.-Iran tensions escalated dramatically with Trump threats of military strikes over nuclear program, raising Strait of Hormuz disruption risk (33% of global oil supply). Venezuela sanctions tightened. Russia-Ukraine conflict ongoing. Middle East tensions persistent. Risk premiums elevated across asset classes.
- **Fed independence under pressure** – Justice Department subpoena of Chair Powell over headquarters renovation costs widely seen as political intimidation. Trump nominated Kevin Warsh as replacement, creating uncertainty. Supreme Court case on presidential power to remove Fed governors (Lisa Cook) has major constitutional implications. Markets adapting to potential loss of Fed credibility.
- **Labor market stabilization** – After cooling through 2025 (unemployment rising to 5.0%), U.S. labor market showing signs of stabilization. This reduces urgency for Fed cuts but supports soft-landing narrative. Wage growth moderating but remains above productivity gains, keeping inflation risks present.
- **Energy transition vs. security paradox** – Continued renewable investment but traditional energy critical for supply security. Oil oversupply narrative collides with geopolitical supply risks. Natural gas demand surging for AI data centers. Nuclear energy gaining attention (Trump administration support).

See J.P. Morgan Asset Management Global Market Outlook 2026, BlackRock Investment Institute 2026 Outlook, Vanguard Economic and Market Outlook 2026, Fidelity 2026 Investment Outlook, and Charles Schwab Market Perspective for comprehensive thematic analysis.

5) Central-Bank Decisions/Signals (focus: US, UK, UAE, Türkiye)

Bank	Decision/Signal	Date	Notes
Federal Reserve (U.S.)	Held policy at 3.50%–3.75%; removed language suggesting labor market risks outweighed inflation risks.	28 Jan 2026	10-2 vote (Miran and Waller dissented for cut). Statement noted "job gains have remained low" but unemployment showing "signs of stabilization." Emphasized data-dependent, meeting-by-meeting approach. No guidance on timing of next move. Markets price at most 2 cuts in 2026, likely not before June. Powell stated economy on "firm footing" and current rate level "not restrictive." Trump nominated Kevin Warsh as next Chair (term begins May 2026).
Bank of England (UK)	No meeting in January; held at 3.75% from December decision.	–	Next meeting February 5, 2026. Markets expect hold in Feb/Mar, with potential cut in April (47% probability). BoE forecasts inflation near 2% by Q2 2026 (earlier than previous 2027 projection) due to Autumn Budget energy measures. Analysts project 2-3 total cuts in 2026 to terminal rate around 3.0-3.25%. Committee deeply divided (December vote 5-4), with Governor Bailey casting deciding vote for December cut.
CBUAE (UAE)	No independent policy change; maintains AED-USD peg alignment with Federal Reserve.	–	UAE policy mirrors Fed decisions to preserve currency peg stability. Economic fundamentals strong with elevated oil prices ($70/barrel Brent), robust tourism, and corporate earnings resilience supporting local markets despite global uncertainty.
CBRT (Türkiye)	Cut one-week repo rate by 100 bps to 37.0%, less than market expectations.	22 Jan 2026	Smaller cut than 150bp consensus signals more cautious approach. Overnight lending rate cut to 41%, borrowing rate to 36.5%. Statement noted December inflation underlying trend improved, but January monthly CPI "firmed" (expected 4.2%) due to food prices ahead of Ramadan. Annual inflation expected to fall to 29.8% (from 30.9%) on base effects. Domestic demand "recovering" in Q4. Year-end 2026 target: 16% (range 13-19%). Real interest rate ~5.3% supporting lira. Policy remains data-dependent; potential for 100-150bp cuts if disinflation continues.

6) High-Impact Events Scheduled – *February 2026 & near-term*

Date	Event	Why it matters
Feb 5, 2026	Bank of England MPC Meeting	First UK rate decision of 2026. Markets expect hold at 3.75%, but April cut increasingly priced (~47% probability). December inflation data and labor market trends will be critical inputs.
Feb 11, 2026	U.S. CPI (January 2026)	First inflation reading post-Fed January decision. Will inform March 17-18 FOMC meeting expectations. Any significant deviation from 2.7% trend could shift rate cut timeline.
Feb 12, 2026	Turkey Inflation Report	CBRT quarterly report will confirm 16% year-end 2026 inflation target and provide policy guidance. Critical for March 12 MPC meeting expectations given January's cautious 100bp cut.
Feb 22, 2026	Fed Minutes (January Meeting)	Will reveal depth of internal debate, economic projections, and reasoning behind dissents. Kevin Warsh nomination adds political dimension to interpretation.
Mar 12, 2026	Turkey CBRT MPC Meeting	Second rate decision of 2026. January and February CPI prints will determine if 100-150bp cut continues or pause occurs. Food inflation and domestic demand trajectory key variables.
Mar 17-18, 2026	Federal Reserve FOMC Meeting	Second Fed meeting of 2026 with updated economic projections and new "dot plot." February employment and inflation data will shape decision. Market currently prices hold.
Ongoing	U.S.-Iran Nuclear Tensions	Trump threats of military strikes if Iran refuses negotiations. Any conflict could disrupt Strait of Hormuz (33% of global oil supply), spiking energy prices and inflation globally.
May 2026	Fed Chair Transition	Jerome Powell's term ends; Kevin Warsh expected to assume chairmanship. Transition period creates uncertainty around policy continuity, independence, and inflation-fighting credibility.

Check official release calendars—timing subject to change based on data availability and geopolitical developments.

7) Other Notable Trends/Highlights

- **Precious metals volatility reaches extremes**: Gold and silver rallied to unprecedented levels, with silver's single-day volatility forcing OANDA Japan to slash leverage and order sizes. Analysts describe markets as potentially "broken" with thin liquidity amplifying speculative moves. Gold-silver ratio compressed dramatically. Monday January 27 saw record 300M shares traded in SLV ETF. Concerns mounting about concentration risk and inevitable reversal when profit-taking begins.
- **Fed political pressure intensifies**: Justice Department subpoena of Chair Powell over headquarters renovation widely seen as Trump administration intimidation tactic. Powell called probe a "pretext" in unusual videotaped statement. Supreme Court hearing on presidential power to remove Fed Governor Lisa Cook (January 21) has major constitutional implications. Market concerns about Fed independence erosion despite Kevin Warsh's credentials.
- **Healthcare sector rout on Medicare rates**: CMS proposal for only 0.09% Medicare Advantage payment increase in 2027 (versus 4-6% expected) triggered massive selloff. UnitedHealth -19%, Humana -20%, CVS Health -10%, Elevance -11%, Centene -7%. Demonstrates regulatory risk in healthcare investing and highlights government's budget pressures.
- **Dollar weakness accelerates commodity rally**: U.S. Dollar Index fell to 4-year lows, making dollar-denominated commodities more attractive globally. Synchronized with central bank diversification away from U.S. Treasuries amid fiscal sustainability concerns. Chinese yuan strength and reserve accumulation supporting metals demand.
- **Oil geopolitical premium vs. fundamentals disconnect**: Despite EIA forecasting persistent oversupply (3.85M bpd surplus expected in 2026), prices rallied 15%+ on Iran tensions and supply disruption fears. Refining margins remained elevated even as crude inventories build. Floating storage at elevated levels ($213M barrels) but geopolitical risks dominate near-term pricing.
- **Crypto winter deepens despite institutional infrastructure**: Bitcoin declined despite maturation of ETF market and corporate treasury adoption. Analysts describe sentiment as "weak, lifeless, uninspiring, apathetic." Concentration of positioning creating downside vulnerability. Prediction markets pricing significant downside scenarios ($85K/$74K/$53K targets).

Sources & Links (selection)

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- S&P 500, Nasdaq, Dow Jones historical data — CNBC Markets, Trading Economics, Bloomberg (January 2026)
- Gold & Silver prices — Bloomberg, Investing.com, Kitco News, Fortune, CNBC precious metals coverage (January 2026)
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- Bitcoin & cryptocurrency data — CoinDesk, Finance Magnates, CNBC Crypto coverage, Yahoo Finance (January 2026)
- Major asset manager research: J.P. Morgan Asset Management "Fed Leaves Rates Unchanged to Start 2026" (Jan 28, 2026), BlackRock Investment Institute analysis, Vanguard Economic Outlook, Fidelity Investments research, Charles Schwab "Fed Interest Rates: FOMC Cuts Rates"
- GDP and economic data — U.S. Commerce Department, UK Office for National Statistics, University of Michigan Consumer Sentiment Survey
- Equity earnings and sector analysis — CNBC earnings coverage, Yahoo Finance market updates, TheStreet market analysis (January 2026)

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