Weekly Market Report For 26 – 30 January 2026

Overview

- The announcement of new Fed chair sending dollar higher and hit gold prices
- Fed holds rates steady as expected and adopts a wait and see stance, while markets anticipate potential cuts in the second half of the year
- Oil prices climb on rising U.S.–Iran tensions and worsening winter storms across the U.S.
- S&P 500 companies report stronger than expected 4Q25 earnings
- China's industrial profits post first rebound in years, boosting long term optimism for the advanced technology sector

Market Brief

The nomination of a new Federal Reserve chair has eased concerns over the Fed's independence.

o President Donald Trump picked former Fed governor Kevin Warsh to replace Jerome Powell, whose term as chair ends in May.

o Markets see Warsh as a steadying figure, highlighting his skepticism toward ultra loose monetary policy and his emphasis on financial discipline over aggressive QE driven measures.

Gold and silver prices dropped sharply as markets grew more confident in the Federal Reserve's independence following President Trump's nomination of a new Fed chair. The metals also faced pressure from a stronger U.S. dollar, profit taking, and margin call driven forced selling.

Oil prices surged over the past week amid escalating U.S.–Iran tensions after President Trump signaled potential military action should Iran refuse to rejoin nuclear negotiations. The situation has raised concerns over possible disruptions to Iran's oil production and exports. At the same time, severe winter storms in the United States have hampered output, while U.S. crude inventories fell more than expected, adding further upward pressure on prices.

The United States entered a government shutdown after Congress failed to pass the budget before the deadline, forcing partial closures of federal agencies. The impact remains limited, however, as the Senate has already approved the spending bill, with the House set to reconsider it in February 2 meeting.

The Federal Reserve voted 10–2 to keep its policy rate unchanged at 3.5–3.75%, in line with expectations, noting stronger overall economic conditions, a more stable labor market, and inflation that remains contained. The Fed attributed some recent price increases to temporary effects from import tariffs rather than long term inflation pressures. Looking ahead, interest rate decisions will continue to depend on incoming economic data, while markets expect the Fed to begin cutting rates in the second half of the year, with roughly two reductions anticipated.

Earnings results for 4Q25 from companies in the S&P 500

o Overall earnings came in better than expected, with many companies offering profit guidance above market forecasts. Most big tech firms reported stronger than expected revenue and earnings.

o Microsoft: Shares slipped as the company's elevated CAPEX and slower than expected cloud growth raised market concerns about the potential returns on its recent investments.

o Meta: share price rose on the back of strong advertising revenue, supported by the company's use of AI to better analyze user behavior and deliver more precisely targeted ads.

o The broader market is increasingly focused on companies' ability to translate AI adoption into real revenue. Investors now expect fourth quarter 2025 earnings for S&P 500 firms to grow around 11%, up from earlier forecasts of 7%. Continued strong results would further support overall market sentiment.

China's industrial profits grew 0.6% YoY in 2025, marking the first rebound in four years, driven primarily by smart equipment, electronics, and advanced technology—reflecting rising demand for AI and high tech products. Traditional industries such as apparel and furniture continued to recover slowly. The improvement follows the government's anti involution policies aimed at reducing cut throat price competition and excess production capacity. Markets expect China's industrial profits to continue recovering gradually, with advanced technology sectors poised to be key long term growth drivers for the Chinese economy.

The U.S. Treasury has placed Thailand on its currency Monitoring List alongside nine other countries, citing two of three criteria: Thailand's large trade surplus with the U.S. and its current account surplus exceeding the threshold. The Bank of Thailand, however, reaffirmed that the country does not manipulate its currency and noted that inclusion on the list does not affect baht stability or its FX management framework. Thailand was similarly listed multiple times in 2020–2021 without any negative impact on the economy or the currency.

Should you have any queries, please contact Krungsri Asset Management Company Limited or selling agents or mutual fund sales representatives.

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