

CIO Office Morning Notes

14 January 2026

The December US Consumer Price Index (CPI) indicated stable inflation, largely in line with expectations. Headline CPI increased by 0.3% month-on-month and 2.7% year-on-year, while core CPI (excluding food and energy) rose 0.2% on the month and held at 2.6% year-on-year, marking the lowest level since March 2021. Shelter and food costs continued to drive price growth, underscoring affordability concerns.

The NFIB Small Business Optimism Index edged up by 0.5 points in December to 99.5, marginally above consensus. However, hiring plans softened, suggesting subdued job openings into early 2026, and capital expenditure intentions remain at cycle lows. The World Bank raised its 2026 global growth forecast to 2.6%, citing resilience amid heightened trade tensions. China's growth is revised up to 4.4%, while India is expected to grow by 6.5%.

Treasuries posted modest gains across the front-end and intermediate maturities on Tuesday, resulting in a slight steepening of the yield curve. Yields on 2- to 7-year notes fell by 1-2 basis points, while long-term rates remained largely stable. The 30-year bond auction saw robust demand, with a bid/cover ratio above the average.

JPMorgan delivered largely robust fourth-quarter results though slightly missing analysts estimates, with adjusted revenue reaching \$46.7 billion and net interest income climbing 7% year-on-year to \$25.1 billion. Guidance for net interest income (excluding markets) and expenses remains unchanged. The S&P 500 dipped 0.2% and the Nasdaq eased 0.1%, while emerging market equities outperformed developed markets. Energy led sector gains on the back of rising crude prices, whereas Finance and Healthcare continued to underperform. Bank of America, Wells Fargo, and Citigroup are set to report their 2025 earnings today.

Markets this morning:

Asian equities advanced, with the Nikkei gaining 1.6% on a weaker yen, the Hang Seng up 0.7%, and mainland Chinese stocks rising 1.1%. China's December exports surged 6.6%, well above expectations, while imports also exceeded forecasts, pushing the 2025 trade surplus to \$1.2 trillion. Precious metals strengthened: gold traded above \$4,620 an ounce and silver jumped 3.4% to 90. Brent crude climbed over \$65.4, marking a 9% rise in five sessions. The US 10-year Treasury yield stands at 4.18%.

Upcoming key events/data:

There is potential for a significant US Supreme Court decision today regarding President Donald Trump's global tariffs, which could have far-reaching implications for international trade policy.

Key US economic releases are scheduled, including the November Producer Price Index, Retail Sales, and the third-quarter Current Account Balance. Several Federal Reserve officials are set to speak including Bostic, Kashkari, Williams, and Miran, providing further insight into the central bank's outlook.

Have a good day!

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