CIO Office Morning Notes

22 January 2026

Markets stabilized after a turbulent stretch, with global equities moving higher as immediate fears around Greenland-linked tariffs eased, even though caution remained firmly embedded. The MSCI ACWI rose 0.6%, supported by a 1.2% gain in the S&P 500, as U.S. equities recovered roughly half of the losses recorded during the prior session. Developed markets advanced 0.7% and emerging markets were flat. President Trump withdrew the immediate tariff threat after talks with NATO Secretary-General Mark Rutte on the sidelines of the World Economic Forum in Davos, saying a “framework of a future deal” had been agreed with NATO on Arctic security and Greenland-related cooperation. He also explicitly ruled out the use of military force to take control of the island, a sharp pivot from earlier comments implying that all options were being considered. However, the details of the so-called framework remain vague, and Danish officials emphasized that sovereignty and negotiations involving Greenland itself were not part of the discussions between Trump and NATO leadership. U.S. assets responded most clearly to the de-escalation. Treasury yields drifted lower as global bond markets steadied, helped by a rebound in Japanese government bonds after recent volatility. Equities advanced broadly, with more than four-fifths of S&P 500 constituents finished higher, pointing to position adjustment rather than aggressive risk-taking. Housing data offered little fundamental support, with pending home sales that fell sharply in December, posting their largest monthly decline in over a year and highlighting the impact of stretched affordability.

Europe closed flat earlier in the day to assess the structural implications of the Greenland episode. Exporters, autos, and luxury names stayed under pressure given their sensitivity to any renewed trade leverage. Political reaction across the continent remained firm, with French President Emmanuel Macron continuing to criticize Washington’s approach. Markets appear to be treating the recent reprieve as temporary rather than conclusive. China continued to trade on a different footing. The MSCI China Index rose 0.5%, with mainland markets showing resilience despite global volatility. Chinese equities have maintained a degree of insulation from Greenland-related geopolitics. Semiconductor and AI-related stocks led gains, with Chinese chipmakers rallying sharply on optimism around domestic supply chains and continued state support. Regulators have signaled awareness of speculative excess, but any tightening appears calibrated to avoid undermining confidence ahead of the Lunar New Year. Japan stood out as the weakest region. The TOPIX fell 1.0% as volatility in Japanese government bonds persisted. Rising yields, election-driven fiscal uncertainty, and concerns around increased debt issuance weighed heavily on banks and insurers, and exporters struggled with a volatile yen.

Within commodities, brent crude rose 0.5% to $65.2 per barrel, supported by ongoing discussions around Venezuelan oil flows and potential investment reforms. Gold continued to attract strong demand, rising 1.4% yesterday to $4,832 an ounce. The dollar was little changed, and the yield on the U.S. 10-year Treasury declining four basis points to 4.25%.

Markets this morning:

Today morning, markets extended their recovery as concerns around trade and Greenland continued to ease. Asian equities advanced, futures on the S&P 500 pointed modestly higher as markets interpreted President Trump’s comments in Davos as confirmation that Greenland-related tariff threats have been shelved for now under a tentative framework. Reduced demand for havens weighed on gold early in the session, though prices remained elevated after the recent surge. Bond markets were steady, with Treasuries holding near 4.25% following solid auction demand and a rebound in Japanese government bonds. In China, technology stocks outperformed, with Baidu shares advancing more than 4% as attention turned to its upcoming AI conference and continued momentum in its AI platform.

Upcoming key events/data:

Upcoming key events and data today include U.S. GDP, personal income, PCE inflation, and jobless claims, alongside Intel earnings and the ECB’s account of its December meeting. Friday closes the week with a broad PMI slate across Europe and Asia, Japan CPI and the Bank of Japan rate decision, where policy is expected to remain unchanged but guidance on the timing of the next move will be closely watched.

Have a good day!

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