Investment Roundup

20 January 2026

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As we entered the first week of January, we saw a series of hard-power signals: US intervention in Venezuela, a reiterated desire to acquire Greenland, and rising US–Iran tensions.

These events each targets a key node of global leverage; points where the US can influence oil and critical mineral prices, geopolitical security, and supply chain rerouting without needing to physically "occupy" the world.

- Greenland sits at the crossroads of Arctic military control, missile defense infrastructure, rare-earth supply, and future shipping lanes as polar routes open up.
- Venezuela has a large reserve of heavy crude supply, Western Hemisphere energy security, and limiting Chinese and Russian influence in the region.
- Iran is central to Middle East energy flows, the Strait of Hormuz, nuclear risk, and a broad proxy network across the region.

New Year Hard-Power Signaling

Source: Bloomberg L.P., as of 15 January 2026

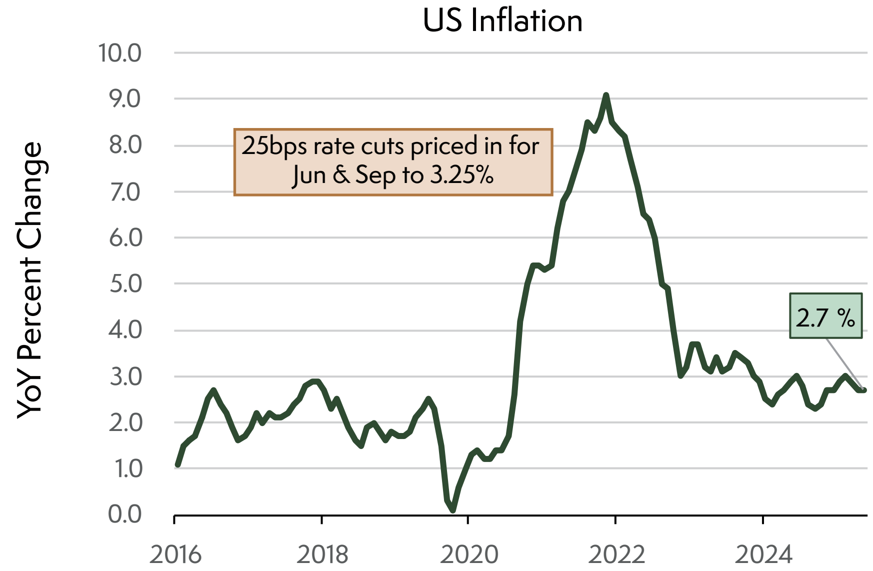
This strategy of selective pressure amplifies uncertainty, particularly around energy, commodities, and global trade. Markets have already begun to reflect this.

Gold has rallied roughly 7% year-to-date, outperforming the S&P 500, as shown in the chart on the left. The last two instances where gold briefly outperformed US equities were after Liberation Day in April and during the escalation of US–China trade tensions in October last year.

This reinforces an important point that the Trump administration's projection of geopolitical power remains a structural source of uncertainty, and that uncertainty continues to be supportive of gold and precious metals.

Looking further ahead to November, US midterm elections may increasingly shape Trump's order of priorities.

Impact of Midterm Election



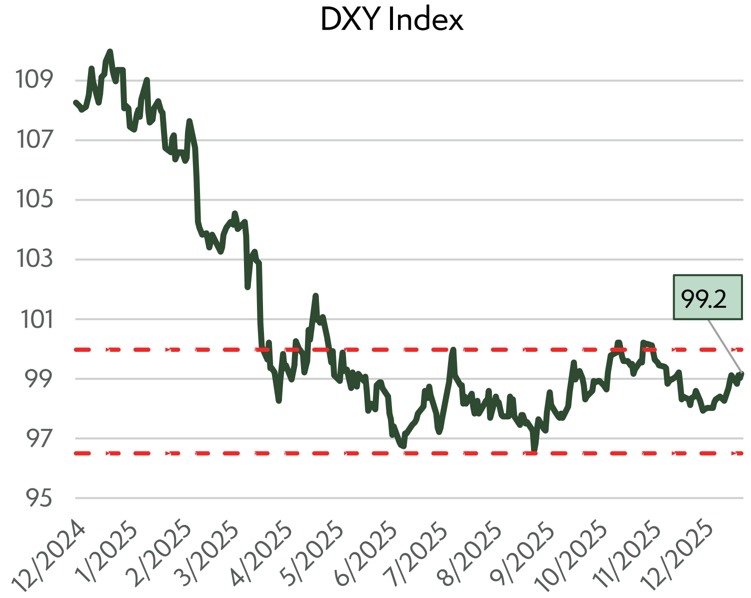
Source: Bloomberg L.P., as of 15 January 2026

Historically, the party out of power tends to gain ground in midterm elections. Recent congressional generic ballot polling already shows Democrats with a modest but consistent advantage, typically by single-digit margins. This suggests political pressure on the administration is likely to intensify going into 2026.

In response, we expect Trump to shift focus toward cost-of-living pressures, even if this creates friction with parts of the "One Big Beautiful Act" agenda. This may include renewed efforts to roll back tariffs, particularly on consumer goods, food, and shelter, to keep inflation contained.

The latest December CPI print of 2.7% YoY, driven largely by shelter costs, reinforces this sensitivity. Markets are currently pricing in two 25-basis-point rate cuts, likely in June and September, bringing the policy rate toward a neutral level of around 3.25%.

Identifying USD Dollar Drivers



Source: Bloomberg L.P., as of 15 January 2026

Turning to currencies, the US dollar index has remained largely range-bound since June last year.

The first quarter of 2026 will be heavily driven by US data watching. A near-term upside bias for the dollar is feasible in the event of a post-shutdown economic revival. However, volatility risks remain elevated.

Key potential catalysts include:

- a Supreme Court ruling on tariffs,
- concerns around Fed independence and their impact on long-end yields,
- upside surprises to global inflation, or
- a sudden spike in risk aversion

Against this backdrop, we continue to favour defensive currency positioning tactically. The Swiss franc and Singapore dollar remain attractive.

As we look into Q1, several tail-risk events are top of mind, shifting our focus toward managing event-driven volatility.

First, the US Federal Reserve Chair nomination is expected to signal continuity. However, any perception of politicisation could trigger USD and rates volatility, with duration assets most sensitive.

Second, the One Big Beautiful Bill Act points to a deficit-expanding, pro-growth fiscal stance, biased toward defence and domestic manufacturing. This creates upward pressure on long-end yields and is negative for clean energy, EVs, and healthcare sectors with high Medicaid exposure.

Third, the US Supreme Court ruling on tariffs is likely to be narrow, preserving executive flexibility. Near-term market impact should be limited unless presidential authority is materially constrained.

Fourth, US tech Q1 earnings guidance is a key risk point. Markets assume moderating AI capex with resilient margins, but any sharper slowdown could drive asymmetric downside given index concentration.

Fifth, China's 15th Five-Year Plan emphasises high-quality growth through tech self-reliance and domestic demand, which is supportive for Chinese technology and innovation sectors.

Finally, the proposed US acquisition of Greenland reflects negotiation-driven tariff rhetoric toward NATO allies. While likely short-lived, it can still raise near-term volatility and weigh on export-heavy European markets.