

MARKET NEWS

EQUITIES: January saw significant divergence in equity market returns as the momentum of late 2025 encountered a complex geopolitical backdrop. The S&P 500 briefly surpassed the 7,000 threshold for the first time, ultimately finishing the month with a total return of +1.4%. This headline growth, however, masked a notable underperformance of Developed Markets relative to their emerging counterparts. The MSCI Emerging Market index rose +8.9% – its strongest monthly showing since November 2022 – as investors reacted to U.S. volatility. This return was aided by a weaker U.S. Dollar, albeit this unwound during the last trading session of the month.

The Q4 2025 reporting season is currently in full swing, with 82% of S&P 500 companies reporting to date having exceeded analyst estimates – well above the 74% historical average. Despite this, market reactions have remained underwhelming. Companies beating analysts' estimates share prices have on average underperformed the market by 0.3% on the day of reporting. This suggests that while fundamentals remain robust, with margins hitting record levels, investors are increasingly focused on macro headwinds and valuations.

CURRENCY AND BONDS: The U.S. Dollar faced sustained pressure throughout the month, with the DXY index retreating -1.4%. This included the sharpest four-day decline since the Liberation Day volatility of April 2025. The Euro briefly crossed the \$1.20 mark for the first time since 2021, before settling at \$1.185. The Pound also broke through \$1.375 for the first time since November 2021, though has settled back below since. The Dollar's weakness was intensified by growing concerns around Fed independence and geopolitical concern.

The announcement of a snap election in Japan, due on 8th February, triggered a significant sell-off in government bonds (JGBs), with the 30-year yield reaching an all-time high of 3.86%, before moderating to 3.63% by month-end. U.S. Treasuries were flat for the month, while Euro sovereign bonds gained +0.7% as inflation surprises fuelled expectations of possible rate cuts.

COMMODITIES: Commodities were the standout performers of the month, despite some remarkable volatility in the last few days. Gold prices rose +13.3%, the best monthly return since 1999. On 29th January, Gold hit an intraday record of \$5,595/oz, before a sharp reversal in the final trading session saw it close at \$4,894/oz. Silver mirrored this volatility, jumping +18.9% to end at \$85.20/oz, albeit seeing a 30% down move on the last day in January. Copper also saw significant moves, though it too saw a sharp pullback during the month's final session as markets digested the month's parabolic gains and the announcement of Kevin Warsh as the new Federal Reserve chair being viewed as a steady pair of hands.

MACRO NEWS

POLITICS: January was dominated by geopolitics, starting with the capture of Venezuelan President Maduro on 3rd January – raising questions over global oil supplies, given Venezuela's large share of global reserves. However, focus shifted rapidly to Greenland, with President Trump threatening to impose 25% tariffs on some European countries unless a deal was reached. While a framework deal was announced on 21st January, friction remained a central theme at the Davos summit. In the U.K., Prime Minister Keir Starmer faced a challenging month, with domestic pressures and a perceived weakening of the U.K.'s diplomatic leverage on the world stage weighing. A recent visit to China provided little by way of concrete trade agreements.

Speculation regarding a U.S. strike on Iran also surfaced in late January. Following a report of U.S. personnel mobilising, President Trump posted that a "massive Armada" was heading to Iran. This nudged Brent crude to its biggest monthly rise in four years (+16.2%). Markets remain on high alert for any escalation.

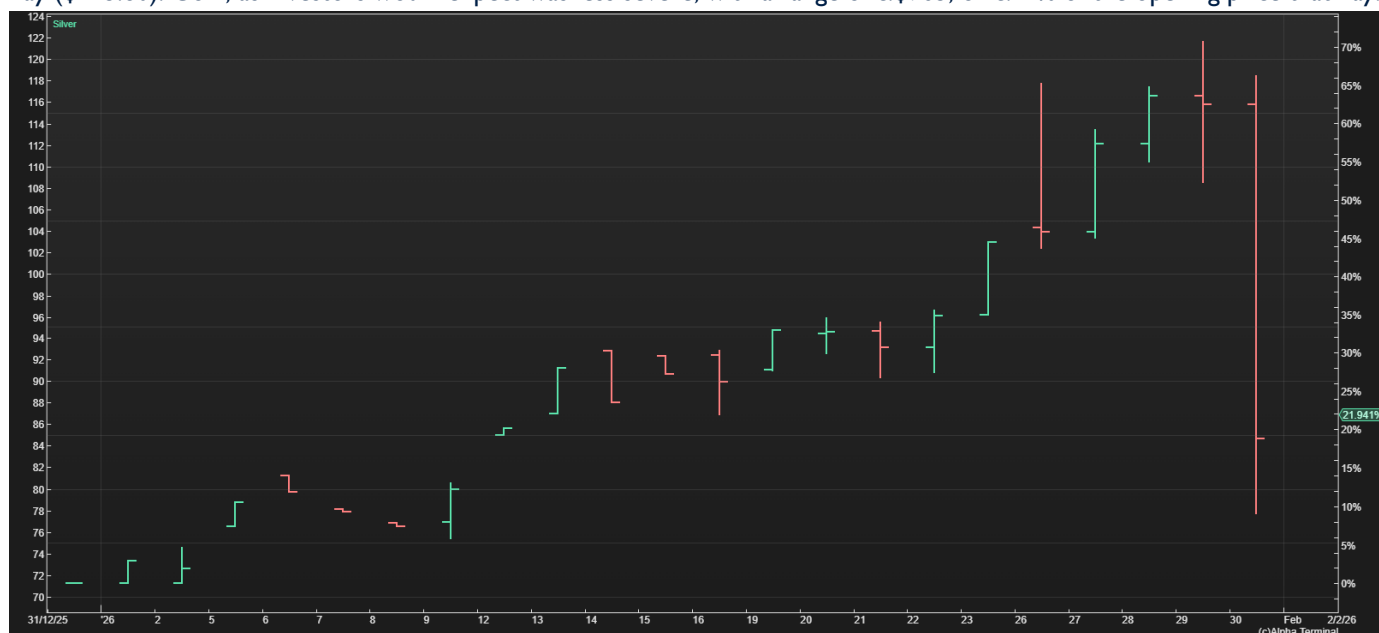
MONETARY POLICY: President Trump confirmed Kevin Warsh as his nomination for the next Federal Reserve Chairperson, to succeed Jerome Powell in May. Warsh, a known critic of the Fed's "outdated" inflation forecasting, is expected to prioritize a new framework and a significant reduction in the central bank's balance sheet. This comes as the Department of Justice continues its investigation into the Fed, complicating the outlook for institutional independence. Whilst equities were weak, the Dollar reacted well, rising by the most in a single trading day for 8 months, against a basket of global currencies.

As mentioned, the ECB is facing a different set of challenges with inflation surprising to the downside, fuelling expectations for further rate cuts, despite growth being better than expected. In contrast, the Bank of England (BoE) remains in a holding pattern, and while the unemployment rate has ticked up to 5.1%, economic momentum has slowed. Inflation remains stubbornly above target, at 3.4%. The BoE is expected to wait until April for its next rate cut, as it attempts to manage this balancing act.

JAPAN: The announcement of a snap election has injected a fresh bout of volatility into local markets. Prime Minister Sanae Takaichi, seeking to consolidate her mandate, has pledged a "reflationist" agenda. The market reaction has been immediate and severe – with the prospect of large-scale fiscal loosening, at the same time as the Bank of Japan (BoJ) is attempting to normalise policy, triggering a mass exit from JGBs. With the yen under pressure and the 10-year yield moving toward 3%, investors are concerned that Japan's debt-to-GDP ratio is reaching a tipping point. If Takaichi secures a strong majority, we could see the "de-rating" of JGBs accelerating, potentially forcing an intervention from the BoJ to stabilise the currency.

CHART OF THE MONTH

Given the scale of moves in commodity prices in January, most notably in Silver and Gold given investor interest, it felt appropriate to share some of those moves in graphical form. The chart below highlights the daily trading range of Silver, with the scale of the final two trading days of the month shown by the red bars furthest to the right. The largest move had a daily range of a little over \$40, with a high of \$118.40 and a low of \$77.70, representing approximately 35% of the opening value that day (\$115.80). Gold, as investors would expect was less severe, with a range of c.\$765, or c.14% of the opening price that day.



Source: Alpha Terminal

MARKET DATA

Index	Value	%1m	%3m	%6m	%1yr	%3yr	%5yr	%10yr
FTSE 100	10,296	3.5	6.7	15.1	24.2	45.6	90.1	158.0
FTSE All-Share	5,550	3.6	6.7	14.4	23.3	42.7	78.8	149.0
FTSE AIM	819.62	6.6	6.2	8.3	15.1	-7.9	-31.6	18.7
FTSE World (ex-UK)	784.99	1.2	-0.1	11.0	12.5	49.6	73.7	285.0
S&P500	6,976	1.8	2.1	12.5	17.9	76.0	96.0	333.0
Dow Jones	49,408	2.1	4.4	13.4	11.2	45.6	60.8	202.0
Nasdaq 100	25,739	2.1	-0.9	13.1	20.9	105.0	92.0	517.0
S&P Smallcap 600	1,566	5.7	8.9	18.4	9.8	19.5	28.6	154.0
Eurostoxx 50	6,008	2.7	5.8	16.3	15.1	41.1	66.4	107.0
Nikkei	52,655	4.6	0.5	29.1	36.7	91.4	83.8	206.0
Hang Seng	26,835	1.9	2.6	9.5	32.7	23.9	-8.4	41.3
Shanghai (SSE)	4,016	1.2	1.0	12.8	23.5	23.1	14.2	46.6
FTSE Government All-Stocks	129.63	0.4	0.6	2.6	3.9	1.0	-22.2	-4.6
GBP/USD	1.3682	1.7	4.2	3.0	10.0	13.5	0.2	-6.2
GBP/EUR	1.1599	1.0	1.7	1.2	-3.7	3.9	2.3	-11.8
Gold \$	491,290	13.4	22.9	46.1	74.6	163.0	168.0	330.0

Source: Alpha: data as at 03-02-26.

Get in touch

If you are interested in using a discretionary investment manager or are contemplating switching from your existing manager, we would be delighted to hear from you. We are passionate about what we do and unincumbered by any large corporate mindset, free to act independently in your best interest.

E: contact@oxoniancapital.co.uk

T: 01865 415 490

The value of investments, and any income from them, can fall and you may get back less than you invested. Neither simulated nor actual past performance are reliable indicators of future performance. Investment values may increase or decrease as a result of currency fluctuations. Information is provided only as an example and is not a recommendation to pursue a particular strategy. Information contained in this document is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness. We or a connected person may have positions in or options on the securities mentioned herein or may buy, sell or offer to make a purchase or sale of such securities from time to time. For further information, please refer to our conflicts policy which is available on request or can be accessed via our website at www.oxoniancapital.co.uk. Oxonian Capital is a trading name of RC Brown Investment Management plc which is authorised and regulated by the Financial Conduct Authority. Registered Office: 1 The Square, Temple Quay, Bristol, BS1 6DG. Registration Number: 2489639 For more information about regulation and investor protection, please visit Important Information – RC Brown (rcbim.co.uk)

