

Sunrise



Moving forward together.

Friday, 30 January 2026

KBC Sunrise Market Commentary

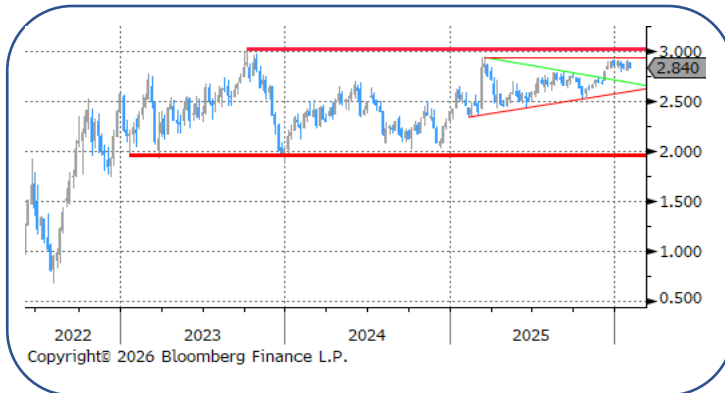
Markets

- FX and FI market moves were fairly limited on a closing basis but that hides some **bigger intraday swings**, at least partially driven by president Trump commenting on a wide range of topics, from Cuba over Venezuela to Canada and the UK. The dollar generally traded on the backfoot with modest losses against all G10 peers. As an example of the volatility, EUR/USD opened at 1.1954 and closed at 1.1971 but intraday moves stretched a full big figure. DXY held north of 96 and USD/JPY fell marginally to 153.11. Net daily changes on US interest rate markets amounted to less than 1.5 bps down across the curve. German Bunds, if anything, slightly outperformed at the front. The eye-watering rally in **gold and silver came to a screeching halt** but volatility was the name of the game here too. After both hit new record highs, they suddenly crashed 8-12% before paring losses back to opening levels. It turned out to be a prelude for today though with both precious metals tumbling down to yesterday's intraday lows. **The drop follows speculation that president Trump is expected to pick Kevin Warsh as the new Fed chair instead of Rick Rieder.** Warsh was seen at the White House yesterday evening. Trump afterwards said he'd announce Powell's successor Friday morning (US time). "A lot of people think this is somebody that could've been there a few years ago", Trump said seen as a reference to Warsh missing out on the chairmanship to Powell in 2017. Warsh had the reputation of a hawk before he aligned himself with Trump's views on lower rates. Markets seem to give him the benefit of the doubt with the kneejerk reaction in gold and silver accompanied by a higher dollar and US yields. We'd warn against assuming Warsh is a done deal before Trump's actual announcement though. **Any nomination also needs confirmation by the Senate.** Some Republicans have threatened to block any nominee until the DoJ probe into Fed chair Powell's testimony to Congress about the HQ renovations. In terms of event risks, **the one for a (partial) drawn-out shutdown is all but gone** (see below), removing a potentially hampering factor for the US dollar. But other important ones are as live as they can be. Trump's comments in recent days have increased the probability for a **US strike on Iran** after his "massive armada" arrived at or near the region. This is also what lifted oil prices to around the highest levels since the summer of last year. Weekend strikes in the past have been Trump's preferred MO. The (geo)politics interfere with an **interesting European economic agenda** with Q4 GDP and several national January inflation numbers due. The latter will be viewed against the backdrop of these rising oil prices as well as some ECB policymakers flagging the potential impact of a stronger euro on the inflation outlook.

News & Views

- The White House and Senate Democrats agreed on a deal to avert a long partial government shutdown.** Under the agreement, Senate would split off five of the remaining six spending bills (funding until the end of fiscal year; Sept 30) that already cleared the House while **passing a two-week extension to fund the Department of Homeland Security to allow more time for negotiations** on proposed restrictions on immigration enforcement. After Senate approved the modified package, it needs to go back to the House. It's highly uncertain that this process will be completed by tonight's deadline given that the House is out this week and not scheduled to return until Monday. A short-term funding lapse is likely.
- The US Treasury released its semi-annual report to Congress on macroeconomic and FX policies of major trading partners to the US.** Under the period under review, Q2 2024-Q2 2025, Treasury found no major trading partner that met all three criteria for enhanced analysis. Those are running a bilateral goods trade surplus with the US exceeding \$20bn, having a current account surplus of more than 3% of GDP and engaging in net FX purchases totaling more than 2% of GDP over a 12-month period. While Treasury has not designated China as a currency manipulator in this report, **China stands out among our major trading partners in its lack of transparency around its exchange rate policies and practices.** It remains on the monitoring list together with Japan, Korea, Taiwan, Thailand, Singapore, Vietnam, Germany, Ireland, and Switzerland. **Only Thailand didn't feature on the list in the June 2025 report. The country met the first two criteria because of trade re-routing.**

Graphs



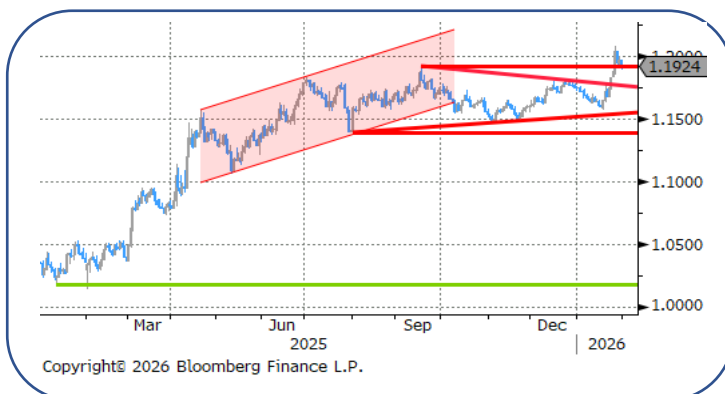
GE 10y yield

Confidence that inflation is returning to 2% **allowed the ECB to reduce its policy rate to 2%, reaching neutral territory.** The ECB considers it to be in a good place to respond to potential shocks. Recent comments ever more indicate that the next ECB move might be a rate hike. Combined with ongoing higher (fiscal) risk premia, this supported a rebound in EMU yields.



US 10y yield

The Fed's **focus shifted to increased attention for (risks to) the labour market** with 25 bps rate cuts in September, October and December. The Fed now nears a neutral policy level allowing for a longer pause, but the debate on further easing isn't finished yet. Some further steepening still might be on the cards as **focus returns to US risk premia.** The US 10-yr yield broke through key resistance at 4.2%.



EUR/USD

In 2025, Trump's explosive policy mix triggered uncertainty on future US economic growth and sustainability of public finances with markets showing **a loss of confidence in the dollar.** The greenback's decline recently accelerated with EUR/USD hitting four-year highs. The Fed subpoenas, Greenland, and the US administration (not so) hidden preference for a weaker USD have reignited long-lingering market concerns.



EUR/GBP

Sterling snapped through multiple support zones, pushing EUR/GBP to its highest levels since early 2023. A new sell-off was avoided after Chancellor Reeves' November Autumn Budget, but we stick to our view that EUR/GBP will return towards the 0.90 handle.

Calendar & Table

Friday, 30 January		Consensus	Previous
US			
14:30	PPI Final Demand MoM/YoY (Dec)	0.20%/2.80%	0.20%/3.00%
14:30	PPI Ex Food and Energy MoM/YoY (Dec)	0.30%/2.90%	0.00%/3.00%
14:30	PPI Ex Food, Energy, Trade MoM/YoY (Dec)	0.30%/3.40%	0.20%/3.50%
15:45	MNI Chicago PMI (Jan)	43.7	43.5
Japan			
00:30	Tokyo CPI YoY (Jan)	1.50%A	2.00%
00:30	Tokyo CPI Ex-Fresh Food YoY (Jan)	2.00%A	2.30%
00:30	Tokyo CPI Ex-Fresh Food, Energy YoY (Jan)	2.40%A	2.60%
00:30	Jobless Rate (Dec)	2.60%A	2.60%
00:30	Job-To-ApPLICANT Ratio (Dec)	1.19A	1.18
00:50	Retail Sales MoM/YoY (Dec)	-2.00%A/-0.90%A	0.70%R/1.10%R
00:50	Industrial Production MoM/YoY (Dec P)	-0.10%A/2.60%A	-2.70%/-2.20%
06:00	Housing Starts YoY (Dec)	-1.30%A	-8.50%
06:00	Annualized Housing Starts (Dec)	0.771mA	0.718m
UK			
01:01	Lloyds Business Barometer (Jan)	44A	47
01:01	Lloyds Own Price Expectations (Jan)	62A	59
10:30	Net Consumer Credit (Dec)	--	2.1b
10:30	Mortgage Approvals (Dec)	--	64.5k
10:30	Money Supply M4 MoM/YoY (Dec)	--/--	0.80%/4.30%
EMU			
10:00	ECB 1 Year CPI Expectations (Dec)	2.70%	2.80%
10:00	ECB 3 Year CPI Expectations (Dec)	2.40%	2.50%
11:00	GDP SA QoQ/YoY (4Q A)	0.20%/1.30%	0.30%/1.40%
11:00	Unemployment Rate (Dec)	6.30%	6.30%
Germany			
09:55	Unemployment Change (000's) (Jan)	1.5k	3.0k
09:55	Unemployment Claims Rate SA (Jan)	6.30%	6.30%
10:00	GDP SA QoQ/WDA YoY (4Q P)	0.20%/0.30%	0.00%/0.30%
14:00	CPI MoM/YoY (Jan P)	0.00%/1.90%	0.00%/1.80%
14:00	CPI EU Harmonized MoM/YoY (Jan P)	-0.20%/2.00%	0.20%/2.00%
France			
07:30	GDP QoQ/YoY (4Q P)	0.20%/1.20%	0.50%/0.90%
08:45	PPI MoM/YoY (Dec)	--/--	1.10%/-3.30%
Italy			
10:00	GDP WDA QoQ/YoY (4Q P)	0.20%/0.50%	0.10%/0.60%
11:00	Unemployment Rate (Dec)	5.80%	5.70%
12:00	PPI MoM/YoY (Dec)	--/--	1.30%/-0.30%
Belgium			
11:00	Unemployment Rate (Dec)	--	6.40%
Czech Republic			
09:00	GDP QoQ/YoY (4Q A)	0.60%/2.50%	0.80%/2.80%
Hungary			
08:30	GDP SA QoQ/NSA YoY (4Q P)	0.50%/0.80%	0.00%/0.60%
Spain			
09:00	GDP QoQ/YoY (4Q P)	0.60%/2.60%	0.60%/2.80%
09:00	CPI MoM/YoY (Jan P)	-0.30%/2.40%	0.30%/2.90%
09:00	CPI Core YoY (Jan P)	2.50%	2.60%
09:00	CPI EU Harmonised MoM/YoY (Jan P)	-0.80%/2.40%	0.30%/3.00%
Events			
12:20	ECB's Vujcic Speaks in Zagreb		
17:10	Fed's Miran Speaks on CNBC		
19:30	Fed's Musalem Speaks on Economy and Policy		
23:00	Fed's Bowman Speaks on Monetary and Regulatory Policy		

10-year	Close	-1d		2-year	Close	-1d		Stocks	Close	-1d
US	4,23	-0,01		US	3,56	-0,01		DOW	49071,56	55,96
DE	2,84	-0,02		DE	2,08	-0,02		NASDAQ	23685,12	-172,33
BE	3,37	0,00		BE	2,10	0,00		NIKKEI	53322,85	-52,75
UK	4,51	-0,03		UK	3,71	-0,03		DAX	24309,46	-513,33
JP	2,25	-0,01		JP	1,23	-0,03		DJ euro-50	5891,95	-41,25
IRS	EUR	USD	GBP	EUR	-1d	-2d		USD	-1d	-2d
3y	2,31	3,43	3,60	€STR	1,9330	0,0000		SOFR-1	3,6690	-0,0010
5y	2,51	3,55	3,75	Euribor-1	1,9840	0,0300		SOFR-3	3,6603	-0,0088
10y	2,86	3,86	4,11	Euribor-3	2,0200	-0,0060		SOFR-6	3,6174	-0,0142
				Euribor-6	2,1460	-0,0030				
Currencies	Close	-1d		Currencies	Close	-1d		Commodities	Close	-1d
EUR/USD	1,1971	0,0017		EUR/JPY	183,29	-0,10		CRB	323,71	4,81
USD/JPY	153,11	-0,30		EUR/GBP	0,8668	0,0011		Gold	5354,80	14,60
GBP/USD	1,3809	0,0001		EUR/CHF	0,9149	-0,0036		Brent	70,71	2,31
AUD/USD	0,7049	0,0008		EUR/SEK	10,5393	-0,0274				
USD/CAD	1,349	-0,0067		EUR/NOK	11,4179	-0,0546				

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