

February 2026 (covering January 2026)

Index	Jan (%)	YTD (%)
MSCI World	USD 2.3	2.3
S&P 500	USD 1.4	1.4
MSCI Europe	EUR 3.1	3.1
MSCI Asia Pac ex Japan	USD 8.0	8.0
Hong Kong Hang Seng	HKD 6.9	6.9
Hang Seng China Enterprises (H-shares)	HKD 4.6	4.6
Topix	JPY 4.6	4.6

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as of January 31, 2026. YTD refers to year-to-date.

Global Outlook

The Fed kept rates unchanged despite persistent pressure from the White House to cut interest rates. S&P 500 ended the month higher with 1.4% growth but lagged global peers. Amid geopolitical tensions surrounding Greenland and concerns about the Federal Reserve's independence.

MSCI Europe rose 3.1% in January, though gains came with significant volatility linked to geopolitical tensions involving Venezuela, Iran and Greenland. Eurozone GDP grew by 0.3% in Q4, with Spain leading despite uneven momentum across member states.

Asia Pacific equities delivered strong gains, driven by Korea and Taiwan as AI related semiconductor demand continued to accelerate. China advanced despite mixed domestic data, supported by resilient exports and expectations of policy easing. India lagged due to weak earnings and currency pressure.

United States

- US equity markets advanced over the month but lagged behind global peers with investor sentiment impacted by mixed data, geopolitical tensions and concerns about the Federal Reserve's independence.
- Labour market data was mixed, with job creation below expectations but unemployment unexpectedly falling to 4.4%. Consumer confidence fell sharply to a 12 year low despite resilient consumer spending.

Europe (including UK)

- European equities kicked off 2026 with a positive month, despite geopolitical risk rising. Eurozone GDP for 2025 was 1.5%, up from 0.9% in 2024. Moreover, Eurozone inflation broadly unchanged from December levels.
- The UK equity market closed higher, navigating early-month volatility linked to US tariff threats, as the FTSE 100 closed above 10,000 for the first time in its history.

Asia Pacific (ex Hong Kong ex China ex Japan)

- Asia Pacific equity markets delivered strong returns in January with the gains being led by Korea and Taiwan. The KOSPI Composite Index is up 24% and TWSE Weighted Index posted gains of 10.8%.
- India began the year on weaker footing after a series of disappointing earnings from large corporates, Mumbai Sensex 30 fell by 3.4% over January. Sentiment was further weighed down by continued foreign outflows that pressured the Indian rupee, and higher oil prices, which renewed concerns around domestic inflation.

Hong Kong and Mainland China (H-shares)

- The Hang Seng Index ended the month with a 6.9% increase, supported by positive sentiment from the technology sector.
- SSE Composite Index posted solid gains of 3.9% in January as markets priced in further monetary easing, alongside targeted measures to support consumption and mitigate deflationary pressures. Energy, materials, real estate led the rally.

Japan

- Japanese equities entered January with strong momentum with Topix rose by 4.6%, following record highs in late 2025 as optimism around pro-growth policies and ongoing corporate governance reforms continued to support investor sentiment. Market leadership broadened beyond AI and semiconductors.
- The Bank of Japan maintained the policy interest rate at 0.75% at its January 22–23 meeting, while inflation remained slightly above target.

Fixed Income

- US Treasuries were stable as the Fed kept rates on hold, though dissenting governors favoured a cut. The nomination of Kevin Walsh as incoming Fed Chair led to a stronger dollar and higher long-term yields.
- Eurozone government bonds rallied on expectations of further European Central Bank cuts, supported by stronger Eurozone Economic Sentiment Indicator data and 2% inflation. UK gilts underperformed amid political uncertainty.

Emerging Markets

- Emerging market equities started the year higher, led by strength in technology and mining stocks.
- Latin America advanced with Brazil gaining and metal prices supporting the wider region. Indonesia was the standout laggard, falling sharply after MSCI raised potential reclassification concerns.

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations), and investors may not get back the full amount invested.

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All data as of February 20, 2026, unless otherwise stated. This document is issued in:

Hong Kong

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