Investing in a Shifting World Order

- On January 3rd, the US launched a large-scale military operation in Caracas, Venezuela, capturing President Maduro and his wife[1].
- On January 4th, President Trump warned the Islamic Republic of Iran that the US would intervene if it continued to kill demonstrators.
- On January 6th, President Trump suggested the US might use military force to take over Greenland if necessary.
- On January 20-21 at Davos, Prime Minister Carney (Canada) called out America for shifting from powerful but benevolent to powerful and menacing, while President Trump laid out a move toward transactional, bilateral trade policies rather than multilateral frameworks—aimed at addressing trade deficits and manufacturing deficiencies.[2]
- On January 24th, Zhang Youxia, the Chinese military's top general, became the latest figure to fall in a series of recent purges.
- On January 31, Panama voided port contracts held by a Hong Kong based firm[3].

[1]Trump Announces U.S. Military's Capture of Maduro > U.S. Department of War > Defense Department News | U.S. Department of War
[2]Davos 2026: Special Address by US President Donald J Trump | World Economic Forum, At Davos, the World Rebalanced Against a Bully - Bloomberg
[3]Panama voids Hong Kong-based firm's canal port contracts

(continued)

In October 2022, Xi Jinping unveiled the lineup of his new Central Military Commission, the Communist Party's supreme military leadership body.

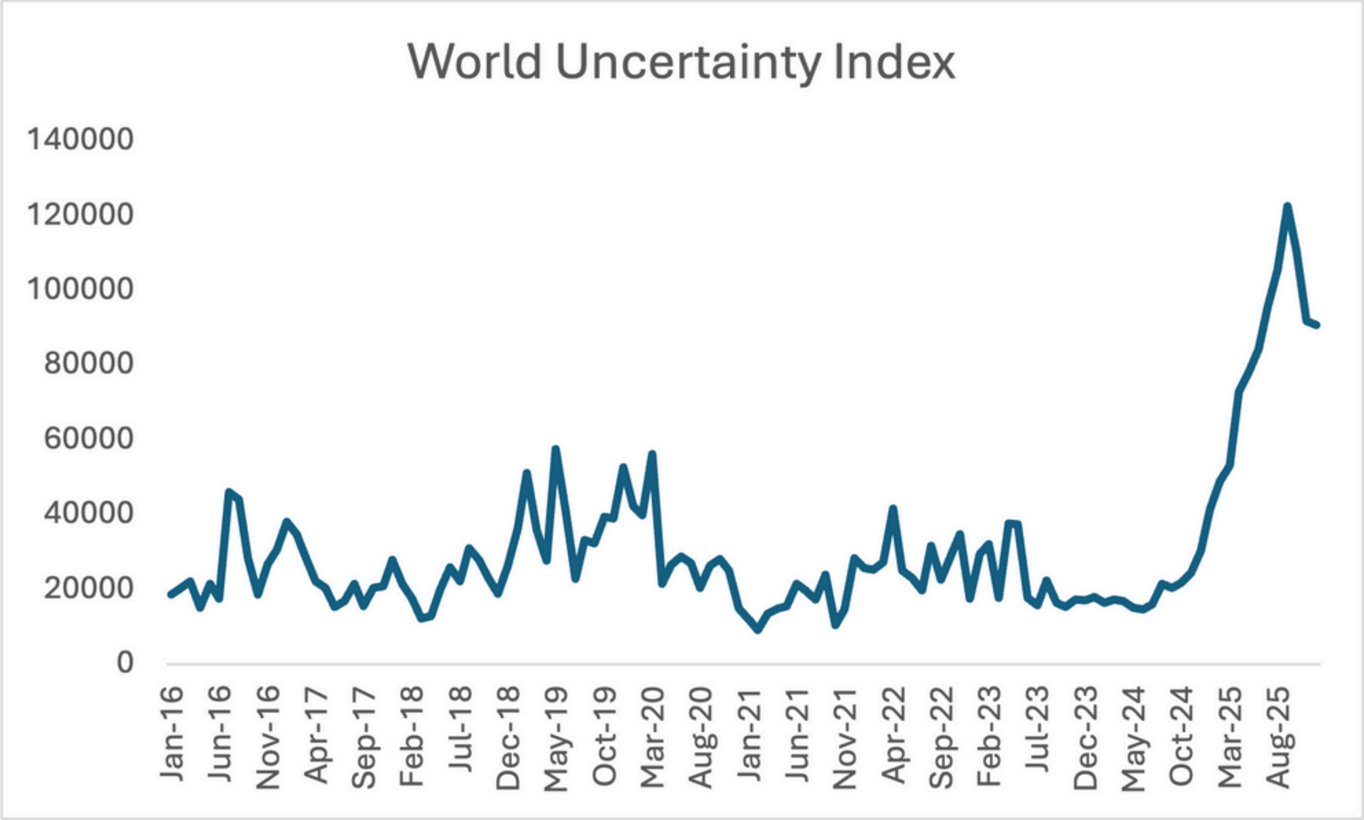
As of today, every top uniformed general except one has been purged.

[4] Eliot Chen on X: "In October 2022, Xi Jinping unveiled the lineup of his new Central Military Commission, the Communist Party's supreme military leadership body. As of today, every top uniformed general except one has been purged. https://t.co/PajyK8ZSCr" / X

(continued)

The above highlights just a subset of major events occurring this past month as the Trump administration has taken a more transactional, America-first approach to global diplomacy.

The world certainly feels on edge. This is highlighted by the "World Uncertainty Index" chart below, which is based on text mining. We had the honor of having one of the index's chief architects, Professor Nick Bloom from Stanford, on our Investment Wars podcast where we discussed rising uncertainty[5] in reaction to Liberation Day.



Post–World War II, the U.S. essentially underwrote global stability and openness under the belief that doing so would create a richer, more stable world that would ultimately benefit America. This was a true grand bargain, particularly given that the U.S. was in a position to extract far more—through tributes, colonies, or mercantilism—as past empires had done. Instead, this approach, structured initially through Bretton Woods and later through institutions such as the WTO, IMF, World Bank, NATO, and others, allowed countries to rely on the U.S. Navy and the U.S. dollar while focusing on manufacturing and export-led growth.

[5]30. "How to Measure and Navigate Market Uncertainty," Investment Wars - Apple Podcasts
[6] Home - World Uncertainty Index

(continued)

As a result, for most of the post-Cold War era, globalization moved in one direction: more integration, longer supply chains, lower costs, and a heavy reliance on global cooperation. In can be argued that this model delivered enormous gains, with a material amount accruing to the United States. However, this grand bargain may no longer be working as well for the US.

Perhaps this is due to persistently large trade deficits, hollowed out manufacturing and other factors that inevitably came along with the contours of the deal. Or perhaps it reflects nations taking advantage by underinvesting in their military and freeriding on US security (e.g., Europe) or blatantly cheating the rules of the "open market" (e.g., China via IP theft).

It is more likely a mix of these general themes and we are now watching the unwinding of that singular earlier approach. Calling this the "end" of a world order, though, is perhaps alarmist. If one looks closely at the January events highlighted above, some actions reinforce America's traditional role as global leader (e.g., Iran), while others are more pragmatic expressions of national interest (e.g., Maduro in '26 resembling Noriega in '89). That said, Greenland, taken literally, does look more like a genuine shift in posture.

In our view, globalization is not ending — it is fragmenting. Supply chains are becoming regional. Trade is becoming more political. Security considerations increasingly outweigh pure efficiency. That shift introduces friction, higher baseline uncertainty, and occasional volatility.

Europe provides a clear example. As discussed in prior commentaries, Europe's challenges are not cyclical. They are structural: aging populations, slower productivity growth, underinvestment in defense, and a regulatory framework that struggles to adapt quickly. Europe is not collapsing, but it is becoming relatively less important in the global growth equation.

China, meanwhile, faces a different constraint. Its growth model delivered extraordinary results for decades, but it now contends with demographic decline, excess capacity, capital controls, and an increasingly centralized political structure. Internal purges are a symptom of tightening control, not expanding confidence.

(continued)

This is not disorder for disorder's sake. It is a repricing of assumptions that were baked into the old world order.

So, who wins?

In a transactional global order, success depends on strategic autonomy, including defensible access to critical natural and technological resources, resilient domestic economies, and collective strength with value-aligned allies.

It is worth noting that these qualities were always important and are a key reason why the US is a superpower. We possess enviable resources, including a vast and defensible breadbasket, ample energy, and more natural deep ports than the rest of the world combined. We also have a consumer-led economy, making us less reliant on exports to make our economy hum. We further highlight these strengths in comparison to China in this commentary from late 2024[7].

For these reasons, we continue to believe the US will shine in the adjusted world order it is actively shaping. Countries facing aging and declining populations, limited natural resources, or heavy reliance on exports for growth (e.g., China) may be in a bit of trouble.

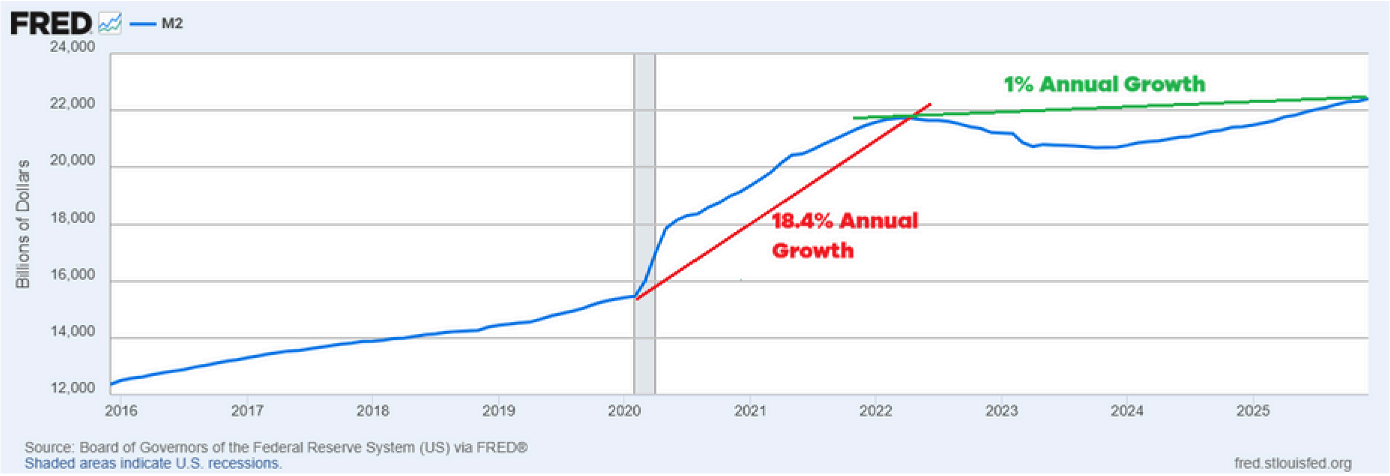
(continued)

New Fed Chief Kevin Warsh

The nomination of Kevin Warsh to be the next Fed Chair was a relatively conservative pick (by administration standards) that led to a collective sigh of relief. Most important, markets interpreted the nomination as supportive of continued Fed independence. Mr. Warsh brings an impeccable résumé, including prior service as a Fed Governor.

Warsh has been openly critical of certain Fed actions in recent years and holds nuanced views: dovish on interest rates (which likely caught President Trump's attention), while hawkish on the U.S. dollar. If confirmed, we should expect greater emphasis on shrinking the Fed's balance sheet and slowing money-supply growth, a more restrictive stance aimed directly at inflation control, while still working within the Fed's dual mandate of full employment and price stability.

Did the Huge Pop in Money Supply to Counteract the Covid Swoon Spur Inflation?



[7]Market-Commentary-2024.10-2.pdf

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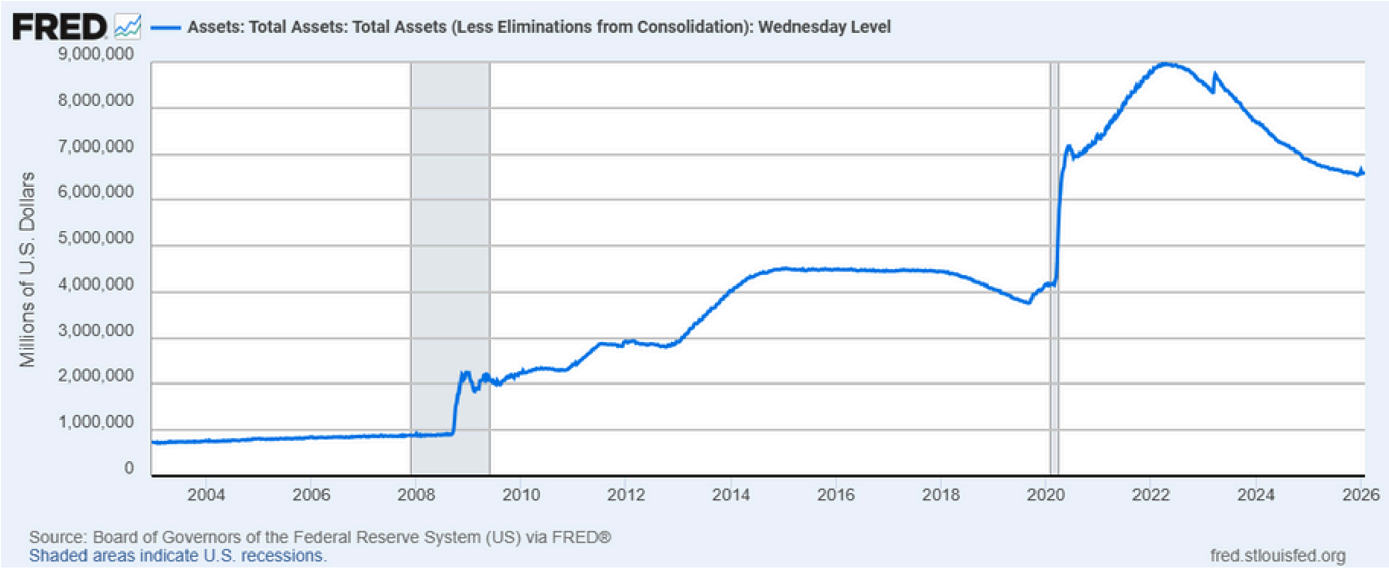
Fed Nominee Mr. Walsh Would Like to Lower Balance Sheet Use Dramatically



Deep Thought: Playing Around with the Census

"No census has been credible in Nigeria since 1816." – Nigeria's population commission head (subsequently fired by the president)

That line is not provocation for its own sake. It comes from David Oks' Substack[8] essay on the political economy of counting people, and it captures something uncomfortable but real: census-taking is often less about measurement than about money and power. In Nigeria, population figures determine how oil revenue, federal transfers, political representation, and patronage are divided. A credible census would create clear winners and losers — and the losers would not accept it quietly. So, the country collectively looks away from the lack of credible census data. Inflated numbers, negotiated outcomes, and statistical ambiguity are safer than clarity. Truth becomes destabilizing; fiction becomes functional.

[8]A lot of population numbers are fake - David Oks
[9] World Population Clock: 8.3 Billion People (LIVE, 2026) - Worldometer – As of ~ 11 AM on February 3, 2026

(continued)

Is this amazingly precise world count accurate?[9]

Current World Population

8,273,731,992

view all people on 1 page >

TODAY	THIS YEAR
Births today **145,870**	Births this year **12,116,918**
Deaths today **68,735**	Deaths this year **5,709,549**
Population Growth today **77,135**	Population Growth this year **6,407,369**

China operates a more technocratic version of the same dynamic. Provinces compete for funding, promotion, and political relevance, all tied—directly or indirectly—to scale. Population figures, like growth data, bend toward incentives. Central authorities are not blind to this, but rapid transparency would expose structural imbalances that are politically inconvenient. Was China's fertility rate around 1.2 in the early 2000s, or closer to 1.8? This is a huge potential disparity with material implications for China's economy, strength, and wellbeing.[10]

Elsewhere, such as in Papua New Guinea, the distortion is not strategic but practical. Geography, dispersion, and weak state reach make counting people genuinely hard, even when using technology like satellites, which have proven to be quite inaccurate. Just how poor Papua New Guinea is depends on the size of the population – with huge implication in how to deal with necessary aid and development.

We speak confidently of a world with roughly eight billion people — down to the decimal. That precision is comforting. But it is also almost certainly fiction, with rather huge implications.

[10] China's Demographic Manipulation by Yi Fuxian - Project Syndicate

(continued)

Talking Points — January 2026

Monthly Market Recap

While equities rose and yields were relatively flat in January, markets experienced a material uptick in volatility to start the year. Volatility was driven by rising geopolitical tensions, along with renewed concerns over Fed independence, private credit and AI disruption (e.g., software companies). Still, the macro backdrop was not entirely negative, as January's inflation data reinforced the broader downward trend.

Geopolitical headlines played an outsized role in driving risk sentiment throughout the month. It started with the US capturing Venezuelan president Nicholas Maduro after months of elevated tensions between the two nations. The Trump administration became increasingly frustrated with the leader's continued support for US adversaries like China, Russia, and Iran. After elevated tariffs and trade restrictions proved to be ineffective, the administration decided to take military action. Following the operation, President Trump stated that the plan, at least for the time being, was to maintain strong influence over the Venezuelan government and work with US energy companies to control the country's oil resources.

The focus then shifted to Iran where mass civilian protests broke out across the country. These protests were met with violence from the current regime prompting President Trump to offer up US support (as well as additional tariffs for any nation continuing to do business with Iran). Initial reporting indicated that his preference was to take military action which kept markets on edge (and drove energy prices higher). The US has since moved significant military assets to the region and maintain the threat to take military action while seeking a diplomatic resolution to the myriad of risks that Iran poses to its own population and the world.

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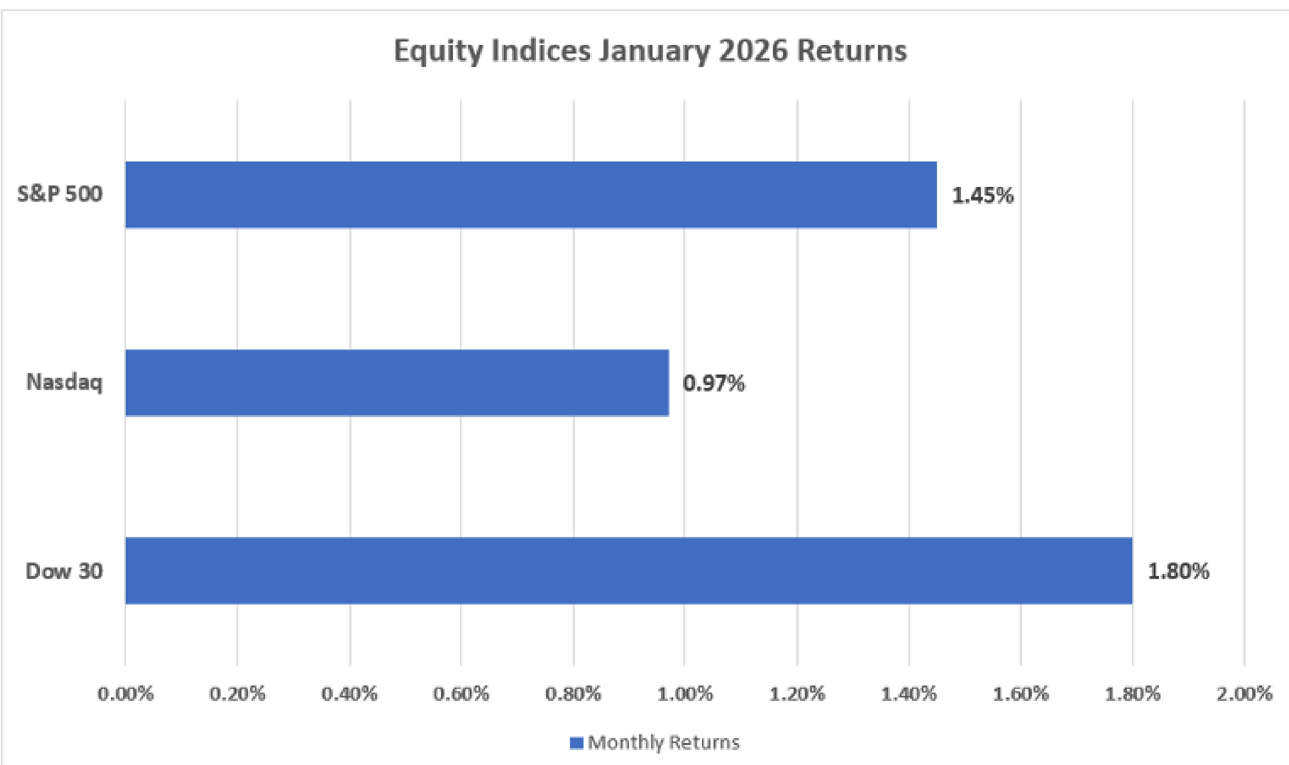
Graphs/Visuals



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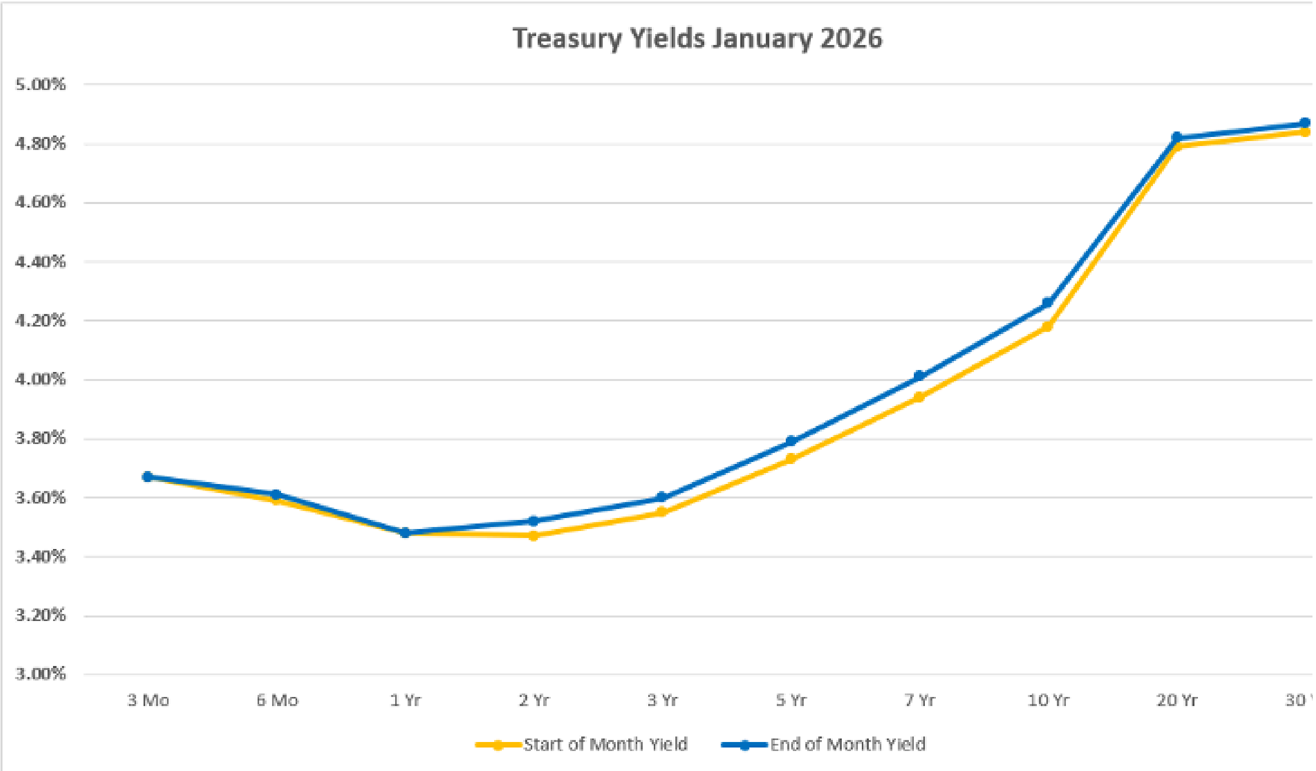

Fed Interest Rate Decisions Since Start of Hiking Cycle

FOMC Meeting Date	Hike/Cut	Target Fed Funds Rate (Lower)	Target Fed Funds Rate (Upper)
Start of 2022	-	*0.00%*	*0.25%*
3/16/2022	**0.25%**	0.25%	0.50%
5/4/2022	**0.50%**	0.75%	1.00%
6/15/2022	**0.75%**	1.50%	1.75%
7/27/2022	**0.75%**	2.25%	2.50%
9/21/2022	**0.75%**	3.00%	3.25%
11/2/2022	**0.75%**	3.75%	4.00%
12/14/2022	**0.50%**	4.25%	4.50%
2/1/2023	**0.25%**	4.50%	4.75%
3/22/2023	**0.25%**	4.75%	5.00%
5/3/2023	**0.25%**	5.00%	5.25%
6/14/2023	**0.00%**	5.00%	5.25%
7/26/2023	**0.25%**	5.25%	5.50%
9/20/2023	**0.00%**	5.25%	5.50%
11/1/2023	**0.00%**	5.25%	5.50%
12/13/2023	**0.00%**	5.25%	5.50%
1/31/2024	**0.00%**	5.25%	5.50%
3/20/2024	**0.00%**	5.25%	5.50%
5/1/2024	**0.00%**	5.25%	5.50%
6/12/2024	**0.00%**	5.25%	5.50%
7/31/2024	**0.00%**	5.25%	5.50%
9/18/2024	**-0.50%**	4.75%	5.00%
11/7/2024	**-0.25%**	4.50%	4.75%
12/18/2024	**-0.25%**	4.25%	4.50%
1/29/2025	**0.00%**	4.25%	4.50%
3/19/2025	**0.00%**	4.25%	4.50%
5/7/2025	**0.00%**	4.25%	4.50%
6/18/2025	**0.00%**	4.25%	4.50%
7/30/2025	**0.00%**	4.25%	4.50%
9/18/2025	**-0.25%**	4.00%	4.25%
10/29/2025	**-0.25%**	3.75%	4.00%
12/10/2025	**-0.25%**	3.50%	3.75%
1/28/2026	**0.00%**	3.50%	3.75%

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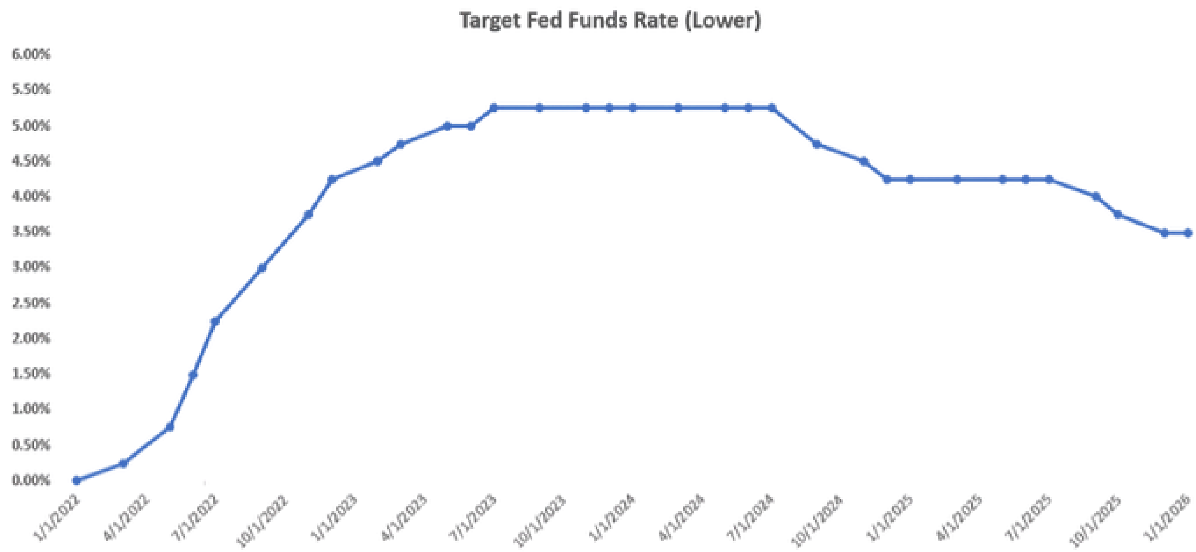

Probability of Upcoming Fed Interest Rate Decisions							
1/30/2026	Hike	Hold	Cut	Hike 25bps	Cut 25bps	Cut 50bps	Cut 75bps
March 18th	0.00%	84.60%	15.40%	0.00%	15.40%	0.00%	0.00%

December CPI and Core CPI (yoy)	*Dec.*	*vs. Expected*	*vs. Nov.*
CPI	*2.7%*	*2.7%*	*2.7%*
Core CPI	*2.6%*	*2.7%*	*2.6%*

December PCE and Core PCE (yoy)	*Dec.*	*vs. Expected*	*vs. Oct./Nov.*
PCE	*2.8%*	*2.8%*	*2.7%*
Core PCE	*2.8%*	*2.8%*	*2.7%*

Highlights/Notes

Highlight: Equities pushed higher despite a material uptick in volatility caused by rising geopolitical tensions and renewed concerns over Fed independence.

(continued)

Highlights/Notes

FAM Sentiment Summary 2025:

2025	January	February	March	April	May	June	July	August	September	October	November	December
Fed	**Mildly Bearish**	**Mildly Bearish**	**Mildly Bullish**	**Mildly Bearish**	**Mildly Bullish**	**Neutral**	**Neutral**	**Mildly Bullish**	**Mildly Bullish**	**Mildly Bearish**	**Neutral**	**Mildly Bullish**
Interest Rate Decisions	Neutral	Neutral	Mildly Bullish	Neutral	Mildly Bullish	Neutral	Neutral	Neutral	Bullish	Neutral	Neutral	Bullish
Commentary	Mildly Bearish	Mildly Bearish	Mildly Bullish	Bearish	Mildly Bullish	Neutral	Mildly Bearish	Bullish	Mildly Bullish	Bearish	Mildly Bullish	Mildly Bearish
Economic Data	**Mildly Bearish**	**Mildly Bearish**	**Mildly Bearish**	**Mildly Bearish**	**Neutral**	**Mildly Bullish**	**Mildly Bearish**	**Mildly Bearish**	**Neutral**	**Neutral**	**Neutral**	**Mildly Bullish**
Inflation	Mildly Bearish	Mildly Bearish	Mildly Bearish	Bullish	Mildly Bullish	Bullish	Mildly Bearish	Mildly Bearish	Bullish	Bullish	Neutral	Bullish
Employment/Labor Market	Bearish	Mildly Bearish	Mildly Bullish	Mildly Bullish	Mildly Bullish	Mildly Bullish	Bearish	Bearish	Neutral	Neutral	Neutral	Mildly Bearish
GDP	Mildly Bullish	Neutral	Mildly Bearish	Mildly Bearish	Mildly Bearish	Neutral	Neutral	Mildly Bullish	Neutral	Neutral	Neutral	Bullish
Consumer Spending	Neutral	Mildly Bearish	Bearish	Neutral	Mildly Bearish	Neutral	Mildly Bullish	Neutral	Neutral	Neutral	Neutral	Neutral
Consumer Sentiment	Neutral	Bearish	Bearish	Bearish	Neutral	Neutral	Mildly Bullish	Neutral	Mildly Bearish	Neutral	Mildly Bearish	Neutral
Housing/Real Estate	Mildly Bearish	Mildly Bearish	Mildly Bullish	Neutral	Neutral	Neutral	Mildly Bearish	Neutral	Neutral	Neutral	Neutral	Neutral
Global Events/News	**Mildly Bearish**	**Neutral**	**Mildly Bearish**	**Neutral**	**Neutral**	**Neutral**	**Neutral**	**Neutral**	**Neutral**	**Neutral**	**Neutral**	**Neutral**
China	Bearish	Neutral	Neutral	Mildly Bearish	Mildly Bullish	Mildly Bullish	Neutral	Neutral	Neutral	Mildly Bullish	Mildly Bullish	Neutral
Europe	Mildly Bearish	Neutral	Mildly Bearish	Neutral	Mildly Bearish	Neutral	Mildly Bullish	Mildly Bullish	Mildly Bullish	Neutral	Neutral	Mildly Bullish
Japan	Neutral	Mildly Bearish	Neutral	Neutral	Neutral	Neutral	Mildly Bullish	Neutral	Neutral	Mildly Bullish	Neutral	Mildly Bearish
Middle East	Neutral	Neutral	Mildly Bearish	Neutral	Mildly Bullish	Mildly Bullish	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Russia/Ukraine	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Mildly Bearish	Bearish	Mildly Bearish	Mildly Bearish	Neutral	Neutral
US Politics/Government	**Neutral**	**Bearish**	**Bearish**	**Bearish**	**Mildly Bullish**	**Mildly Bullish**	**Mildly Bullish**	**Mildly Bullish**	**Neutral**	**Mildly Bullish**	**Mildly Bullish**	**Neutral**
Tariffs	Bearish	Bearish	Bearish	Bearish	Neutral	Mildly Bullish	Mildly Bullish	Mildly Bullish	Neutral	Mildly Bullish	Mildly Bullish	Mildly Bullish
US/China Trade War	n/a	n/a	n/a	Bearish	Bullish	Bullish	Mildly Bullish	Bullish	Mildly Bullish	Mildly Bullish	Mildly Bullish	Mildly Bearish
Economic Policy	Bullish	Neutral	Neutral	Neutral	Mildly Bearish	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Market Trends	**Mildly Bullish**	**Neutral**	**Mildly Bearish**	**Neutral**	**Neutral**	**Neutral**	**Mildly Bullish**	**Neutral**	**Mildly Bullish**	**Mildly Bullish**	**Mildly Bearish**	**Mildly Bearish**
Earnings	Bullish	Mildly Bullish	Bearish	Mildly Bullish	Neutral	Neutral	Mildly Bullish	Mildly Bearish	Bullish	Mildly Bullish	Bullish	Mildly Bearish
AI/Chips	Mildly Bullish	Mildly Bullish	Neutral	Mildly Bearish	Neutral	Mildly Bullish	Mildly Bullish	Mildly Bullish	Bullish	Bullish	Mildly Bearish	Bearish
Crypto	Mildly Bullish	Bearish	Mildly Bearish	Neutral	Mildly Bullish	Neutral	Mildly Bullish	Neutral	Neutral	Neutral	Bearish	Mildly Bearish

FAM Sentiment Summary 2026:

2026	January
Fed	**Mildly Bearish**
Interest Rate Decisions	*Neutral*
Commentary	*Mildly Bearish*
Fed Independence	*Mildly Bearish*
Economic Data	**Mildly Bullish**
Inflation	*Bullish*
Employment/Labor Market	*Neutral*
GDP	*Neutral*
Consumer Spending	*Neutral*
Consumer Sentiment	*Neutral*
Housing/Real Estate	*Neutral*
Global Events/News	**Mildly Bearish**
China	*Neutral*
Middle East	*Bearish*
Russia	*Neutral*
South America	*Mildly Bullish*
Europe	*Mildly Bearish*
Japan	*Neutral*
US Politics/Government	**Mildly Bearish**
Tariffs	*Mildly Bearish*
Economic Policy	*Mildly Bearish*
Market Trends	**Mildly Bearish**
Earnings	*Mildly Bearish*
AI/Chips	*Mildly Bearish*
Private Markets	*Bearish*
Energy Prices	*Mildly Bearish*
Metals/Critical Minerals	*Mildly Bullish*
Crypto	*Mildly Bearish*

(continued)

Key Topics/Items from Below:

BEARISH

- Trump administration launching an official investigation into Fed Chairman Powell over the construction taking place at the Fed's main office building – rekindling concerns over Fed independence
- President Trump suggesting that the US would take military action against Iran after civilian protests in the country were met with violence from the current regime
- President Trump announcing plans to implement 10% tariffs on any European nation that stood in the way of the US taking over control of Greenland (with these levels increasing to 25% later in the year if it was still not under US control)
- Europe responding to President Trump's Greenland tariff threats by postponing the trade deal that it had reached with the US and threatening their own economic retaliation on the US (tariffs on US goods, Danish Pension fund announced it would be selling US treasuries)
- President Trump refusing to rule out using military force to gain control of Greenland
- Blackrock TCP Capital disclosing an unexpected 19% decline in net asset value and re-igniting concerns about the overall health of private credit markets

President Trump again contemplating taking military action against Iran after originally backing off the idea

MILDLY BEARISH

- Reports that suggested President Trump would be signing an executive order that would punish defense companies that repurchase stock, pay dividends, and reward execs with high salaries
- Disappointing earnings results from big banks
- Trump administration announcing that Nvidia would need to meet new security requirements before selling chips useful for AI buildouts to China (i.e. new regulations adding an additional layer of complexity on top of pre-existing concerns over stretched valuations)
- President Trump proposing a 10% cap on credit card interest – markets concerned that it would actually have a negative impact on lower income households (ex: credit card providers opting not to extend credit or even take away access to credit)
- President Trump threatening additional tariffs for any nation that "stood in the way" of his initiatives for Greenland
- Shares of Intel selling off after the company reported disappointing earnings results despite the US government recently taking an equity stake in the company
- US dollar weakening on rising geopolitical tensions
- Powell stating post interest rate decision that it was still premature to "declare victory on inflation" despite recent CPI and PCE data showing clear downward trends
- Recent rally in precious metals coming to a halt late in the month – prices of gold and silver falling over 10% and 30% respectively

(continued)

- Meta and Microsoft reporting earnings results painting two different stories on how the US AI buildout is going – Meta reported great results, justifying their massive capex spend while Microsoft did not (markets more concerned that other AI leaders will struggle like Microsoft)
- US dollar weakening late in the month after US and Japanese governments signaled that they would be willing to intervene to support the Japanese currency
- President Trump claiming that he was not concerned with the US dollar's recent slide
- President Trump threatening 100% tariffs on Canada in response to Canada recently coming to an agreement with China to lower tariffs on goods like Chinese electric vehicles (after almost a year of failing to negotiate a new trade deal with the US)
- President Trump announcing that tariffs on South Korea would be increased back to 25% (from 15%) claiming that the country has not moved quick enough to implement their agreed upon trade deal

Neutral

- Chinese government announcing that it expects to meet its growth targets for 2025 despite major economic headwinds throughout the year (struggling real estate market, deflationary pressures post-covid, tariffs/trade war with the US, etc.)
- Weaker-than-expected PMI data from the month of December
- December's jobs report showing that overall unemployment was lower than expected but that the US added fewer jobs than forecasted
- President Trump floating the idea of barring asset managers from buying single family homes
- Higher-than-expected retail sales data from the month of November
- Release of real estate data which showed that home prices for the month of December increased by more than expected (largest increase in nearly two years)
- Trump administration announcing additional 25% tariffs on any nation that continues to do business with Iran
- Japanese Yen strengthening after the country's finance minister suggested that its central bank was ready to act to "stem excessive currency depreciation"
- University of Michigan's Consumer Sentiment Survey showing an unexpected uptick in sentiment
- December PCE and Core PCE data coming right in line with expectations
- Fed holding benchmark interest rates at current levels at their January meeting (expected/priced in)
- Two Fed members dissenting on the decision to hold rates at current levels (both were in favor of a 25bp cut)
- Powell stating post interest rate decision that it was still premature to "declare victory on inflation" despite recent CPI and PCE data showing clear downward trends
- Shares of major insurance providers falling after President Trump announced that Medicare rates for insurers would be flat versus 2025 levels

(continued)

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- December PCE and Core PCE data coming right in line with expectations
- Fed holding benchmark interest rates at current levels at their January meeting (expected/priced in)
- Two Fed members dissenting on the decision to hold rates at current levels (both were in favor of a 25bp cut)
- Powell stating post interest rate decision that it was still premature to "declare victory on inflation" despite recent CPI and PCE data showing clear downward trends
- Shares of major insurance providers falling after President Trump announced that Medicare rates for insurers would be flat versus 2025 levels

(continued)

- The Conference Board’s sentiment survey showed a larger-than-expected decline in sentiment - contradicting prior week's sentiment survey from the University of Michigan
- Trump administration announcing that it would take an equity stake in another critical minerals miner (USA Rare Earth)

MILDLY BULLISH

- US capturing Venezuela’s president Nicolas Maduro after months of elevated tensions between the two countries
- After capturing Maduro, the Trump administration announcing that its plan is to control Venezuela (for an unknown amount of time) and work with US energy companies to control the country’s oil resources
- Release of economic data which showed that the US trade deficit fell by more than expected in October (lowest levels since 2009)
- Data storage companies rallying throughout the month after Nvidia’s CEO discussed the growing need for these products as the US builds out its AI infrastructure
- President Trump announcing plans to increase the US defense budget by $500 billion
- Prices of precious metals continuing their recent surge throughout the beginning and middle of the month (gold, copper, and silver hitting all-time highs) – fueled by rising geopolitical tensions, concerns over Fed’s independence, and a weakening dollar
- 30-year mortgage rates declining to its lowest levels in over three years
- Goldman, Morgan Stanley, and Blackrock reporting better-than-expected earnings results after the first wave of bank earnings disappointed
- TSMC beating earnings expectations and pledging to invest $250 billion into US factories
- Microsoft announcing plans to pay higher utility bills for all of its US data centers in an attempt to offset some of the costs that would otherwise be paid by everyday American’s
- OpenAI following Microsoft’s lead and saying that they would also pay higher utility bills on its data centers
- President Trump announcing Kevin Warsh as his pick to replace Powell as Chairman of the Fed – markets generally seem to view him as a “relatively safe option” given his prior Fed experience and track record as an “inflation hawk”
- Treasury Secretary Bessent stating that the US “had a strong dollar policy” and that the US government was not intervening in currency markets (i.e. Japanese Yen)

(continued)

BULLISH

- December CPI and Core CPI confirming that the recent downward trend in inflation data is likely accurate (i.e. not a result of lack of data during the 2025 government shutdown)
- At the World Economic Forum in Davos, President Trump announcing that the framework for a future Greenland deal had been reached and that the US would not be implementing the threatened tariffs on Europe (no details on what this framework entails were released)