

Market wrap

February 2026

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

From the desk of:

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Investors navigated a bumpy start to 2026

Markets were unsettled over January, reflecting a combination of geopolitical developments, sharp moves in precious metals, and renewed concerns around the scale of AI-related investment by technology firms.

Early-year geopolitical headlines – including US actions in Venezuela and rhetoric around Greenland during Davos, the World Economic Forum’s annual meeting in Switzerland – added to market uncertainty, particularly around trade and international relations. While immediate concerns between the EU and the US have since eased, the episode led to some uncertainty for investors. Gold, which is often considered a ‘safe haven’ asset and, relatedly, silver, both had a record month before falling on the final trading day of January.¹ Corporate earnings have also been in focus, with companies reporting results for the fourth quarter of 2025. Investors have been watching releases from large technology companies, in particular: while many have reported strong results, indications of plans for higher-than-expected spending, or ‘capex’, on AI from some firms have caused markets to react negatively. Investors worry that these large investments may not translate into higher profits in the near term, which can pressure share prices even when recent results look relatively solid.



Central banks across the developed world held interest rates steady

The US Federal Reserve (Fed), Bank of England (BoE), and European Central Bank (ECB) all left interest rates unchanged at their January and early February meetings.

The Fed held rates between 3.5%-3.75%, with investors expecting around two more rate cuts this year. Kevin Warsh, a former Fed Governor, was nominated as the next Fed chair to replace Jerome Powell. Investors see Warsh as more supportive of lower rates. He’s argued that productivity gains from AI and deregulation could help ease inflationary pressures. However, he’s more cautious about how much ongoing support the Fed provides to financial markets. In practice, this means he may be less supportive of the Fed holding a very large balance sheet – which is built up when the Fed buys government bonds and other assets to stimulate the economy. Investors interpreted this as a preference for tighter policy discipline, which led to the US dollar having its strongest day since July 2025. Whether this approach is ultimately implemented will depend on economic conditions and broader policy decisions.

On the other side of the Atlantic, the BoE also held interest rates steady at 3.75%, noting that UK labour market conditions and inflation trends remain central to future decisions. The ECB held rates at 2%, in line with expectations. European economic growth in 2025 came in slightly stronger than expected, while inflation has eased more than investors anticipated at the start of the year – conditions that, on balance, could see the central bank hold rates steady for longer.



Events on our radar in February

Geopolitics are likely to stay in focus this month, with ongoing US-Iran talks aimed at reducing the risk of wider conflict – with potential implications for energy markets – as well as the Munich Security Conference, a key forum for global security dialogue.

On the data front, upcoming releases include advance US GDP data for the fourth quarter and full-year 2025, which will help investors assess the underlying strength of the US economy. Investors will also continue to monitor company results as earnings season unfolds, particularly looking at forward guidance from companies on their expectations for future growth and profits.

¹ Source: Bloomberg, as of 9 February 2026.

Performance of stock and bond markets, 2021-2026 YTD

	2021	2022	2023	2024	2025	2026 YTD
Bloomberg Gold Index	-3.9%	-0.3%	13.1%	27.2%	64.6%	15.4%
Bloomberg Silver Index	-9.3%	2.8%	-0.7%	21.5%	148.0%	7.3%
US tech (MSCI USA Information Technology Index)	-8.2%	-30.1%	55.1%	36.3%	23.4%	-4.8%

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: Bloomberg, as of 31 January 2026.

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