

UBP Weekly View

9 February 2026



UNION BANCAIRE PRIVÉE

Markets weather turbulence

Summary

Global equities navigated a volatile week with limited damage. Although investors appear to be recalibrating risk exposures, the earnings season continues to underscore that EPS growth remains firmly driven by the technology sector. Following declines in recent weeks, gold rose to levels of above USD 5,000 per oz.

In the week ahead, January's US inflation and non-farm payroll data will command close attention, with modest downside risks for the dollar.

Market recap

| | Last Close (06.02.2026) | 1-Week Total Return | 1-Month Total Return | Year-to-Date Total Return |
|---------------------------|----------------------------|------------------------|-------------------------|------------------------------|
| S&P500 | 6 932 | -0.1% | 0.2% | 1.3% |
| NASDAQ Composite | 23 031 | -1.8% | -2.3% | -0.9% |
| STOXX Europe 600 | 617 | 1.0% | 2.0% | 4.2% |
| MSCI Japan | 2 270 | 3.6% | 5.4% | 8.6% |
| MSCI EM | 1 506 | -1.4% | 3.0% | 7.3% |
| US 10yr Yield | 4.20% | -4 bps | 6 bps | 4 bps |
| Gold (USD/oz) | 4 962 | 2.0% | 11.4% | 15.0% |
| Brent Crude Oil (USD/bbl) | 68 | -3.7% | 12.7% | 11.8% |

Source(s): Refinitiv

Beyond the numbers

Macroeconomics

Last week's data painted a 'two-speed' picture of the US economy. The January ISM Manufacturing Index surged to 52.6 (from 47.9), marking its highest level since August 2022 and signalling robust underlying growth. While the increase was broad-based across its subcomponents, the employment sub-index remained in contraction territory. Complementing this, the service sector showed continued resilience, with both ISM and PMI indices holding steady above the expansion threshold (53.8 and 52.7, respectively).

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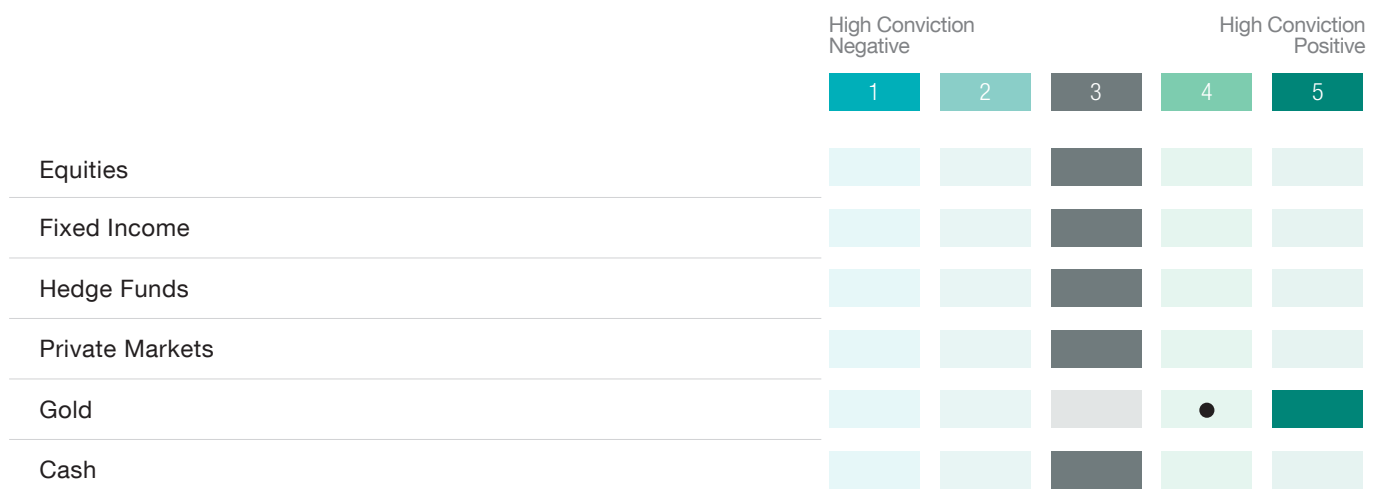
However, the labour market tells a more cautious story. Investors had to settle for a modest 22,000 jobs being created in January, falling well short of the 44,000 expected. This cooling was further evidenced by JOLTS numbers, which showed job openings at 6,542,000 (vs. the 7,250,000 expected). Balancing this, the US Consumer Confidence Index offered a late-week silver lining, rising to 57.3 as households expected lower inflation despite concerns about the labour market.

Across the Atlantic, the European Central Bank (ECB) maintained its policy rate at 2.0%, even as inflation dipped to 1.7%. Meanwhile, the Bank of England (BoE) adopted a notably more dovish tone; their decision to hold rates was a narrow 5–4 vote, with officials citing diminishing inflation risks and a weakening labour market, which signals further monetary easing in the months ahead.

Last, Japan’s governing Liberal Democratic Party (LDP), led by Prime Minister Sanae Takaichi, secured an historic two-thirds supermajority in the diet’s lower house on Sunday, clearing the path for a significant fiscal package and potential consumption-tax cuts.

This week brings a flurry of key economic data. In the US, reports on small business confidence and retail sales will offer insights into consumer and business sentiment. The BLS will release non-farm payroll figures on Wednesday (expected to be 69,000), followed by crucial inflation data on Friday (expected to be 2.5% y/y). Additionally, the eurozone fourth-quarter unemployment rate and second GDP estimate for the same period are set to be published.

Asset allocation: strategic views as at February 2026



High Conviction Negative 1 2 | Baseline Allocation 3 | High Conviction Positive 4 5 | Previous view ● (no dot means no change)

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Equities

Global equities ended a volatile week largely unscathed (MSCI ACWI total return -0.1%). The ongoing rotation away from technology and AI-driven winners quickly escalated into outright de-risking midweek, only to be followed by a strong rebound on Friday that helped calm investors' nerves. Momentum stocks, software, and cryptocurrencies bore the brunt of the sell-off, while value and defensive sectors, and small caps outperformed.

Beneath the surface, investors appeared to be redistributing risk rather than abandoning it entirely, shifting towards areas seen as better insulated from AI disruption and more directly tied to the real-world economy, such as physical goods and services.

At the same time, the earnings season continues to highlight that EPS growth remains led by the technology sector. As at Friday, 76% of S&P 500 constituents had reported results, with a Q4 earnings growth rate of +13.0% (vs. +8.3% expected). This stands in contrast to the technology sector's impressive +30.4% growth (vs. +25.8% expected).

The midweek sell-off served as a meaningful reset, with indiscriminate selling of those companies perceived to be vulnerable to AI disruption helping to recalibrate expectations and valuations. By the end of the week, the market showed signs that this adjustment had largely played out, as aggressive dip-buying emerged. While sentiment towards the technology sector may remain fragile in the near-term, the ability of equities to weather a sharp momentum unwinding and still close the week on a constructive note suggests that risk-on sentiment remains intact.

Fixed income

Yields finished the week largely unchanged, while spreads widened slightly amid a risk-off tone driven by weakening US labour indicators and a sharp software sector sell-off. Treasuries and investment grade (IG) added 0.2% for the week, with high yield (HY) and AT1s up only 0.1%, while emerging market (EM) outpaced at 0.3%. Out-of-the-ordinary moves included the software segment of leveraged loans, where spreads hit 3-year wides reflecting AI disruption fears.

AI-related capex was again front and centre, with Amazon and Alphabet (Google) providing guidance that was significantly ahead of already high estimates and following in Meta's and Microsoft's footsteps from the week before. AI capex is now expected to come in at USD 609 billion for 2026, a 60% increase from 2025, signalling the need for higher debt issuance this year and keeping spreads under pressure. It is notable that in the last six months, the credit default swap (CDS) of Amazon increased from 25 bps to 40 bps, Alphabet from 30 bps to 40 bps, and Microsoft from 20 bps to 36 bps – all

Earnings season highlights that EPS growth remains led by the technology sector

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still at very healthy levels, but denoting the trend of higher debt loads to finance AI capex. As mentioned in previous Weeklies, Oracle remains centre-stage, with its CDS increasing from 40 bps to 150 bps over the same period.

Media attention over the weekend focused on Kevin Warsh (Trump's pick to succeed Powell at the Fed) calling for a new accord between the Fed and the Treasury in a CNBC interview he gave in July last year. Warsh advocated for an update to the (current) 1951 agreement for clearer balance sheet coordination, with speculation ranging from a bureaucratic tweak that would have a minimal impact on the Treasury market, to ambitious changes, such as requiring Treasury endorsement for large-scale purchases, or tilting the Fed's portfolio to T-bills, which would potentially increase volatility and lead to concerns about the Fed's independence. While this casts Warsh in a dovish light, at this point there are no official comments from either Bessent or Warsh. We should continue to see speculative news like this as media outlets comb through Warsh's past comments for clues about his stance should he become Fed Chair in May.

Forex & Commodities

Last week, the USD edged higher against the majority of G10 currencies despite the publication of mixed economic data. In early trading on Monday, it weakened following comments from the Chinese authorities which advised Chinese banks to limit their holdings of US Treasury bonds. The main event for the USD will be the publication of US CPI and NFP data for January. On balance, we anticipate further modest weakness, which may accelerate on any lower-than-expected inflation prints.

The GBP weakened modestly following a closer-than-expected Bank of England Monetary Policy Committee (MPC) vote, which decided to keep rates on hold at 3.75%. Markets brought their expectations of the next rate cut forwards to the MPC meeting in March. Political risks look set to dominate trading over the coming week, and long-end yields could rise if UK Prime Minister Starmer resigns.

The JPY was unchanged following the weekend's parliamentary elections, which resulted in the Liberal Democratic Party (LDP) gaining a huge majority in the lower house. Markets anticipate that the new government will now pursue large fiscal stimulus measures, meaning that underlying inflation pressures could firm up. Such a stance would be conducive to modest JPY appreciation over time.

Gold rose to levels of above USD 5,000 per oz, following the declines of recent weeks. The underlying backdrop remains highly conducive to further gains, and poor US data this week could see prices rise to higher levels.

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Contributors

Publisher

Union Bancaire Privée, UBP SA

Lead Authors

Michaël Lok, Group CIO and Co-CEO Asset Management

Nicolas Laroche, Global Head of Advisory & Asset Allocation

Authors

Alvin Juvet, Economist & Financial Analyst

Moshmi Kamdar, Head of Equity Advisory

Filipe Alves da Silva, Head of Fixed Income Advisory & Strategy

Peter Kinsella, Global Head of Forex Strategy

Project Management

Investment Marketing

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