

CBOE Vix Index



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 22 January 2026.



Nothing to see here

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What this chart shows

This chart shows movements in the Cboe Volatility Index (VIX), often referred to as the market's "fear gauge". The VIX measures expected volatility in US equities over the next 30 days and tends to rise when investors seek protection against near-term uncertainty. During periods of heightened risk aversion, the index typically moves above 20 – a level commonly associated with a shift towards "risk-off" behaviour. Over the past week, the index briefly pushed above this threshold following a sharp escalation in geopolitical headlines. These included renewed US tariff threats tied to Greenland, rising concerns around transatlantic trade relations and renewed scrutiny of the Federal Reserve's independence. US equities recorded their sharpest daily decline since October, but the increase in volatility proved short-lived. As rhetoric softened and no immediate policy action followed, markets stabilised and the VIX retreated back towards recent averages.

Why this is important

Recent market moves have followed a familiar pattern. Strong policy rhetoric initially triggers a brief risk-off reaction, but that move is quickly reversed when investors judge that the likelihood of concrete action is low. This has underpinned the so-called "TACO trade" – the belief that aggressive language is often followed by a partial retreat once resistance emerges.

That dynamic was evident this week, reflected in a swift rebound in equities, a modest recovery in the dollar and a pullback in volatility, suggesting that investors treated the episode as a short-lived shock rather than a change in the broader market narrative.

This episode highlights the importance of diversification in an environment where political headlines are playing a larger role in driving short-term market moves. While risk assets can recover quickly once tensions ease, periods like this reinforce the value of diversification and downside protection when uncertainty rises.

Geopolitical risk, driven primarily by shifting US trade and security policy, has become the dominant force shaping global markets, alliances, and economic decisions across regions.



US

- » President Trump withdrew planned tariffs on European allies tied to Greenland after announcing a “framework” with NATO at Davos, calming immediate trade tensions.
- » Trump then escalated trade pressure by threatening 100% tariffs on Canadian goods if Canada deepens economic ties with China, souring relations with a close ally.
- » Trump’s broader geopolitical posture at Davos was seen as breaking with the traditional post-World War II economic order, prompting questions about alliances and the global role of US capital markets.
- » US-Iran tensions escalated, with President Trump saying a US “armada” is heading toward Iran while warning Tehran over protests and nuclear issues.



UK

- » UK businesses faced heightened uncertainty from Trump’s tariff threats against NATO and European partners, with analysts warning of recession risks.
- » The IMF projected the UK economy would slow as inflation decreases and interest rates are expected to fall, even as growth remains relatively strong among G7 nations.
- » The UK government approved plans for China’s massive new “mega-embassy” in central London - set to be the largest in Europe - despite widespread criticism over security, espionage, and influence concerns.
- » Labour Party internal tensions, as Andy Burnham was blocked from seeking a parliamentary seat, seen as a move to head off internal leadership challenges and risking party unity.



Europe

- » The EU suspended a €93 billion retaliatory tariff package against the US for six months, reflecting de-escalation after the Greenland tariff threat was dropped.
- » European leaders and von der Leyen stressed the need for greater EU strategic independence in economics and security, framing reduced reliance on external powers as a priority.
- » The European Parliament’s EPP group focused on key trade issues - including the Mercosur deal and Greenland sovereignty - underscoring strategic economic policy priorities.
- » European football leaders have informally discussed boycotting the 2026 FIFA World Cup if transatlantic tensions worsen, potentially cutting into the expected multi-billion-dollar tourism and spending boost to the US as host.



Rest of the World/Asia

- » Chinese trade with Central Asia exceeded record levels, underscoring Beijing’s expanding economic diplomacy.
- » Broader reporting underscored China’s two-speed economy, strong export performance versus weak domestic demand, and demographic headwinds.
- » Japan’s Prime Minister Sanae Takaichi dissolved the lower house and called a snap general election for 8th February, framing it as a mandate for major policy shifts.
- » The IMF slightly revised up Japan’s growth forecast but noted slow overall momentum, as inflation moderates.

Weekly market data

Week ending 23 January 2026

momentum

global investment management

Cumulative returns					
Asset Class / Region	Currency	Week ending 23 January	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	-0.3%	1.1%	1.1%	14.0%
United Kingdom	GBP	-0.9%	2.2%	2.2%	22.7%
Continental Europe	EUR	-1.1%	2.6%	2.6%	16.5%
Japan	JPY	-0.8%	6.5%	6.5%	35.2%
Asia Pacific (ex Japan)	USD	0.5%	5.7%	5.7%	36.6%
Australia	AUD	-0.5%	1.7%	1.7%	9.2%
Global	USD	-0.2%	1.7%	1.7%	18.4%
Emerging Markets Equities					
Emerging Europe	USD	1.9%	8.3%	8.3%	57.1%
Emerging Asia	USD	0.2%	6.1%	6.1%	40.5%
Emerging Latin America	USD	7.6%	14.0%	14.0%	65.8%
BRICs	USD	-0.6%	1.6%	1.6%	26.4%
China	USD	-0.5%	3.9%	3.9%	39.6%
MENA countries	USD	2.6%	5.6%	5.6%	3.2%
South Africa	USD	4.3%	10.3%	10.3%	91.0%
India	USD	-3.6%	-6.0%	-6.0%	2.9%
Global emerging markets	USD	1.1%	6.9%	6.9%	41.9%
Bonds					
US Treasuries	USD	0.1%	0.1%	0.1%	6.4%
US Treasuries (inflation protected)	USD	0.2%	0.2%	0.2%	6.5%
US Corporate (investment grade)	USD	0.2%	0.4%	0.4%	8.2%
US High Yield	USD	0.1%	0.7%	0.7%	8.0%
UK Gilts	GBP	-0.6%	0.1%	0.1%	5.1%
UK Corporate (investment grade)	GBP	-0.5%	0.3%	0.3%	7.1%
Euro Government Bonds	EUR	-0.1%	0.4%	0.4%	1.8%
Euro Corporate (investment grade)	EUR	0.0%	0.4%	0.4%	3.7%
Euro High Yield	EUR	0.1%	0.7%	0.7%	5.7%
Global Government Bonds	USD	0.4%	0.0%	0.0%	6.8%
Global Bonds	USD	0.5%	0.2%	0.2%	9.2%
Global Convertible Bonds	USD	0.4%	5.4%	5.4%	25.6%
Emerging Market Bonds	USD	0.2%	0.0%	0.0%	12.4%

Weekly market data continued...

Cumulative returns					
Asset Class / Region	Currency	Week ending 23 January	Month to date	YTD 2026	12 months
Property					
US Property Securities	USD	-2.3%	2.2%	2.2%	2.9%
Australian Property Securities	AUD	-2.1%	-1.7%	-1.7%	-0.8%
Global Property Securities	USD	-1.4%	2.5%	2.5%	13.7%
Currencies					
Euro	USD	1.7%	0.5%	0.5%	13.0%
UK Pound Sterling	USD	1.7%	1.2%	1.2%	10.0%
Japanese Yen	USD	1.1%	0.3%	0.3%	-0.3%
Australian Dollar	USD	3.0%	3.2%	3.2%	9.3%
South African Rand	USD	1.8%	2.7%	2.7%	14.4%
Swiss Franc	USD	2.2%	1.0%	1.0%	15.3%
Chinese Yuan	USD	0.1%	0.4%	0.4%	4.6%
Commodities & Alternatives					
Commodities	USD	4.8%	8.3%	8.3%	10.9%
Agricultural Commodities	USD	0.8%	1.4%	1.4%	-7.9%
Oil	USD	2.7%	8.3%	8.3%	-15.9%
Gold	USD	8.5%	15.4%	15.4%	80.9%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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