Allianz Global Investors

THE WEEK AHEAD, 30 JANUARY 2026

# Almost relaxed bulls

The trading year has begun on a strong footing, with rising prices and surveys of investors and fund managers indicating a growing sense of optimism regarding the economic outlook, corporate earnings, and respondents' own risk appetite. Many market participants believe that the business environment is in better shape than it was a few months ago and expect earnings growth to reinforce this assessment.

*This raises the question of whether investors are becoming overly complacent.* A more nuanced examination of several indicators of actual investor behaviour suggests that the positive sentiment has only been partially translated into more aggressive positioning. While overall equity allocations have increased and are higher than in the autumn, there is little evidence of excessive risk-taking. According to Deutsche Bank's weekly analysis, discretionary investors – those trading on their own judgement – remain only moderately overweight in equities, whereas rules-based and quantitative strategies are more fully invested. At the same time, the put-to-call ratio, a gauge of demand for portfolio hedging, does not point to pronounced complacency. Moreover, the first weeks of January saw strong inflows into a broad range of equity funds, a pattern that is typical at the start of a new year. Taken together, these factors suggest that markets are well supported rather than tilting towards overbought territory.

Against this seemingly untroubled backdrop, a political stress test emerged in mid-January: Trump's threat of punitive tariffs on countries that declared their support for **Greenland** led to a brief period of uncertainty. Even so, investors largely remained calm, with major indexes declining by no more than 2–3% – an indication that markets did not view an escalating tariff war as a particularly likely outcome.

Although there was a palpable sense of relief after the US president subsequently backed down, confidence has been dented in some market segments. The US dollar has yet to recover all of its losses, while gold, the traditional safe-haven asset, continues to scale new heights. Overall, market direction currently appears to be driven primarily by what might be described as "almost relaxed bulls."

**Stefan Rondorf**
Senior Investment Strategist, Global Economics & Strategy

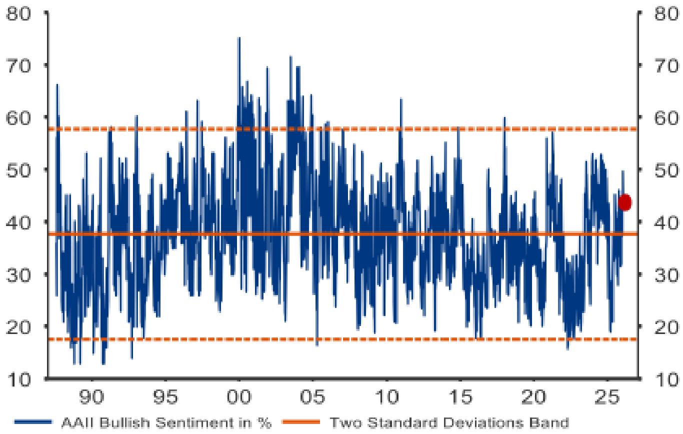
## PUBLICATIONS

**→ Dividends — your second income**
The world is undergoing a profound and unprecedented transformation. While populations in industrialised countries have become wealthier and enjoy longer life expectancies, intelligent algorithms and robotics are increasingly permeating everyday life and the workplace. Against this backdrop, it is prudent to consider developing an additional source of income...

**→ How can investors navigate uncertainty at the Fed?**
The Trump administration's attempts to check the US Federal Reserve's powers risk unsettling markets and fanning inflation.

**→ Bond investing beyond duration**
Sophisticated methods to improve the information ratio in fixed income.

**AAII survey: US retail investors far away from euphoric**
Share of bullish investors at the 73% percentile[1]




[1]Investors were less optimistic in 73% of all observations since 1987 (and correspondingly more optimistic in 27% of cases).
Source: LSEG Datastream, as of 22 January 2026. Past performance does not predict future returns.

### UPCOMING POLITICAL EVENTS 2026

| | | |
|---|---|---|
| 5 February | EZB | Central Bank Meeting |
| 5 February | BoE | Central Bank Meeting |
| 8 February | JP | Snap elections |
| 16–17 February | EZ | Ecofin |
| 8 March | DE | State elections in Baden-Württemberg |
| 8 March | DE | Local elections in Bavaria |
| 15 March | DE | Local elections in Hesse |

## The week ahead

Capital markets are set to focus on two primary themes next week: the condition of the **US labour market** and the monetary policy stances of major European central banks. In the United States, the Job Openings and Labor Turnover Survey (JOLTS) and the ADP National Employment Report will provide initial insights into labour market dynamics. These will be followed on Friday by the official nonfarm payrolls report, the week's most critical data release. Completing the picture with a short-term indicator will be Thursday's weekly initial jobless claims.

In addition, **purchasing managers' indices** are due to be released for a range of countries, offering greater clarity on underlying economic sentiment at the start of the year. Sentiment data published so far, particularly from Asia and Australia, have been encouraging. For European countries, there may be some revisions to the preliminary figures once the Greenland episode has faded from the headlines.

In the euro area, attention on Wednesday is likely to centre on flash CPI data. It would be no surprise if the figures were to come in below monetary policymakers' 2% target. Against this backdrop, focus will then shift to Thursday's meeting of the **European Central Bank** (ECB), which is expected to be dominated less by the interest rate decision itself than by the Bank's assessment of medium-term inflation risks and the longer-term outlook for monetary policy. At the same time, the **Bank of England** will announce its own monetary policy decision amid subdued growth and continued wage pressures.

Provided that fundamental trends do not disappoint the optimists, the unmistakable gap between sentiment and actual positioning may offer further support for markets. In any event, it is at least conceivable that more cautious investors will be compelled to raise their investment exposure as prices advance, in order to avoid falling too far behind.

That said, the market's vulnerability to corrections is increasing, if nothing else because optimism and exposure are higher than they were only a few weeks ago. Even so, there are few signs of unbridled euphoria and the most recent political stress test demonstrated that markets remain sufficiently resilient to absorb setbacks. Against a backdrop of elevated expectations and persistent geopolitical uncertainty, investors would therefore be well advised to maintain a disciplined and diversified approach.

Wishing you a relaxed week ahead.

Yours,

*Stefan Rondorf*

## Calendar Week 06

| Monday | | | Consensus | Previous |
|---|---|---|---|---|
| UK | Nationwide house price yy | Jan | 0.6% | 0.6% |
| UK | S&P GLOBAL MANUFACTURING PMI | Jan | -- | 51.6 |
| GE | HCOB Mfg PMI | Jan | -- | 48.7 |
| EC | HCOB Mfg Final PMI | Jan | -- | 49.4 |
| US | S&P Global Mfg PMI Final | Jan | -- | 51.9 |
| US | ISM Manufacturing PMI | Jan | -- | 47.9 |
| US | ISM Mfg Prices Paid | Jan | -- | 58.5 |
| **Tuesday** | | | | |
| US | JOLTS Job Openings | Dec | -- | 7.146M |
| **Wednesday** | | | | |
| GE | HCOB Composite Final PMI | Jan | -- | 52.5 |
| EC | HCOB Services Final PMI | Jan | -- | 51.9 |
| EC | HCOB - Composite Final PMI | Jan | -- | 51.5 |
| UK | S&P GLOBAL SERVICE PMI | Jan | -- | 54.3 |
| UK | S&P GLOBAL PMI: COMPOSITE - OUTPUT | Jan | -- | 53.9 |
| UK | Reserve Assets Total | Jan | -- | 224.8B |
| EC | HICP Flash YY | Jan | -- | 1.9% |
| EC | HICP-X F,E,A&T Flash YY | Jan | -- | 2.3% |
| EC | Producer Prices YY | Dec | -- | -1.7% |
| US | ADP National Employment | Jan | -- | 41k |
| US | S&P Global Svcs PMI Final | Jan | -- | 52.5 |
| US | ISM N-Mfg PMI | Jan | -- | 54.4 |
| **Thursday** | | | | |
| GE | Consumer Goods SA | Dec | -- | 115.8 |
| EC | HCOB Construction PMI | Jan | -- | 47.4 |
| GE | HCOB Construction PMI | Jan | -- | 50.3 |
| UK | S&P Global CONSTRUCTON PMI | Jan | -- | 40.1 |
| UK | S&P GLOBAL PMI: MSC COMPOSITE - OUTPUT | Jan | -- | 50.4 |
| EC | Retail Sales YY | Dec | -- | 2.3% |
| UK | BOE Bank Rate | Feb | -- | 3.75% |
| EC | ECB Refinancing Rate | Feb | 2.15% | 2.15% |
| EC | ECB Deposit Rate | Feb | 2.00% | 2.00% |
| US | Unit Labor Costs Prelim | Q4 | 0.2% | -- |
| US | Productivity Prelim | Q4 | 4.8% | -- |
| US | International Trade $ | Dec | -- | -- |
| US | Initial Jobless Clm | 26 Jan, w/e | -- | -- |
| US | Cont Jobless Clm | 19 Jan, w/e | -- | -- |
| **Friday** | | | | |
| GE | Industrial Production YY SA | Dec | -- | 0.76% |
| GE | Trade Balance, EUR, SA | Dec | -- | 13.1B |
| UK | Halifax House Prices YY | Jan | -- | 0.3% |
| US | Non-Farm Payrolls | Jan | -- | 50k |
| US | Private Payrolls | Jan | -- | 37k |
| US | Unemployment Rate | Jan | -- | 4.4% |
| US | Average Earnings YY | Jan | -- | 3.8% |
| US | Average Workweek Hrs | Jan | -- | 34.2 |
| US | U Mich Sentiment Prelim | Feb | -- | 56.4 |

The calendar data for the current week comes directly from LSEG Datastream. They are published in the week in which “The Week Ahead” appears. These are economic data that come from official sources. Where available, the previous figure is collected together with the consensus estimate. The consensus estimate is collected by LSEG Datastream through a survey of analysts and economists. It is the average of all estimates submitted.

**If not mentioned otherwise data and information sources are from LSEG Datastream.**
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