

Markets Mixed as Fed Chair Uncertainty Returns and Earnings Season Results Are Not Enough to Sustain Drive.

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The U.S. and European equity markets closed lower on Friday, as investors weighed renewed uncertainty around Federal Reserve leadership and continued geopolitical tensions. U.S. markets turned more cautious after President **Donald Trump** signaled that National Economic Council Director **Kevin Hassett may not be his preferred choice** to become the next Fed Chair, adding fresh concerns about policy direction and the perception of Fed independence.

Despite broad-market weakness, financial stocks outperformed sharply, and Puerto Rico equities delivered a strong positive close, highlighting selective strength beneath the surface of an otherwise risk-off session.

Wall Street

U.S. equities **closed modestly lower on Friday**, with all three major averages finishing in the red as investors weighed President **Donald Trump's** latest remarks on the Federal Reserve leadership process and broader geopolitical uncertainty. The **S&P 500 slipped 0.06%**, while the **Nasdaq Composite also fell 0.06% and the Dow Jones declined 0.17%**.

Markets briefly hit their session lows after President Trump suggested he would prefer **National Economic Council Director Kevin Hassett** remain in his current role, signaling Hassett may not be selected as the next Fed Chair. The comments revived concerns about policy continuity and perceptions of Fed independence—an issue that continues to influence risk premiums across equities and rates.

Despite the mild decline in headline indexes, market breadth was more nuanced.

European Stocks Finish Lower as Greenland Remains in Focus; Gold and Silver Pull Back

European stocks ended lower on Friday as investors continued to monitor geopolitical tensions and assess the latest crosscurrents in energy and safe-haven markets. The pan-European **Stoxx 600 finished the session 0.1% lower**, with major bourses and sector performance mixed.

Despite the broader decline, semiconductors remained a bright spot after lifting the benchmark on Thursday following upbeat results from **TSMC**. Strength carried into Friday, with Dutch semiconductor equipment leader **ASML reaching a 52-week high** and closing the session **1.6% higher**, extending the sector's leadership streak.

In energy and renewables, offshore wind developers gained renewed attention following key U.S. court rulings. After a **U.S. District Court for the District of Columbia** judge recently allowed **Orsted** to resume work on its nearly completed **Revolution Wind** project, the same court cleared **Equinor** to restart work on its **Empire Wind** project. These rulings follow the Trump administration's decision to halt five significant offshore wind developments at the end of last year. **Equinor shares gained 2% on Friday**, reflecting improved near-term visibility for the sector.

Geopolitical focus remained centered on Greenland. European troops arrived late Thursday ahead of a Democratic-led visit to Denmark on Friday for talks with Danish MPs. A White House meeting earlier in the week regarding the Danish territory's future ended without a diplomatic breakthrough.

However, the U.S., Denmark, and Greenland agreed to continue discussions, keeping the situation a live risk factor for European sentiment.

Energy markets also stayed volatile as investors weighed reports of a violent crackdown on civil unrest in oil-rich Iran and the potential policy response from Washington, including possible tariffs on Iran's trading partners. **March Brent crude futures were last seen 1.1% higher at \$64.44 per barrel**, adding another layer of uncertainty to the macro backdrop.

Meanwhile, precious metals—recently strong as investors sought safety amid concerns around Federal Reserve independence—pulled back on Friday. **Silver futures (March) were last seen down 3.7%**, while **gold futures (February) were down 0.46%**, reflecting profit-taking and shifting near-term positioning after a strong run.

Earnings Season Off to a Solid Start

The fourth-quarter earnings season began this week, with the big six U.S. banks setting a constructive tone. JPMorgan, Bank of America, Wells Fargo, Goldman Sachs, and Morgan Stanley all reported results that exceeded analyst expectations, reinforcing confidence that corporate fundamentals remain resilient despite a restrictive interest-rate environment.

Looking ahead, analysts expect S&P 500 earnings to rise roughly 8% year-over-year in Q4, led by the technology sector with projected growth of more than 25%. Estimates for 2026 still point to approximately 15% earnings growth.

Bond Yields Move as Markets Price a Fed Pause

Treasury yields moved modestly higher, with the 10-year yield closing at 4.24%, mainly remaining range-bound within the 4.0%–4.25% corridor that has defined recent months. Bond markets continue to reflect expectations that the Fed will pause after three consecutive rate cuts to close out 2025.

With inflation still above target, we expect the Fed to remain on hold for at least a few months before considering additional easing. A labor market characterized by slow hiring and modest layoffs should allow policymakers to proceed cautiously, keeping the door open to one or two additional cuts later this year, assuming inflation continues to moderate.

FX & Commodities

The U.S. dollar weakened against major currencies, reflecting a modest recalibration of rate expectations and improved global risk appetite.

In commodities, WTI crude traded higher following several volatile sessions, supported by persistent geopolitical uncertainty and shifting perceptions of short-term supply risk.

Economic Update:

- **U.S. Industrial Production MoM:** fell to 0.37%, compared to 0.43% last month.
- **NY Fed Business Leaders Survey Current Business Activity:** fell -16.10, up from -20.00 last month.
- **NAHB/Wells Fargo US Housing Market Index:** fell 37.00, down from 39.00 last month.
- **Germany Consumer Price Index YoY:** Fell to 1.80%, compared to 2.30% last month.
- **China Real GDP QoQ:** is unchanged at 1.10%, compared to 1.10% last quarter

Eurozone Summary:

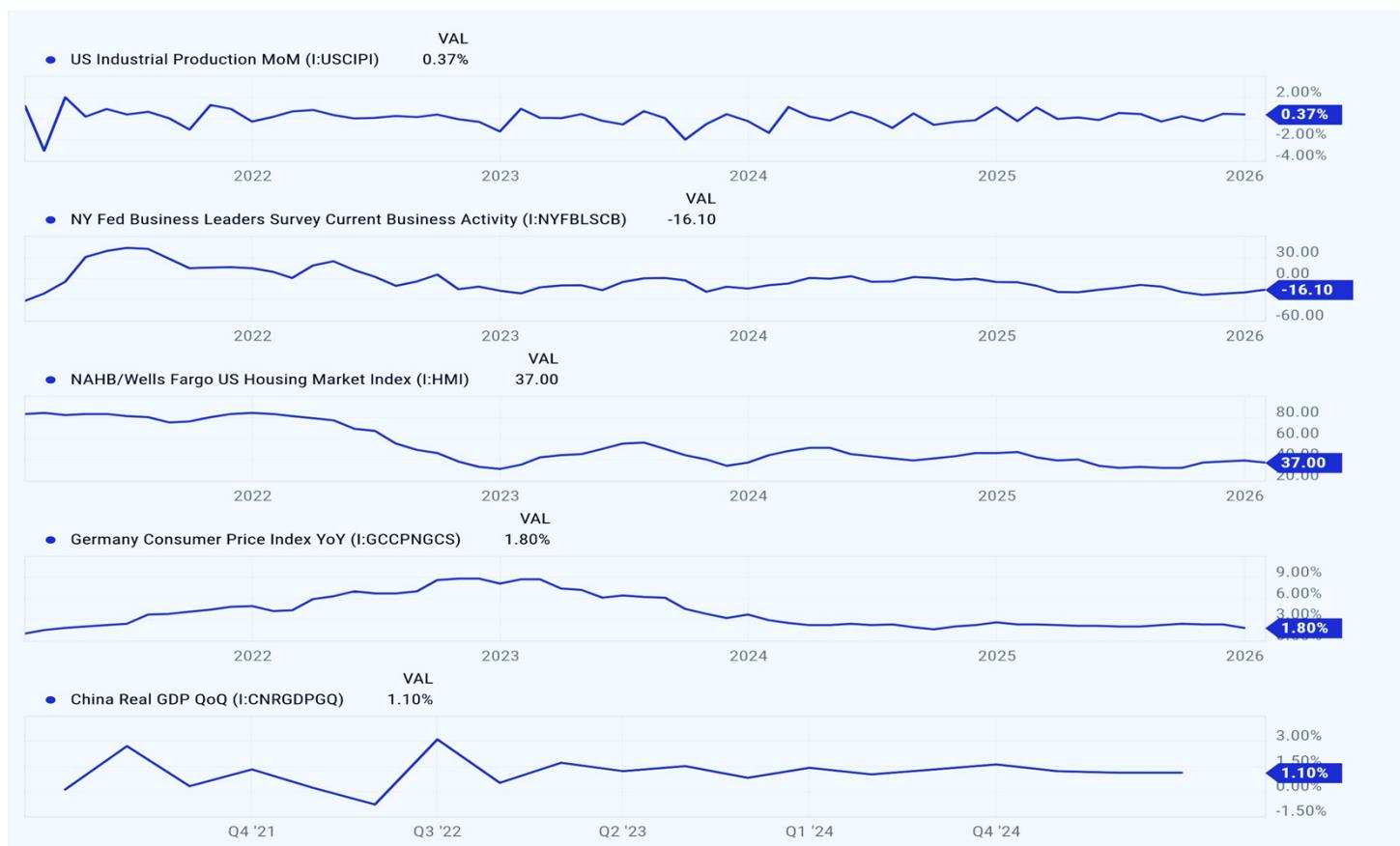
- **Stoxx 600:** closed at 614.38, down 0.19 points or 0.03%.
- **FTSE 100:** closed at 10,235.29, down 3.65 or 0.04%.
- **DAX Index:** closed at 25,297.13, down 55.26 or 0.22%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,359.33, down 83.11 points or 0.17%.
- **S&P 500:** closed at 6,940.01, down 4.46 points or 0.06%.
- **Nasdaq Composite:** closed at 23,575.38, down 14.63 points or 0.06%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,091.36, up 65.85 points or 1.64%.
- **Birling Capital U.S. Bank Index:** closed at **9,258.19**, up **235.69 points or 2.61%**.
- **U.S. Treasury 10-year note:** closed at **4.24%**.
- **U.S. Treasury 2-year note:** closed at **3.59%**.

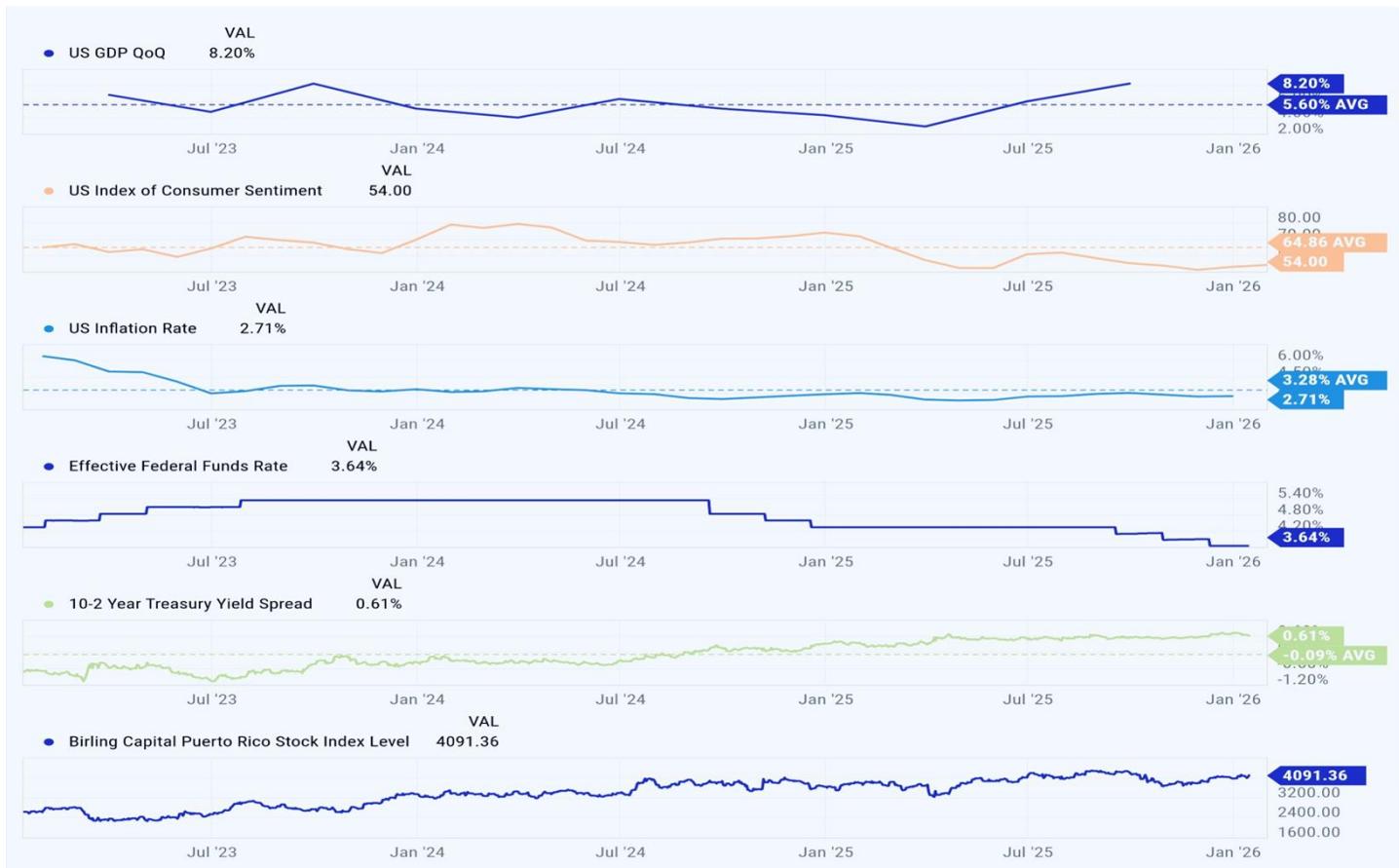


US Industrial Production, NY Fed Business Leaders Survey, Germany CPI and China GDP





The Economic Cycle: US GDP, US Index of Consumer Sentiment, US Inflation Rate, Effective Federal Funds Rate & Birling PR Stock Index

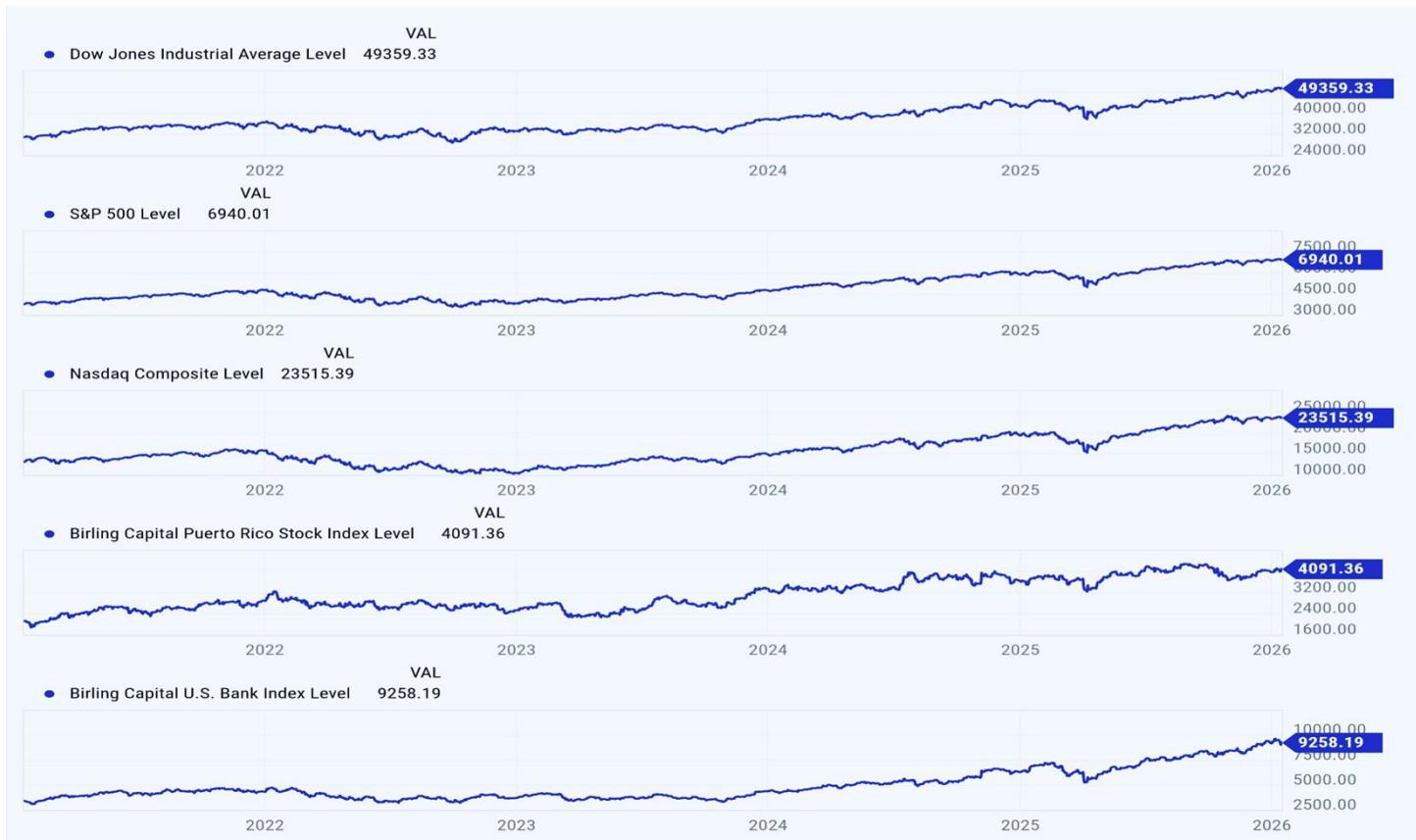




Wall Street Recap

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