

## Six Minute Strategy

# Loose Money, Hard Power

January 2026

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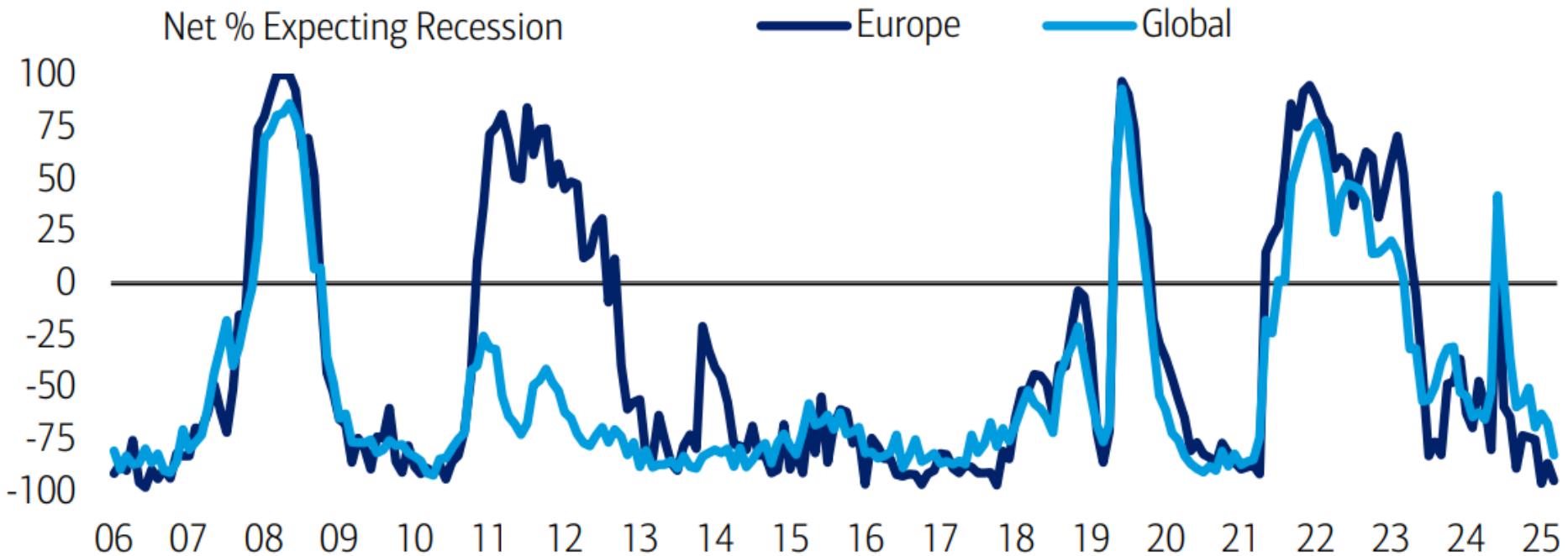
# Economic optimism at record highs

Consensus belief that we will avoid a recession in 2026 is near record highs



BofA Survey suggests 95% of European investors see no recession in Europe over next 12m

How likely do you think it is that the economy in this region will see a recession over the next 12 months?



**Source:** BofA European & Global Fund Manager Survey

BofA GLOBAL RESEARCH

Source: Bank of America Fund Manager Survey Jan 2026

# 2026 Global Macro backdrop

Why are investors so positive?

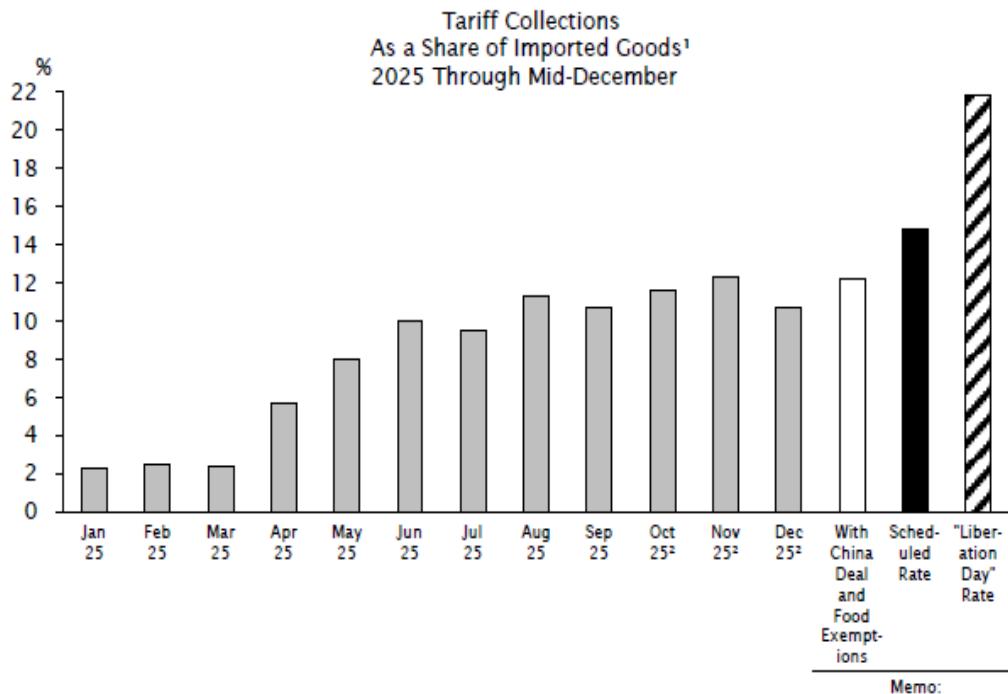
View	Rationale	Implication
Strong nominal GDP environment.	Real growth driven by a positive fiscal impulse. Inflation easing but remains above target.	<b><i>Good backdrop for risk assets (Developed and EM equities).</i></b>
Geopolitics – messy but unlikely to disrupt equity market <i>for now</i> .	Tensions easing, but USD payments system remains weaponised.	<b><i>Overweight gold and other metals, underweight USD.</i></b>
AI remains in the driving seat.	Important contributions to GDP growth and market returns.	<b><i>AI opportunities are widening across sectors and regions.</i></b>

# 1. US: Tariff exemptions are growing

Tariff collections lower than originally planned – consumer a priority for the White House



## Tariff collections rates falling from Liberation Day highs



Source: U.S. Treasury, Census Bureau, Bloomberg L.P., Empirical Research Partners Analysis.

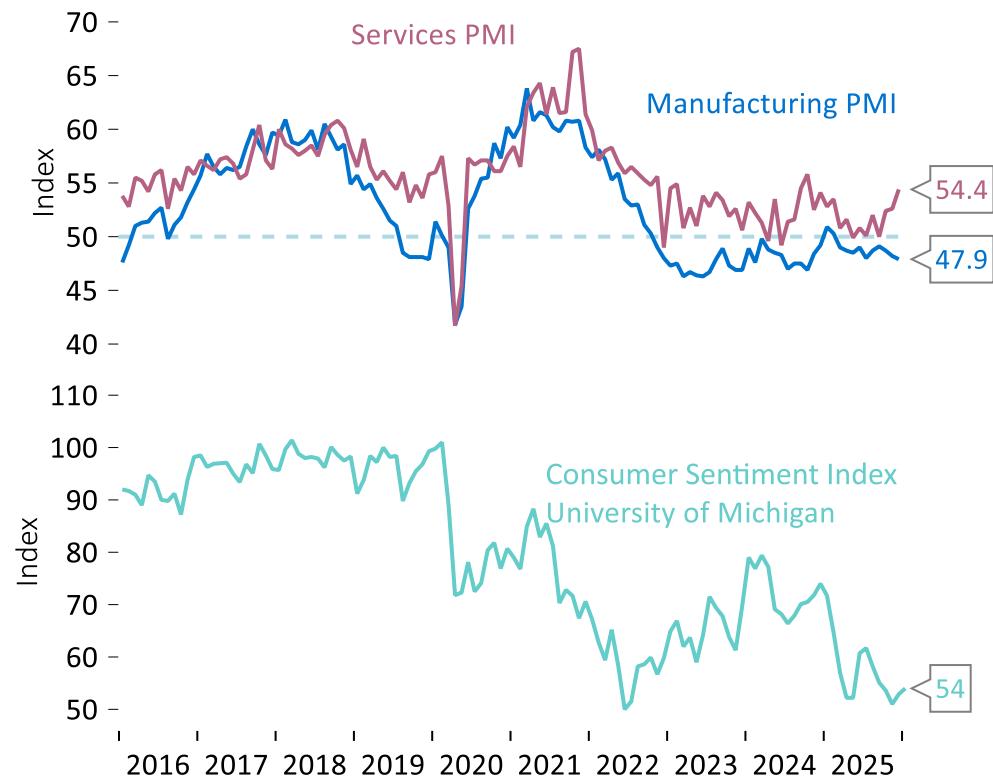
<sup>1</sup>Monthly Federal custom duties receipts through November 2025, goods imports on a nonseasonally-adjusted Census basis through September 2025.

<sup>2</sup>Goods import estimates based on bill-of-lading imports and the daily U.S. Treasury statements.



## Services sentiment recovers – consumer may have bottomed

United States, Business Surveys, ISM, Report on Business, SA, Index



S Source: Macrobond, 19.01.26

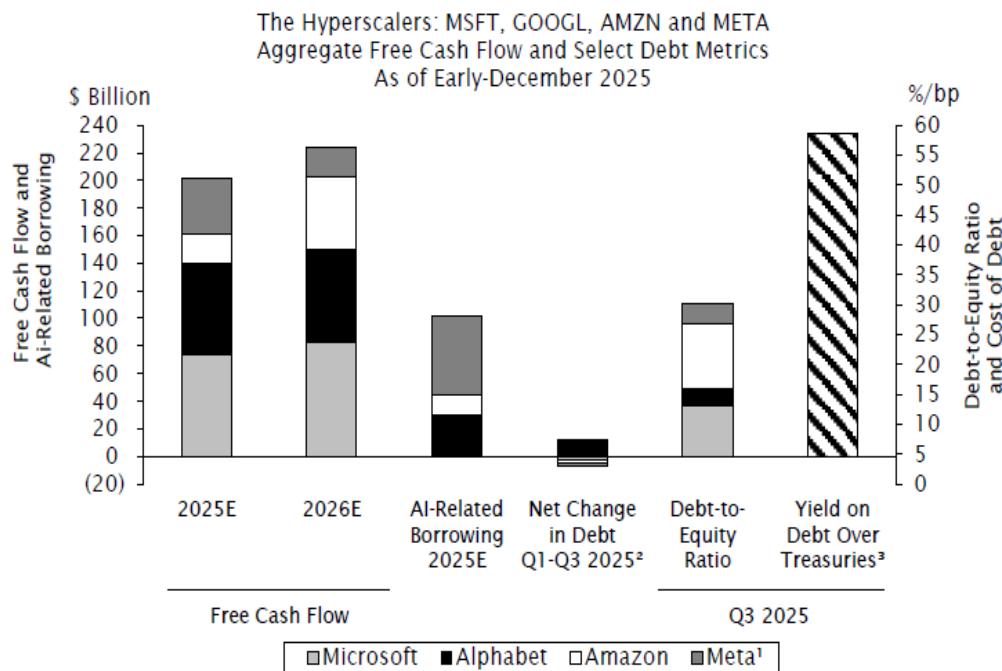
Past performance is not a reliable indicator of future results and may not be repeated.

## 2. AI: debt funding rises but overall leverage still low

AI debt funding not problematic while earnings and cash flow remain robust



Borrowing rising but debt-to-equity remains low



Mag 7 still leads forecasted global earnings growth

Bloomberg forecast earnings growth



Source: Empirical Research, December 2025

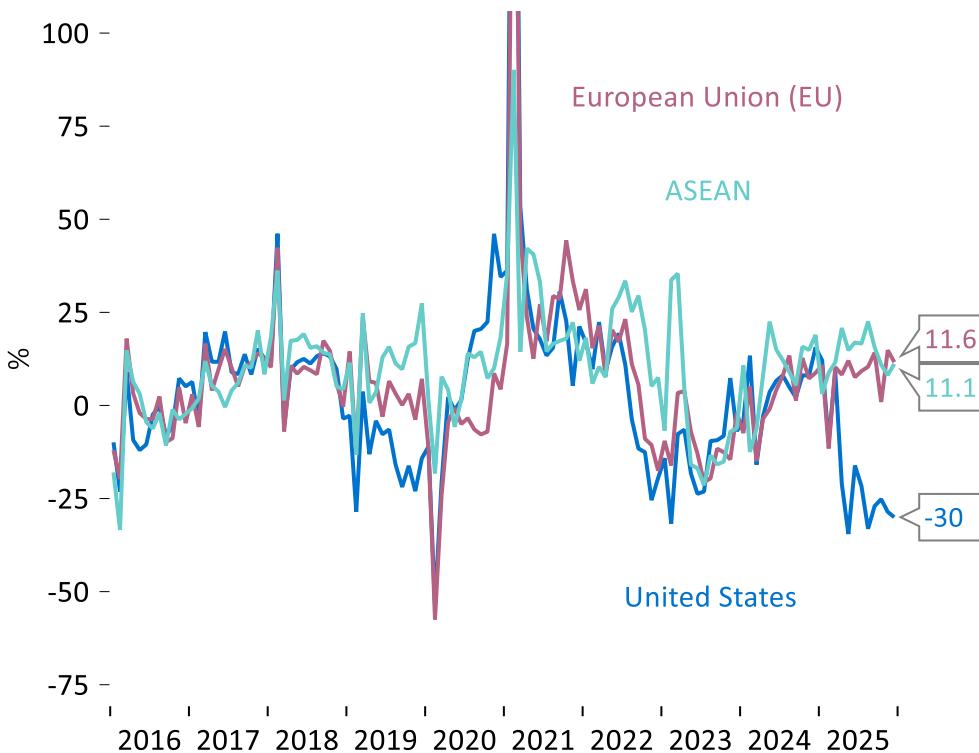
### 3. China: exports have held up despite US trade war

China exports to Europe risk tariffs or other trade barriers



#### Exports diverted from the US – Europe/Asia swamped

China, foreign trade, export, by country/region, export, value (Macrobond calculated), USD

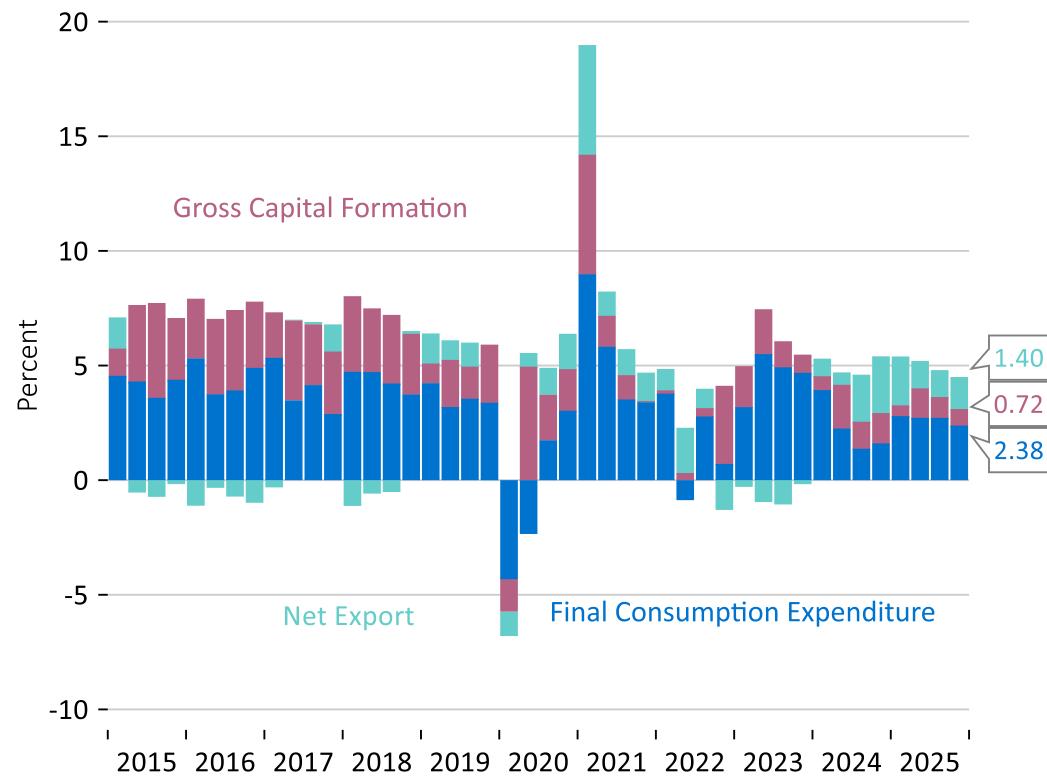


Source: Macrobond, 21.01.26



#### Consumer spending weak – government stimulus likely

China Contribution to GDP - change Y/Y



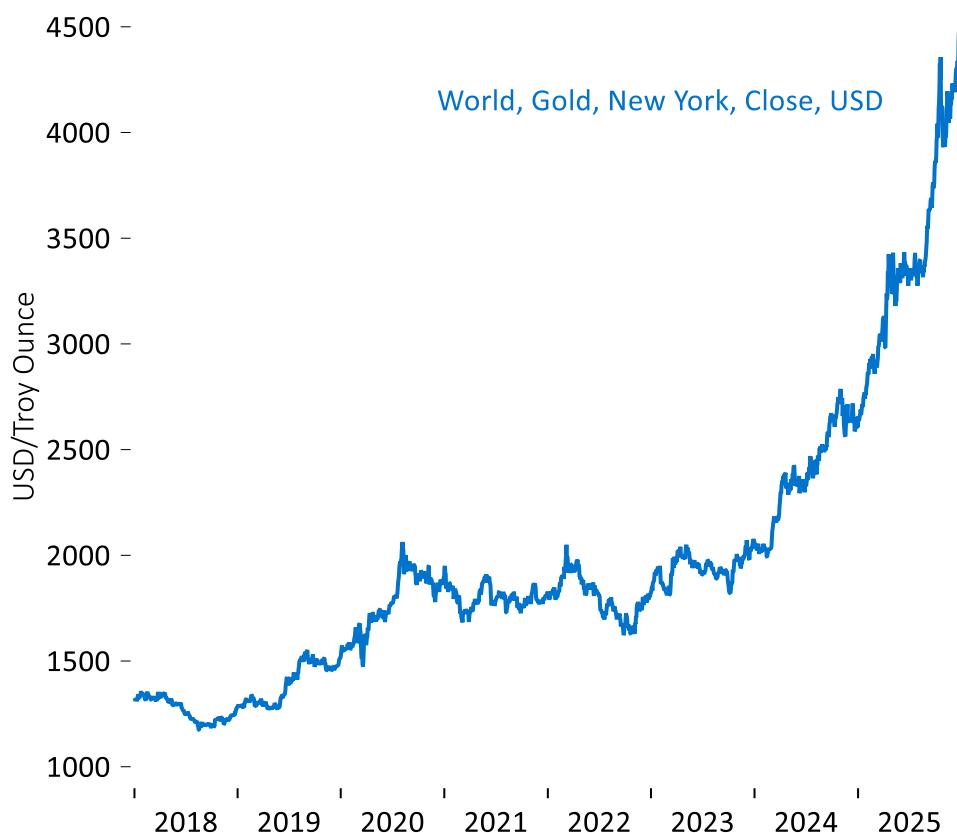
Source: Macrobond, 19.01.26

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## 4. Gold overweight continues

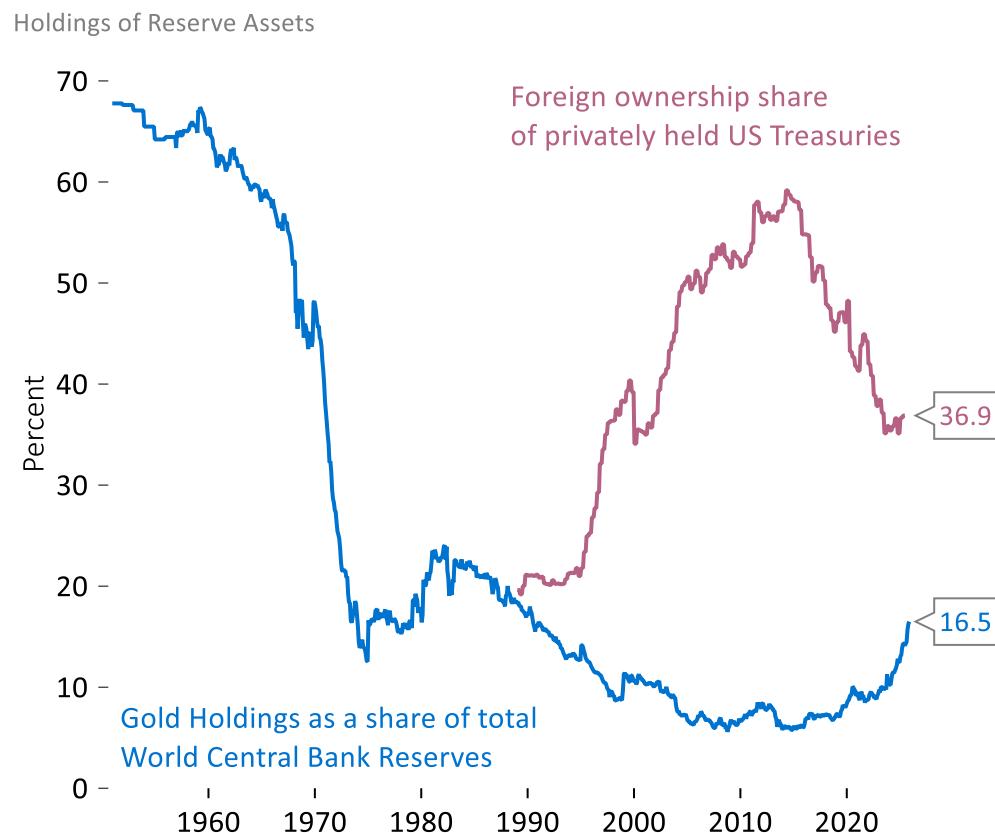
Long-term demand supported by central bank diversification away from US Treasuries

### Gold price



Source: Macrobond, 22.01.26

### Reserve managers showing a preference for gold



Source: Macrobond, 22.01.26

# Policy summary

## Global strategy – January 2026

Bonds: Underweight	<ul style="list-style-type: none"><li><b>UW government bonds:</b> inflation risks – economies running hot – no political will to reduce deficits.</li><li><b>UW credit:</b> spreads remain historically tight – risk/reward balance unfavourable.</li></ul>
Equities: Overweight	<ul style="list-style-type: none"><li><b>OW equity:</b> global equity earnings remain robust, with strong buybacks and dividend growth.</li><li><b>Valuation:</b> earnings continue to climb – revisions positive – buybacks near record levels.</li></ul>
Alternatives: Overweight	<ul style="list-style-type: none"><li><b>OW alternatives:</b> favour absolute return funds – private equity – transition metals.</li><li><b>OW gold:</b> ongoing emerging-market central bank buying continues to support demand.</li></ul>
Cash: Strongly Underweight	<ul style="list-style-type: none"><li><b>US dollar</b> to depreciate over the long term.</li><li><b>Euro and emerging world currencies</b> continue to rally.</li><li><b>Japanese yen and sterling</b> neutral.</li></ul>
Risks	<ol style="list-style-type: none"><li><b>Liquidity/credit squeeze</b> – equity valuations shrink – wealth effect triggers recession.</li><li><b>Stagflation</b> – sticky core inflation – yield curves steepen – bond vigilantes return.</li><li><b>Climate</b> – extreme events increase – unravelling of Paris goals – China takes leadership of climate agenda.</li></ol>

Source: Sarasin & Partners, January 2026

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