



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 29 January 2026.

## Great expectations

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### What this chart shows

European technology markets saw a striking divergence this week as SAP and ASML moved sharply in opposite directions. SAP shares fell 16% on 29 January, their steepest one day decline since 2020, after cloud backlog growth and 2026 guidance missed expectations, intensifying market concerns around how artificial intelligence may reshape traditional enterprise software models. By contrast, ASML continued to benefit from strong demand across the semiconductor supply chain, reporting record orders of €13.2 billion and reinforcing an upbeat outlook as chipmakers expand capacity to meet accelerating AI related needs.

The resulting performance gap, illustrated in this week's chart, highlights how AI driven sentiment is influencing equity markets. The two companies had similar market capitalisations in September, but there is now roughly a £225 billion gap between them. Companies perceived as core enablers of AI infrastructure are being rewarded, while those exposed to software centric models are seeing sharper scrutiny even when underlying performance remains broadly stable.

### Why this is important

This dynamic becomes clearer when looking beyond SAP to the wider European information services and software ecosystem. Wolters Kluwer and RELX, for example, have both experienced significant share price pullbacks from their 2025 highs. Wolters Kluwer declined from an all time high of €180 in February 2025 to around €79 in January 2026. RELX similarly retreated from a £41 peak in February 2025 to near £26 in January 2026 as the market became increasingly concerned that AI could disrupt their profitability.

Yet despite these market moves, operational performance at both firms has remained fundamentally sound. Wolters Kluwer reported 6% organic revenue growth for the first nine months of 2025, supported by 7% growth in recurring revenues and 15% organic growth in cloud software, while maintaining full year guidance. RELX delivered 7% underlying revenue growth in the first half of 2025, with continued strength across its AI enabled analytics, risk, legal, and scientific tools

Taken together, these developments highlight a nuanced landscape. AI is undoubtedly reshaping the sector, and some business models will face genuine competitive pressure. At the same time, others may see their relevance strengthened as AI enhances data rich, workflow embedded platforms. Recent share price behaviour appears to reflect shifting expectations rather than uniform fundamental weakness.

For investors, the key will be monitoring how quickly fundamentals and sentiment realign. As AI continues to reshape both risks and opportunities, distinguishing structural change from cyclical market reactions will remain essential.

**Political and policy uncertainty, led by US domestic shifts, Europe's regulatory and defence push, and escalating geopolitical tensions in the Middle East and Asia, has become the dominant force steering global markets, capital flows, and risk sentiment.**



### US

- » President Trump's administration signalled it would generally avoid federal intervention in protests in Democratic-run cities unless requested, amid broader immigration enforcement tensions.
- » January consumer confidence fell to a 12-year low, highlighting a widening gap between "hard data" and how households feel.
- » US equities pushed to fresh highs on earnings optimism, while the US dollar slid toward multi-year lows (risk-on tone, but choppy sector moves).
- » A Democratic candidate won a special election for the Texas state senate by a double-digit margin, taking control from Republicans for the first time in decades in a result the losing candidate on Sunday called "a wake-up call" for the midterm elections.



### UK

- » Prime Minister Keir Starmer said the UK is open to closer EU defence cooperation, including potential participation in a second round of the EU SAFE defence funding initiative.
- » Data and surveys suggested the economy was showing signs of improvement after Chancellor Rachel Reeves' late-2025 budget, easing uncertainty for firms and households.
- » Major UK lenders were reported to be preparing profit-target upgrades in line with European peers (reflecting stronger revenues/capital returns).
- » Starmer's visit to China signalled the desire for a reset focused on boosting UK-China trade and investment while downplaying political tensions, amid uncertainty with the US.



### Europe

- » The European Commission opened a formal probe into X Corp. linked to Grok-related risks under the Digital Services Act framework, keeping platform and AI governance front and centre.
- » The European Central Bank reiterated that a digital euro could strengthen payments autonomy and reduce reliance on external private rails.
- » Brussels continued tying state aid flexibility, green transition subsidies, and defence manufacturing into a broader "strategic autonomy" playbook.
- » SAFE defence-financing initiatives gained momentum, as joint procurement and shared funding structures were advanced to accelerate rearmament and strengthen Europe's industrial capacity.



### Rest of the World/Asia

- » Iran's leadership warned of a regional conflict if the US were to attack it, stoking the tension between Washington and Tehran, and it designated EU armies as "terrorist groups" in a retaliatory move.
- » China's President Xi Jinping pushed the ambition of the renminbi becoming a more meaningful global reserve currency, while acknowledging infrastructure and policy hurdles.
- » Ahead of Japan's 8th February snap election, debate over tax relief, including consumption-tax changes, kept investors jittery and pressured government bonds and the yen at times.
- » Gold hit new records as investors leaned into safe havens amid geopolitical uncertainty and policy risk.

# Weekly market data

Week ending 30 January 2026

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Asset Class / Region	Currency	Cumulative returns			
		Week ending 30 January	Month to date	YTD 2026	12 months
<b>Developed Markets Equities</b>					
United States	USD	0.3%	1.4%	1.4%	15.3%
United Kingdom	GBP	0.9%	3.1%	3.1%	22.6%
Continental Europe	EUR	0.3%	2.9%	2.9%	15.0%
Japan	JPY	-1.7%	4.6%	4.6%	31.4%
Asia Pacific (ex Japan)	USD	2.2%	8.0%	8.0%	38.0%
Australia	AUD	0.1%	1.8%	1.8%	7.9%
Global	USD	0.5%	2.2%	2.2%	19.1%
<b>Emerging Markets Equities</b>					
Emerging Europe	USD	3.7%	12.3%	12.3%	59.4%
Emerging Asia	USD	2.0%	8.3%	8.3%	41.8%
Emerging Latin America	USD	1.1%	15.3%	15.3%	61.7%
BRICs	USD	1.0%	2.6%	2.6%	25.1%
China	USD	0.8%	4.7%	4.7%	35.7%
MENA countries	USD	0.8%	6.4%	6.4%	3.6%
South Africa	USD	-1.8%	8.2%	8.2%	81.3%
India	USD	1.2%	-4.9%	-4.9%	4.1%
Global emerging markets	USD	1.8%	8.9%	8.9%	42.5%
<b>Bonds</b>					
US Treasuries	USD	0.0%	0.0%	0.0%	5.5%
US Treasuries (inflation protected)	USD	0.1%	0.3%	0.3%	6.0%
US Corporate (investment grade)	USD	-0.1%	0.4%	0.4%	7.4%
US High Yield	USD	-0.2%	0.5%	0.5%	7.5%
UK Gilts	GBP	-0.2%	-0.1%	-0.1%	4.3%
UK Corporate (investment grade)	GBP	-0.1%	0.3%	0.3%	6.3%
Euro Government Bonds	EUR	0.3%	0.7%	0.7%	1.8%
Euro Corporate (investment grade)	EUR	0.4%	0.8%	0.8%	3.8%
Euro High Yield	EUR	0.0%	0.7%	0.7%	5.4%
Global Government Bonds	USD	0.8%	0.8%	0.8%	6.8%
Global Bonds	USD	0.7%	0.9%	0.9%	9.1%
Global Convertible Bonds	USD	0.1%	5.5%	5.5%	25.4%
Emerging Market Bonds	USD	0.0%	0.1%	0.1%	11.5%

# Weekly market data continued...

Asset Class / Region	Currency	Cumulative returns			
		Week ending 30 January	Month to date	YTD 2026	12 months
<b>Property</b>					
US Property Securities	USD	0.8%	3.0%	3.0%	3.5%
Australian Property Securities	AUD	-1.0%	-2.7%	-2.7%	-0.5%
Global Property Securities	USD	1.3%	3.9%	3.9%	13.9%
<b>Currencies</b>					
Euro	USD	0.7%	1.2%	1.2%	14.0%
UK Pound Sterling	USD	0.7%	1.9%	1.9%	10.2%
Japanese Yen	USD	1.3%	1.5%	1.5%	-0.1%
Australian Dollar	USD	1.3%	4.5%	4.5%	11.9%
South African Rand	USD	0.0%	2.7%	2.7%	14.6%
Swiss Franc	USD	1.8%	2.8%	2.8%	17.7%
Chinese Yuan	USD	0.1%	0.5%	0.5%	4.2%*
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	1.4%	9.9%	9.9%	13.6%
Agricultural Commodities	USD	-0.2%	1.2%	1.2%	-8.6%
Oil	USD	7.3%	16.2%	16.2%	-8.0%
Gold	USD	-1.9%	13.2%	13.2%	75.1%

\*as at 27 January 2026. Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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