TD Economics

Weekly Bottom Line

January 30, 2026

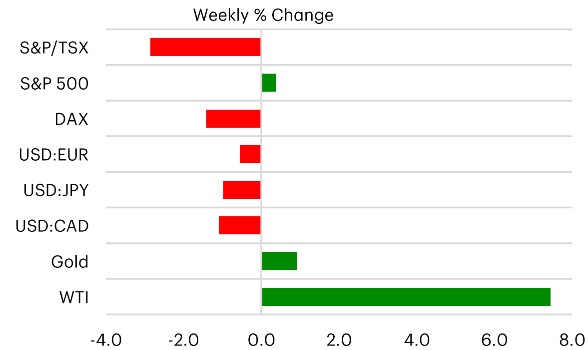
Highlights

- President Trump has nominated former Fed governor Kevin Warsh as the next Fed Chair.
- The Federal Reserve elected to hold rates steady at the target range of 3.50-3.75%.
- The White House and Senate have reached a deal that would avert another government shutdown. The appropriations bill still needs to be confirmed by the House of Representatives on Monday.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6942	6916	6979	4983
S&P/TSX Comp.	32197	33145	33176	22507
DAX	24553	24901	25421	19671
FTSE 100	10216	10143	10239	7679
Nikkei	53323	53847	54341	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.25	4.23	4.62	3.95
Canada 10-yr Bond	3.42	3.41	3.60	2.83
Germany 10-yr Bund	2.85	2.91	2.91	2.36
UK 10-yr Gilt	4.53	4.51	4.80	4.34
Japan 10-yr Bond	2.25	2.26	2.36	1.12
Foreign Exchange Cross Rates				
C$ (USD per CAD)	0.74	0.73	0.74	0.69
Euro (USD per EUR)	1.19	1.18	1.20	1.03
Pound (USD per GBP)	1.37	1.36	1.38	1.24
Yen (JPY per USD)	154.2	155.7	159.1	140.9
Commodity Spot Prices**				
Crude Oil ($US/bbl)	65.6	61.1	75.1	55.3
Natural Gas ($US/MMBtu)	9.34	30.72	30.72	2.65
Copper ($US/met. tonne)	13524.2	13048.9	13524.2	8571.4
Gold ($US/troy oz.)	5030.8	4987.5	5417.2	2794.6

*As of 11:10 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

U.S. Dollar Stabilizes Mid-week



Note: Data as of 11:10 AM ET, Friday, January 30, 2026.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets	
Central Banks	**Current Target**
Federal Reserve (Fed Funds Rate)	3.50 - 3.75%
Bank of Canada (Overnight Rate)	2.25%
European Central Bank (Refi Rate)	2.15%
Bank of England (Repo Rate)	3.75%
Bank of Japan (Overnight Rate)	0.75%

Source: Bloomberg.

TD Economics Key Financial Forecasts													
	Current Rate	2025				2026				2027			
	1/30/26	Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	3.75	4.50	4.50	4.25	3.75	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25
2-yr Govt. Bond Yield	3.54	3.89	3.72	3.60	3.47	3.50	3.35	3.35	3.35	3.35	3.35	3.35	3.35
10-yr Govt. Bond Yield	4.25	4.23	4.24	4.16	4.17	4.05	4.00	4.00	4.00	4.00	4.00	4.00	4.00
30-yr Govt. Bond Yield	4.88	4.59	4.78	4.73	4.84	4.60	4.50	4.50	4.50	4.50	4.50	4.50	4.50

Forecast by TD Economics as of December 2025; all forecasts are end-of-period. Source: Bloomberg, Federal Reserve Board, TD Economics.

Kevin Warsh Nominated as Next Fed Chair

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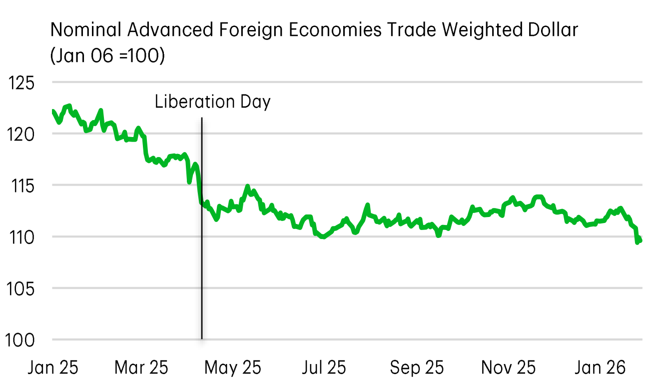
It was a quiet week on the economic data calendar, giving financial markets an opportunity to digest a torrent of developments on the earnings, political and policy front. The Fed interest rate announcement took a backseat, with the FOMC predictably holding the policy rate steady, while maintaining its cutting bias. But the bigger news was President Trump's nominating Kevin Warsh to be the new Fed Chair (see commentary). More recently, Warsh has struck a relatively dovish tone, but historically he has leaned more hawkish. Financial market reaction is somewhat mixed. Equities have turned modestly lower – and look to the end the week in the red – while the yield curve has steepened by several basis points. Meanwhile, gold gave back most of its gains from earlier in the week, while the greenback suffered a second straight week of declines (see commentary) and has now slipped by 2.7% since mid-January (Chart 1).

As of writing, it looks like the White House and Senate leaders have reached a deal to avert another government shutdown… well, sort of. The "deal" will extend funding for five of the six agencies through September 30th. Funding for the Department of Homeland Security, which includes Immigration and Customs Enforcement (ICE), will be split off from the larger appropriations package and will only extend through February 13th. This will allow Congress more time to negotiate new policy measures on the current ICE deployment.

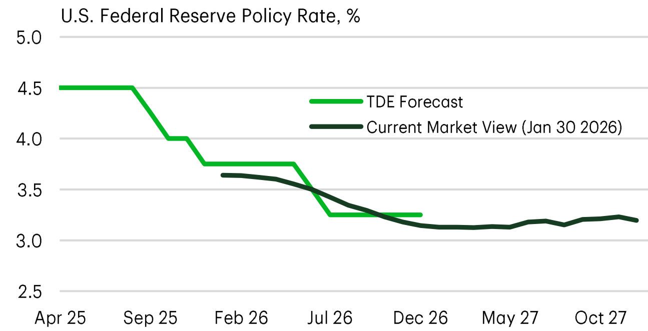
However, the funding bill will need to return to the House for another vote, which won't happen until Monday, so there will be a brief lapse in appropriations over the weekend. Provided the revised bill passes without issue, the disruptions will be small. However, should passage in the House be delayed, and the shutdown drags on for even a few days, then it's very likely that the January employment report – scheduled for release on Friday February 6th – will be delayed.

Chart 1: USD Weakens Through Early-2026



Source: Federal Reserve Board, TD Economics.

Chart 2: Market Expectation For Cuts Show Little Response to Warsh Nomination



Source: Bloomberg, TD Economics.

Turning to the Fed announcement, there was little doubt that the FOMC would hold the policy rate steady. For investors, the focus was more on tweaks to the statement and the press conference to get a better sense of forward guidance. Changes to the statement (see commentary) largely reflected a "mark-to-market" on current conditions. The assessment on economic activity was upgraded to "solid" (previously "moderate"), while the reference to the downside risks to the labor market were removed. During the press conference, Powell characterized the current policy stance as "roughly appropriate and not significantly restrictive". Translation: the FOMC sees reduced risks to both sides of its dual mandate, suggesting less need for further policy action.

Importantly, Fed futures barely budged following President Trump's announcement that he is nominating Warsh to be the new Fed chair – with two cuts still priced by year-end (Chart 2). For the time being, concerns surrounding Fed independence have been tempered. But rest assured – if confirmed by the Senate – market participants will parse every word over the coming months as Warsh shadows Chair Powell.

Exhibits

Recent Key Economic Indicators: Jan 26 - 30, 2026						
Release Date		Economic Indicator/Event	Data for Period	Units	Current	Prior
United States						
Jan 26		Durable Goods Orders	Nov	M/M % Chg.	5.3	-2.1
Jan 26		Cap Goods Orders Nondef Ex Air	Nov	M/M % Chg.	0.7	0.3
Jan 27		Conf. Board Consumer Confidence	Jan	Index	84.5	94.2
Jan 28		FOMC Rate Decision (Upper Bound)	Jan 28	%	3.75	3.75
Jan 29		Unit Labor Costs	3Q	Q/Q % Chg.	-1.9	-1.9
Jan 29		Initial Jobless Claims	Jan 24	Thsd	209.0	210.0
Jan 29		Trade Balance	Nov	Blns	-56.8	-29.2
Jan 29		Factory Orders	Nov	M/M % Chg.	2.7	-1.2
Jan 29		Factory Orders Ex Trans	Nov	M/M % Chg.	0.2	-0.1
Jan 29		Durable Goods Orders	Nov	M/M % Chg.	5.3	5.3
Jan 29		Cap Goods Orders Nondef Ex Air	Nov	M/M % Chg.	0.4	0.7
Jan 29		Wholesale Trade Sales	Nov	M/M % Chg.	1.3	-0.4
Jan 30		PPI Final Demand	Dec	M/M % Chg.	0.5	0.2
Jan 30		PPI Ex Food and Energy	Dec	M/M % Chg.	0.7	0.0
Canada						
Jan 28		Bank of Canada Rate Decision	Jan 28	%	2.25	2.25
Jan 29		Payroll Employment Change - SEPH	Nov	Thsd	-26.2	21.2
Jan 29		Int'l Merchandise Trade	Nov	Blns	-2.2	-0.4
Jan 30		Gross Domestic Product	Nov	M/M % Chg.	0.0	-0.3
International						
Jan 29	JN	Tokyo Consumer Price Index	Jan	Y/Y % Chg.	1.5	2.0
Jan 29	JN	Jobless Rate	Dec	%	2.6	2.6
Jan 29	JN	Retail Sales	Dec	Y/Y % Chg.	-0.9	1.1
Jan 30	EZ	Gross Domestic Product SA	4Q	Y/Y % Chg.	1.3	1.4
Jan 30	EZ	Unemployment Rate	Dec	%	6.2	6.3

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Feb 2 - 6, 2026							
Release Date	Time*		Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States							
Feb 02	9:45		S&P Global US Manufacturing PMI	Jan	Index	-	51.9
Feb 02	10:00		ISM Manufacturing	Jan	Index	48.3	47.9
Feb 02	12:30		*Fed's Bostic Speaks at the Atlanta Rotary Club*				
Feb 03	0:00		Wards Total Vehicle Sales	Jan	Mlns	15.3	16.0
Feb 03	8:00		*Fed's Barkin Speaks on US Economy*				
Feb 03	9:40		*Fed's Bowman in Moderated Conversation*				
Feb 04	8:15		ADP Employment Change	Jan	Thsd	45.0	41.0
Feb 04	9:45		S&P Global US Services PMI	Jan	Index	-	52.5
Feb 04	9:45		S&P Global US Composite PMI	Jan	Index	-	52.8
Feb 04	10:00		ISM Services Index	Jan	Index	53.5	54.4
Feb 05	8:30		Initial Jobless Claims	Jan 31	Thsd	210.0	209.0
Feb 05	10:50		*Fed's Bostic Speaks with Dean of Clark Atlanta University*				
Feb 06	8:30		Change in Nonfarm Payrolls	Jan	Thsd	65.0	50.0
Feb 06	8:30		Average Hourly Earnings	Jan	M/M % Chg.	0.3	0.3
Feb 06	8:30		Unemployment Rate	Jan	%	4.4	4.4
Canada							
Feb 02	9:30		S&P Global Canada Manufacturing PMI	Jan	Index	-	48.60
Feb 05	12:40		*Speech by Governor Tiff Macklem*				
Feb 06	8:30		Net Change in Employment	Jan	Thsd	7.0	8.2
Feb 06	8:30		Unemployment Rate	Jan	%	6.8	6.8
International							
Feb 04	5:00	EZ	Consumer Price Index Estimate	Jan	Y/Y % Chg.	1.7	1.9
Feb 05	5:00	EZ	Retail Sales	Dec	Y/Y % Chg.	1.8	2.3
Feb 05	7:00	UK	Bank of England Bank Rate	Feb 05	%	3.8	3.8
Feb 05	8:15	EZ	ECB Main Refinancing Rate	Feb 05	%	2.2	2.2

*Eastern Standard Time. Source: Bloomberg, TD Economics.

Disclaimer