Storebrand

Market Commentary

February 2026

Key Points:

- **Trump threatened new tariff measures as a result of the Greenland situation, but eventually backed down as financial markets began to react**
- **An increasing number of countries are diversifying due to the geopolitical situation. The EU and India finalised a free trade agreement**
- **The dollar continues to weaken, but reacted somewhat positively to the appointment of a new central bank governor and declining fears of reduced independence**

Market Outlook

Stock Market – Overweight ↗
Global equity markets started the year with gains following a brief period of geopolitical unrest. Global growth prospects appear to be improving further, and attention is shifting toward the earnings season. We are increasing equity exposure further and are now overweight equities in all regions.

Bonds – Neutral Weight →
Global government bonds were broadly unchanged in January. Focus has been on the weaker dollar and the appointment of a new Fed chair. If the growth outlook continues to improve, this will likely have a positive impact on the US labour market. We are moving to an underweight duration position in global government bonds, while remaining neutral in other bond markets and still overweight credit exposure.

Money Market –Underweight ↘

The Asset Allocation Group expects the dollar to continue weakening into 2026.

The allocation group in Storebrand Asset Management:
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Geopolitics, TACO, and the Donroe Doctrine

Shortly after the military action in Venezuela (which many have already forgotten and which constitutes a breach of international law), the situation surrounding Greenland escalated rapidly in January. Denmark mobilised together with its neighbouring countries Norway, Sweden, Finland, the United Kingdom, Germany, France, and the Netherlands, using stronger rhetoric and symbolically deploying personnel to Greenland. This prompted Trump to threaten higher tariffs on these countries starting in February and further increases in June, before he reversed course in Davos when, among other things, the dollar and financial markets began to react negatively following EU threats of retaliation.

In many ways, this was both TACO and the Donroe Doctrine in practice. TACO in the sense that "Trump Always Chickens Out" when markets signal that policies are harming the US economy and interests — in this case, trust in the US within NATO. The Donroe Doctrine in the sense that the action in Venezuela was linked to potential consequences for Greenland, and to Donald Trump's use of the Monroe Doctrine as an argument for annexing Greenland (which he himself has referred to as "Donroe").

Financial markets breathed a partial sigh of relief after the speech in Davos, but the dollar remains at a lower level than before the Greenland situation escalated.

From "Sell America" to "Hedge America"

One country that has truly felt the consequences of the Donroe Doctrine is Canada. For a long time, Canada has faced similar threats of both tariffs and annexation from Trump. Prime Minister Mark Carney also happened to give a speech in Davos that received at least as much attention, focusing on so-called "middle powers" and how changes in the global order affect them.

In Canada's case, this has also led Carney to turn his attention more towards China, which in January conducted its first state visit to Canada since 2017. It has been nearly as long since a British prime minister last visited China. In January, Finland, South Korea, and Ireland visited the country, in addition to Macron's visit in December.

Although many talk about "Sell America" and argue that it is an exaggeration, there may nevertheless be signs that more actors want to diversify both economically and politically more than before. During January, the EU and India also finalised a free trade agreement.

The dollar continues to fall

One consequence of declining trust resulting from Trump's policies may be a weaker dollar. Increased diversification following the confiscation of Russian foreign exchange reserves since 2022 may also have contributed over time. Fears regarding the independence of the central bank (the Fed) have likely also played a role.

While many point out that Trump wants a weaker dollar to promote exports, the underlying reasons for the decline are important and likely something markets care about. Following Trump's appointment of Kevin Warsh as the new Fed chair, the immediate market reaction was a somewhat reduced fear regarding Fed independence. The dollar strengthened slightly after the drop associated with the Greenland situation. Gold prices, however, fell sharply, and many point to Warsh's appointment as the catalyst.

Market Outlook

Global Equities –Overweight ↗

Global equities, measured by the MSCI World Index in local currency, rose by nearly 2 percent in January. Geopolitics largely shaped financial markets early in the month, before attention shifted towards the earnings season. Growth prospects appear to be improving further, most recently supported by strong US industrial indicators. The energy sector has led the market at the start of the year, driven both by geopolitics and likely by a "broadening out" of the AI boom with rising energy demand. We are moving from a neutral weight to an overweight position in global equities.

Emerging Markets (EM) – Overweight ↗

Oslo Stock Exchange rose by a full 4 percent in January, reaching a new all-time high. It outperformed global equities driven in part by energy being the clear best-performing sector so far this year. Equinor rose by 8 percent, while DNB fell by 2 percent in January. Together, these companies now account for just under one quarter of the OSEBX index. Oil prices rose sharply in January, partly driven by fears surrounding developments in Iran, but fell somewhat in early February. We are also moving from a neutral weight to an overweight position in Norwegian equities.

Global Bonds – Underweight ↘

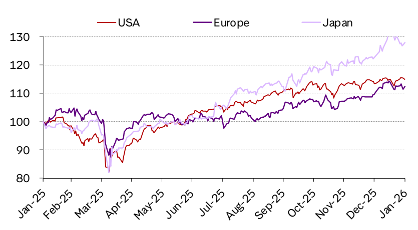
Global government bonds (JPM GBI) fell marginally in January, with Japanese government bonds in particular continuing to decline. The focus has nevertheless been on the weaker dollar and the appointment of a new Fed chair, which contributed to some stabilisation. The market continues to price in nearly two rate cuts in the US over the next year, but if strengthening growth momentum contributes to improvements in the labour market, this is unlikely to materialise. We are moving from a neutral weight to an underweight duration position in global government bonds.

Key Figures as of 30.01.2026

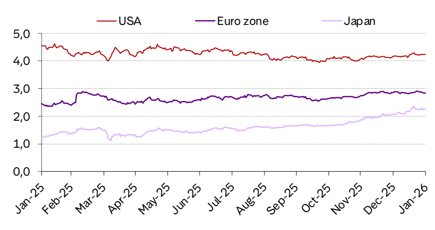
(measured in local currencies)

Global Stocks (MSCI)	January	2025
All Countries	3,3 %	19,7 %
Developed Markets	2,2 %	18,4 %
Emerging Markets	11,6 %	31,3 %
Regions (MSCI)		
North America	1,2 %	17,8 %
Europe	5,2 %	20,6 %
Asia and Oceania	5,5 %	21,0 %
Nordic	7,4 %	5,0 %
Countries		
USA (S&P 500)	1,5 %	17,4 %
Japan (Nikkei 225)	6,1 %	26,2 %
United Kingdom (FTSE 100)	5,2 %	21,5 %
Germany (GDAX)	2,9 %	23,0 %
France (CAC)	0,0 %	10,4 %
Finland (HEX25)	6,9 %	32,2 %
Denmark (OMXC25GI)	9,3 %	5,1 %
Sweden (OMXS30GI)	8,6 %	19,7 %
Norway (OSEBX)	9,4 %	18,4 %
Currency (increase equals EUR appreciation)		
EUR pr USD	2,5 %	13,4 %
EUR pr GBP	-1,0 %	5,6 %
EUR pr JPY	1,3 %	13,1 %
Currency (increase equals USD appreciation)		
USD pr EUR	-2,4 %	-11,8 %
USD pr GBP	-3,5 %	-8,6 %
USD pr JPY	-1,2 %	-2,1 %

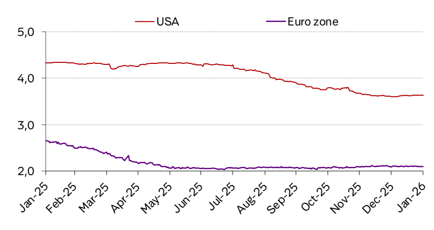
Stock Markets



10-Year Interest Rates



3-Month Interest Rates



Central Bank Rates