

Rates Spark: Yeah, SNAFU is about right

The dust has settled to an extent following the weekend skirmishes in Venezuela. Okay, they were more than skirmishes, but the single sortie to take out what many consider a malign (unelected) leader acted to dampen the aftertaste, even if there are questions over procedure. And we're just getting going – welcome to 2026



Markets seemed to shrug off the events in Venezuela over the weekend

Risk-on was the main characterisation of Monday, which tells a story. A week now that culminates with Payrolls

What is clear, we're off to another year with material action being initiated out of the US. There will likely be more on the geopolitical front, with Cuba in strong focus. And Greenland too, especially in light of the latest comments made by President Trump on Monday, re-emphasising the desire for it to sit firmly within the US zone of interest. [Our 2026 Outlook for Rates](#) featured SNAFU as its main headline, and it's proving apt as we head through the first few days of 2026.

For interest rates, the clearest transmission mechanism from the weekend's events is through the oil price. But even here, most forecasters of the oil price are not making big step changes to their expectations. And the spot price itself fell, only to rise subsequently. In the big scheme of things, if nothing had happened over the weekend, the pictures we saw through Monday looked like any other day when prices move, and rationales are then reverse-engineered on to events. On this

particular Monday, everything has to be related back to Venezuela. While fair, in the end, most movements were not much more than a whimper.

What we can say with confidence, is that Monday was a day of risk-on; equity markets were on a tear again. Even Venezuelan bonds were bullish. On that front, the weekend's events should be looked at through the cold prism of an expected effect on the implied credit rating of Venezuela, and a sensible outcome of that analysis sees a reduction in the probability of default, on a theory that there is a positive macro and credit tilt to come (given what we know).

Ahead we have a week that culminates in the US payrolls report, a report that's full of questions. The headline expectation by the markets is 60k. Putting that through the 'Chair Powell algorithm' churns out zero jobs created. Yet the unemployment rate eases back to 4.5%. What's the most important number here? The unemployment rate. The market will show tolerance to weakish payrolls numbers, given the immigration policy currently in place. The unemployment rate tells the real story. Also, don't forget jobless claims. We get that number every Thursday, so there is less novelty attached to it. But remember also that it's one of the few pieces of data that is not a survey, it's the real thing, and so should command more respect in these days of 'grain of salt' data. The jobless claims data suggest all is okay. Remarkable really given the crazy 2025 that we see in the rearview window.

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