Weekly Market Recap

January 12, 2026

	Price	Price Returns	
Index	**Close**	**Week**	**YTD**
S&P 500® Index	6,966	1.6%	1.8%
Dow Jones Industrial Average	49,504	2.3%	3.0%
NASDAQ	23,671	1.9%	1.8%
Russell 2000® Index	2,624	4.6%	5.7%
MSCI EAFE Index	2,935	0.9%	1.5%
Ten-Year Treasury Yield	4.17%	0.0%	0.0%
Oil WTI[1] ($/bbl[2])	$58.82	2.6%	2.4%
Bonds[3]	$100.16	0.3%	0.3%

[1]WTI = West Texas Intermediate Oil. [2]bbl = Barrel. [3]Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +1.6% for the week with investors favoring pro-cyclical stocks and a broadening out of returns away from mega cap tech, which led to the S&P 500 Equal Weight Index outperforming the market cap weighted S&P 500 Index. The bullish narrative for stocks included expectations for larger tax refunds, tax incentives for capital expenditures (capex), signs of stability in the labor market, healthy corporate earnings and reduced tariff uncertainty. U.S. equities seem unaffected by the news that the U.S. military had captured Venezuela's leader Nicolas Maduro as President Trump asserted the U.S. would run Venezuela in the near term and would sell off sanctioned Venezuelan oil at market prices to help the country's oil industry. December nonfarm payrolls rose 40k, which was below analyst expectations. The 10-year Treasury yield fell to 4.17% from 4.19%. The U.S. Dollar Index was stronger, while gold rose +3.9% for the week and oil (WTI) rose +2.6% for the week.

- S&P 500 Index Sector Returns:
  - Consumer discretionary (+5.8%) rose, led by Amazon, home improvement retailers, travel stocks, and Tesla.
  - Materials (+4.8%) rose, led by precious metals mining stocks and chemicals companies.
  - Industrials (+2.5%) rose, led by aerospace and defense companies and airlines.
  - Communication services (+2.4%) rose, led by Alphabet, Disney, and social media stocks.
  - Energy (+2.1%) rose, as the price of oil rose +2.6%.
  - Consumer staples (+2.1%) rose, led by Costco and Coca-Cola.
  - Financials (+1.4%) rose, led by banks and asset managers.
  - Healthcare (+1.1%) rose, led by medical devices and pharmaceutical stocks.
  - Real Estate (+0.4%) rose, led by public storage and office real estate investment trusts (REITs).
  - Technology (0.0%) was flat, led by software stocks.
  - Utilities (-1.6%) fell, led lower by Dominion Energy and Exelon Corporation.

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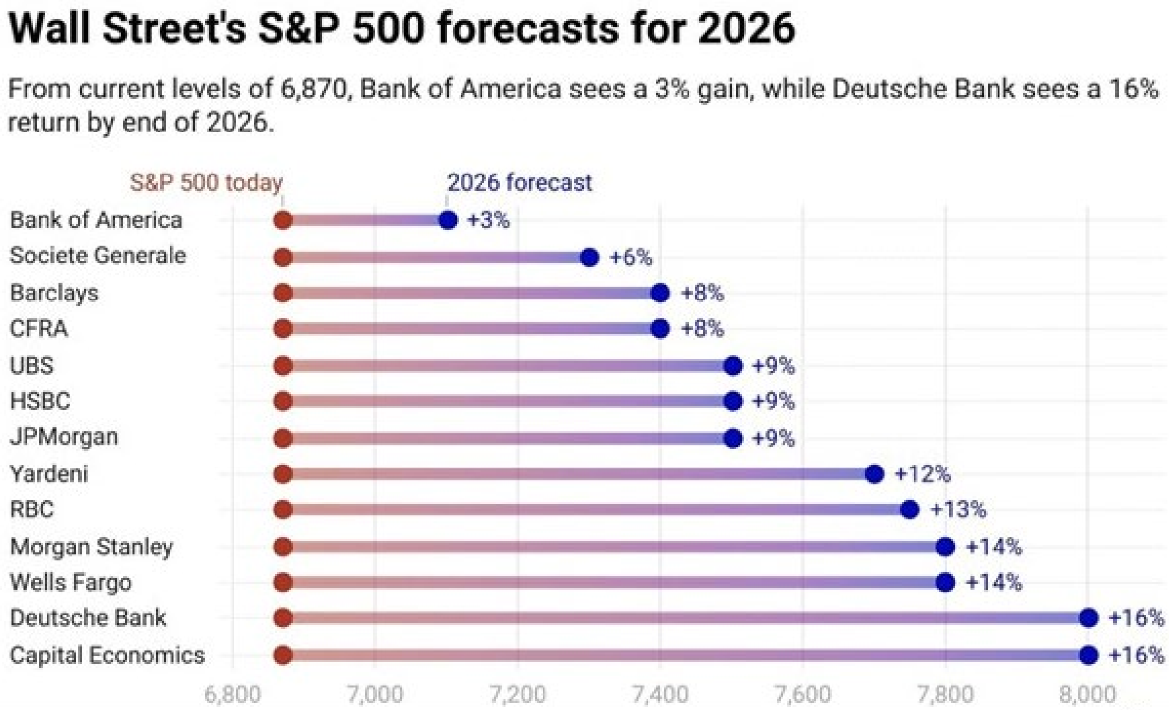
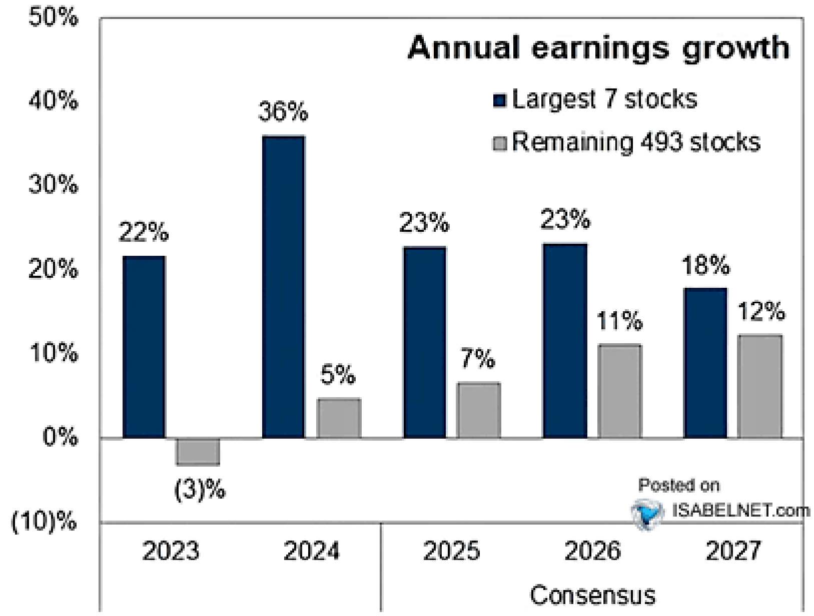
- The chart below suggests that Wall Street expects the S&P 500 Index to generate an average return of 10.53% in 2026 with a low estimate of 3% and a high estimate of 16%.



Sources: Phil Rosen; Sam Ro's TKer; Bloomberg L.P.; Lance Roberts. Data as of 12.26.2025.

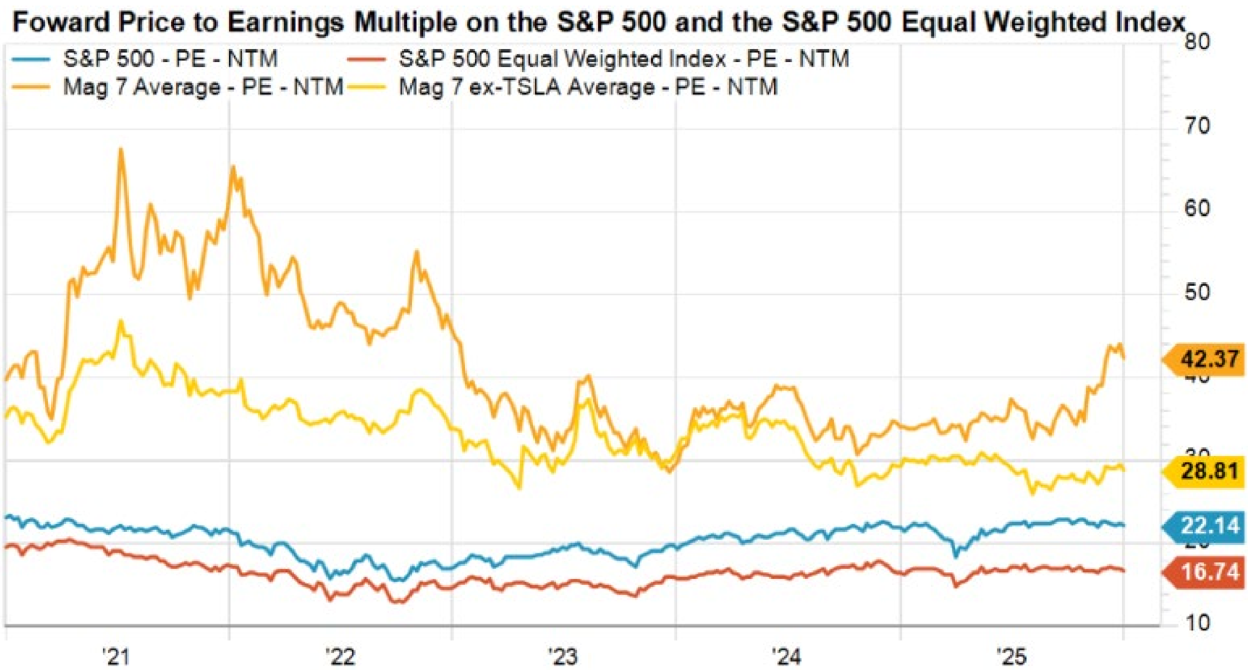
- In 2026 and 2027, analysts expect the earnings growth for the "Magnificent 7" (Mag 7) to decelerate, while the remaining 493 stocks are expected to see an acceleration in earnings growth.



Sources: FactSet; Goldman Sachs; Lance Roberts.

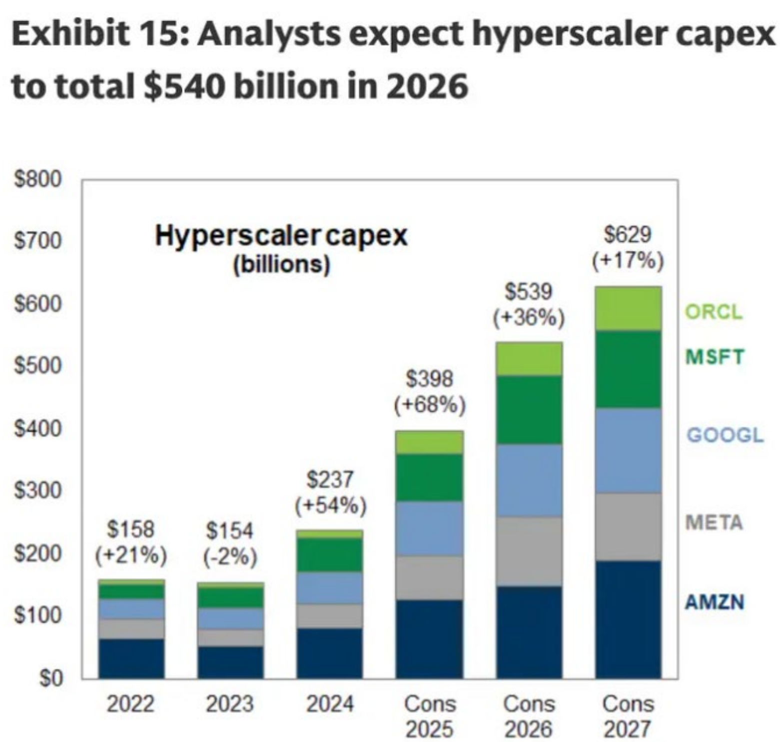
All data is as of 01.09.2026 unless otherwise noted. Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

- The Mag 7 continues to trade at a much higher valuation (price-to-earnings (P/E) ratio) relative to the average stock in the S&P 500 Index (S&P Equal Weight Index).



NTM = next twelve months. The y-axis represents the forward price-to-earnings (P/E) multiple. Sources: FactSet; Mariner. Data as of 12.31.2025.

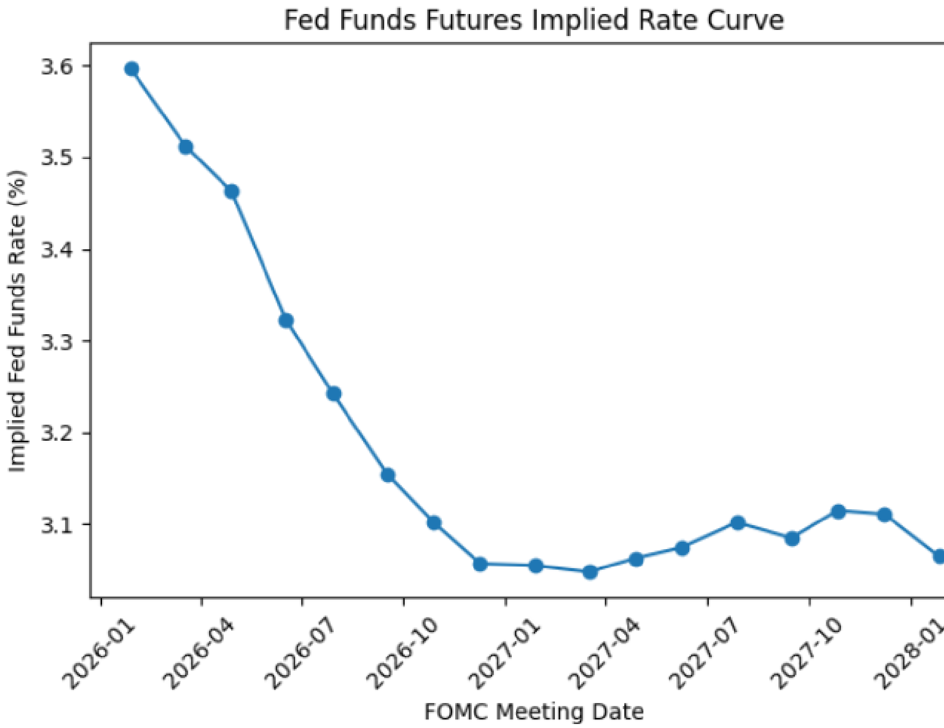
- Analysts expect hyperscalers to continue to increase capex on artificial intelligence (AI) infrastructure in 2026 and 2027.



Cons= consensus. Hyperscalers are large-scale cloud service providers. Sources: FactSet;Goldman Sachs; Business Insider.

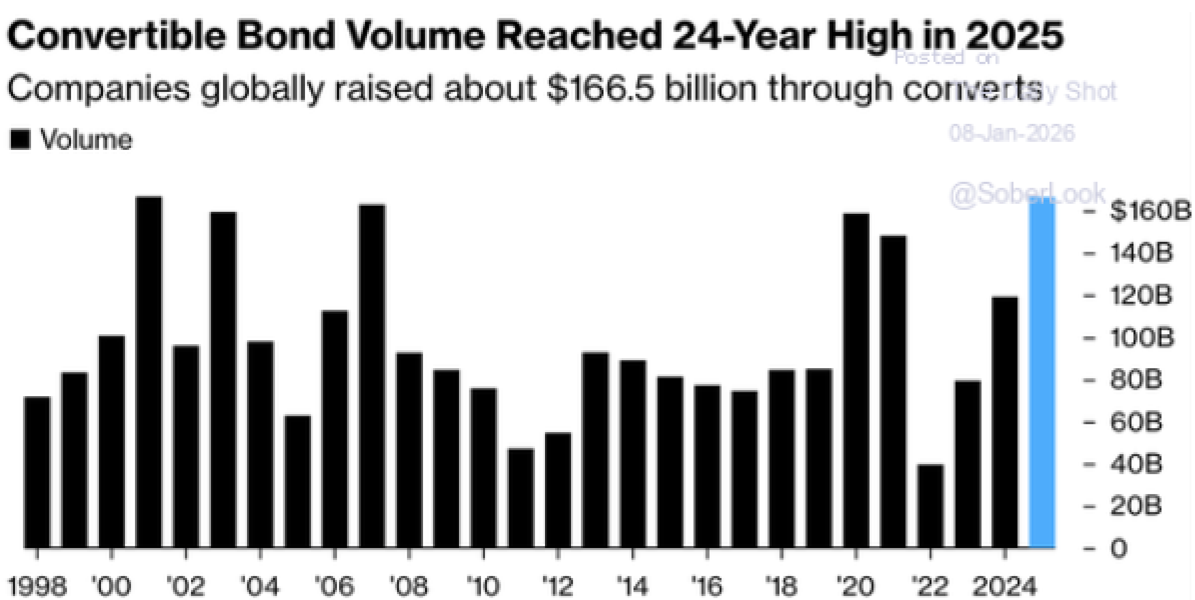
Fixed Income Markets

- The Fed funds futures expect the Federal Reserve (Fed) to continue to cut rates in 2026 to nearly 3.0% by the end of the year.



FOMC = Federal Open Market Committee. Sources: Bloomberg L.P.; Capital.com.

- Convertible bond volume reached a 24-year high in 2025 at over $160B.



Source: Bank of America.

International Markets 2025 Summary

- European markets (STOXX 600 Index) rose +2.3% on optimism about the European economy, corporate earnings growth, and favorable interest rate backdrop.
- The Chinese stock market (Shanghai Composite A share) rose +3.8% led by Chinese technology and AI stocks, while Chinese consumer price growth picked up in December.
- Japanese equities (Nikkei 225 Index) rose +3.2% as Japanese technology stocks continued to rally, while the Japanese yen weakness provided a boost to export-oriented companies and brokerage firms.

This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
  - Monday: NY Fed President John Williams speaking engagement;
  - Tuesday: National Federation of Independent Business Small Business Index, Consumer Price Index, New Home Sales, Treasury Monthly Budget, Hourly Earnings, Average Workweek, Redbook Chain Store, American Petroleum Institute Crude Inventories;
  - Wednesday: Mortgage Bankers Association Mortgage Purchase Applications, Producer Price Index, Business Inventories, Existing Home Sales, Department of Energy Crude Inventories; NY Fed President Williams and VP Sushmita Shukla speaking engagements;
  - Thursday: Empire Manufacturing, Weekly Jobless Claims, Export Prices, Import Prices, Philadelphia Fed Index, Retail Sales, Treasury International Capital Flows, Energy Information Administration Natural Gas Inventories;
  - Friday: Capacity Utilization, Industrial Production, Current Account Balance.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

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Index Definitions

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.
The **S&P 500® Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500®. The index includes the same constituents as the capitalization-weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.
The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.
The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.
The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.
The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
The **Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.
The **Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms:

The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. The **Producer Price Index (PPI)** is a measure of inflation at the wholesale level. It's compiled from thousands of indexes that measure producer prices by industry and product category. The index is published monthly by the U.S. Bureau of Labor Statistics (BLS). The **National Federation of Independent Business (NFIB) Small Business Optimism Index** is a monthly gauge of U.S. small business health, created from a survey of its members, acting as a key economic indicator by tracking sentiment on employment, sales, economic outlook, and expansion plans through 10 seasonally adjusted components, reflecting the immediate prospects and mood of the small business sector. The **Philadelphia Fed Index** (officially the Manufacturing Business Outlook Survey) is a key monthly economic indicator from the Philadelphia Fed, measuring manufacturing activity in the Third District (eastern PA, southern NJ, Delaware) by surveying local executives on business conditions, with readings above zero indicating expansion and below zero showing contraction, offering insights into broader U.S. economic trends and inflation. **TIC flows** (Treasury International Capital flows) refer to data from the U.S. Treasury's reporting system tracking money moving into and out of the U.S. for financial investments like stocks, bonds, and derivatives, showing cross-border portfolio investment, crucial for balance of payments and understanding international financial shifts, with "Net Long-Term TIC Flows" indicating foreign purchases of U.S. long-term assets minus U.S. purchases of foreign long-term assets. **Fed Funds Futures** are standardized financial contracts traded on the CME Group, used to speculate on or hedge against future changes in the Federal Reserve's target federal funds rate, reflecting market expectations for near-term monetary policy through a price that equals 100 minus the expected average interest rate for a specific future month. The **Federal Open Market Committee** (FOMC) is the key policymaking body of the Federal Reserve System, responsible for setting U.S. monetary policy by influencing interest rates and the money supply through open market operations, aiming for maximum employment and stable prices. The **price–earnings ratio**, also known as P/E ratio, P/E, or PER, is the ratio of a company's share price to the company's earnings per share. The **"Magnificent 7"** (or "Mag 7") refers to seven dominant U.S. technology stocks—Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta, and Tesla—that significantly drive the U.S. stock market's performance due to their massive size and influence, spanning areas like AI, cloud, e-commerce, and EVs. A **REIT (Real Estate Investment Trust)** is a company that owns, operates, or finances income-producing real estate, allowing individuals to invest in large-scale properties like malls, apartments, or offices by buying shares, much like stocks, without directly managing them. The **U.S. Dollar Index** (USDX or DXY) measures the value of the U.S. dollar against a weighted basket of six major foreign currencies (Euro, Yen, Pound, Canadian Dollar, Swedish Krona, Swiss Franc) to gauge the dollar's strength, rising when the dollar strengthens and falling when it weakens, acting as a key benchmark for U.S. economic performance and global trade. A **mega-cap** is a massive public company with a market capitalization (total stock value) exceeding $200 billion, representing the largest, most established firms like Apple, Microsoft, and Amazon, known for stability, strong brands, and often paying dividends, though growth might be slower than smaller stocks. **Capital Expenditure** (CapEx) is money a company spends to buy, upgrade, or maintain long-term physical assets like buildings, equipment, or land, aiming to increase future revenue or capacity, unlike operating expenses (OpEx) for day-to-day costs. **The federal funds rate** is the target interest rate set by the Fed at which commercial banks borrow and lend their extra reserves to one another overnight. **Empire Manufacturing** refers to the Empire State Manufacturing Index (ESMI), a monthly survey by the NY Fed gauging business conditions for New York state manufacturers, acting as a key indicator for the broader U.S. manufacturing sector, with readings above zero signaling expansion and below zero indicating contraction in areas like new orders, shipments, employment, and prices.

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