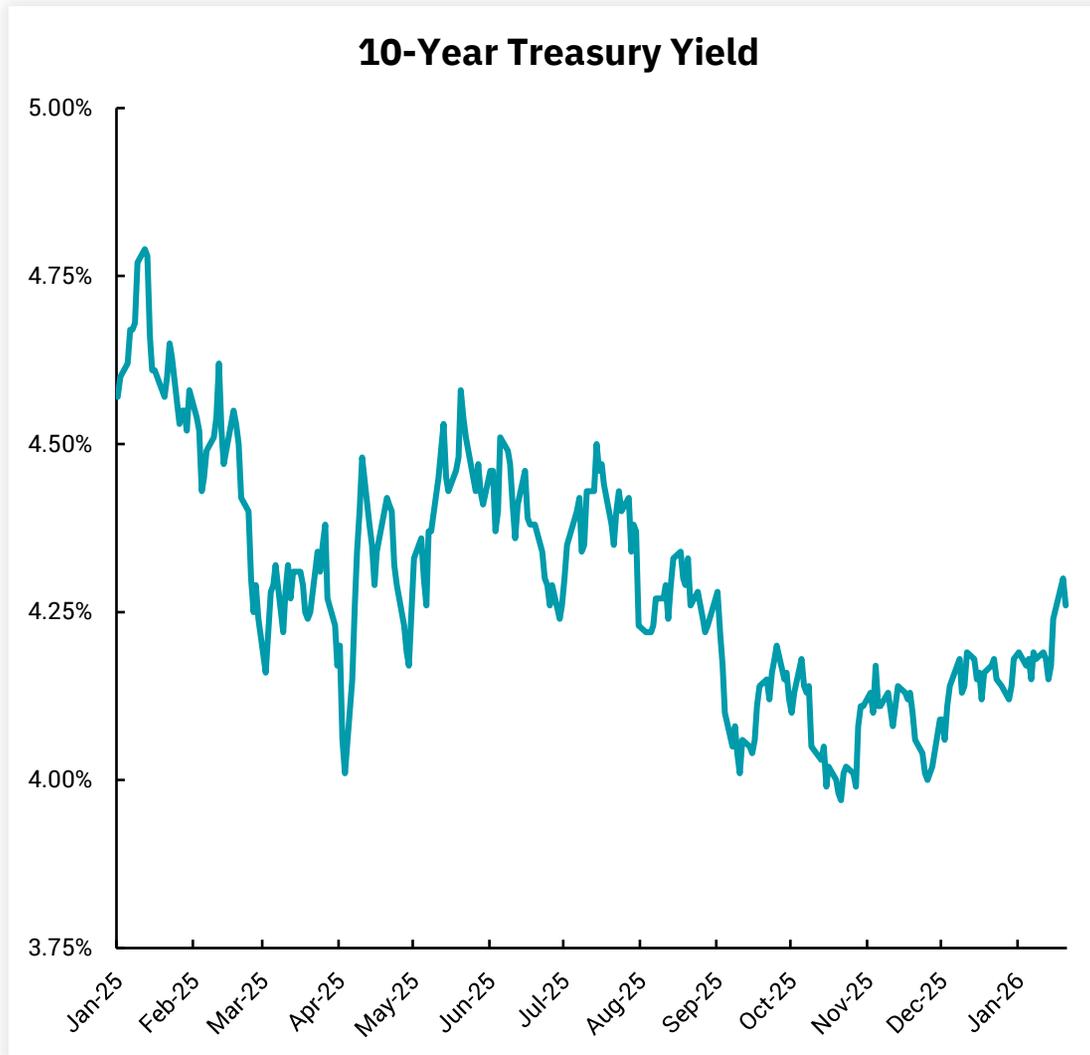


# Weekly market update



## Chart of the week (Jan. 23, 2026)



The most important “price” in the capital markets is not NVDA or GOOG or MSFT or META— although those prices are important. No, it is the 10-year Treasury note yield. Yes, the entire rate structure matters. The shape of the yield curve matters. Credit spreads matter (a lot). However, there is no single more important variable in the valuation process of the capital markets than the 10-year Treasury note. In short, it serves as the valuation basis for all markets —public, private, bond and equity.

While there are a multitude of ways to measure a market’s, or a single security’s, “value”, the overarching idea is to take future cash flows, known in the case of a bond and unknown in the case of an equity, and discount them back to a net present value (NPV). This discounted NPV then serves as the decision point for investors to buy or sell, based on their known or assumed idea of the future. Assumptions, of course, introduce the possibilities of varying opinions and help make the idea of a market work. For every willing buyer at a given price, there needs to be a willing seller. Yet the most important assumption or variable in the NPV calculation is not the level of future cash flows, but the rate at which those future assumptions are “discounted” back to derive the NPV. Here is where the 10-year Treasury comes into play.

For many, but not all, the idea of the “risk-free” rate of return is defined as the rate on the 10-year Treasury note. For investors, it is the rate that they can earn without taking any “risk” as U.S. Treasuries are deemed to be free of any credit risk. (Yes, I know there might be a few smirks on faces considering that U.S. Treasuries are no longer Aaa/AAA rated, but we are where we are.) This means that if an investor is going to buy a security with risk, they will need to generate a return higher than this amount to make it worthwhile. In the “math” of valuation, then, a higher “risk-free rate,” or discount rate, results in a LOWER NPV. A lower “risk-free rate” results in a HIGHER NPV. That is why, in general, the capital markets like lower rates and not higher rates.

This concept takes on added importance as we think about what is going on at the Federal Reserve now. If we focus solely on the fundamentals of inflation, our view is that we should continue to see a moderation towards the Fed’s stated target of 2%—albeit, slow progress. Within that environment, it would be reasonable to expect longer-term rates to trend a bit lower.

However, the introduction of the idea of a politicized Fed might overwhelm the shorter-term fundamentals and lead to the longer end of the Treasury curve, including the 10-year Treasury, to go higher in yield as investors price in a higher risk of the Fed making decisions that are not based upon keeping inflation low for the longer term. We DO NOT think the U.S. is in that position yet, but it is a risk we must monitor more closely now than we have in a very long time. The Fed’s credibility rests on its ability to maintain price stability, even if that is at odds with its other mandate of full employment. Bondholders will not take kindly to seeing Fed actions outside their best interests.

# Weekly market update

## Commentary (Jan. 23, 2026)

### Domestic Equities

- U.S. stocks declined slightly for the week as earnings reports created market volatility and geopolitical tensions weighed on sentiment.
- Shares of Intel plunged by more than 15% after the company provided a weaker-than-expected forecast for the first quarter, citing supply shortages. The report weighed heavily on the broader tech sector but rivals Advanced Micro Devices and Nvidia saw their shares rise.
- Markets have been highly sensitive to geopolitical developments, including U.S.-Europe trade tensions and President Trump's pursuit of Greenland. Concerns eased toward the end of the week, but uncertainty remains.
- Gold and silver each hit all-time peak levels as geopolitical anxieties added sparkle to precious metals. Natural gas and oil prices also rose as a broad portion of the country was expected to see frigid temperatures.

### Bonds

- U.S. Treasury yields moved higher on heightened geopolitical tensions, particularly between the U.S. and Western Europe. Additionally, volatility across the Japanese bond market put upward pressure on U.S. rates. The tense geopolitical backdrop also contributed to the U.S. dollar's weakness.
- In international markets, the Bank of Japan (BOJ) announced that it was leaving policy rates unchanged, but raised its outlook for inflation, leading to sharp movements in the Japanese yen and Japanese Government Bond (JGB) yields. In the post-meeting press conference, Governor Ueda said the board saw "some distance" to achieving its 2% inflation target but didn't think the central bank was behind the curve. Additionally, Ueda said the BOJ is open to conducting bond market operations if JGB yields spike further. Bond yield initially spiked to an all-time high on the BOJ's official announcement but retreated following Ueda's post-meeting comments. Comments by Japan's Finance Minister Katayama and Governor Ueda about keeping a closer eye on the yen, caused traders to drive up the price of Yen n Friday, over speculation the government would intervene in the market.

### International Equities

- Foreign markets started the week on a negative note amid rising geopolitical tensions surrounding Greenland. However, markets rebounded after the U.S. backed away from threats to impose tariffs on European Union (EU) countries that opposed the plan to annex Greenland.
- Developed markets experienced higher volatility during the week, with turmoil in the bond market negatively impacting Japanese stocks and geopolitical issues dampening returns in European markets. In the UK, inflation accelerated, with consumer prices rising 3.4% year-over-year. The increase was driven by higher tobacco duties, air fares and food prices.
- Emerging markets benefited from strong gains across Latin America, but softer returns across some key Asian markets muted index returns. South Korea's GDP contracted by 0.3% for the fourth quarter of 2025, primarily due to weakening domestic demand and private investment. However, exports remained a bright spot despite U.S. tariffs. In contrast, China's economy grew 4.5% in the fourth quarter and 5% for the year.

### Economics

- On Thursday, the advanced U.S. GDP report showed the economy grew 4.4% in the fourth quarter, slightly above the consensus estimate of 4.3%. The stronger-than-expected print reflected solid consumer spending and business investment.
- Also on Thursday, weekly jobless claims came in at 200,000, essentially in line with the consensus estimate of 205,000. The low level of claims continues to point to a resilient labor market despite signs of gradual cooling.
- Thursday also had the release of Personal Income and Outlays. The Personal Consumption Expenditures (PCE) Price Index showed an increase of 3.0% year-over-year, above expectations of 2.7%. The report highlighted good wage growth and spending patterns through year-end. This report tempered expectations for future Fed easing.
- The Federal Open Market Committee's next meeting will be Jan. 27-28, with an announcement on Wednesday afternoon.

## Weekly Market Update

For Week Ending January 23, 2026

Markets					Equity Style					Economic Data					
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago	S&P 500						Last Release	Year Ago			
<b>Capital Markets</b>										<b>Inflation</b>					
Dow Jones Industrial Avg	49,098.71	-0.5%	2.2%	12.1%						<b>1 Month*</b>			<b>Year to Date*</b>		
S&P 500 Index	6,915.61	-0.3%	1.1%	14.5%	Value	Core	Growth		Value	Core	Growth	CPI Core Inflation	2.6%	3.2%	
NASDAQ Composite	23,501.24	-0.1%	1.1%	18.0%	1.47	0.17	-0.93	> 10%	2.07	1.08	0.26	Personal Consumption Exp (PCE) Core	2.8%	3.0%	
S&P 400 Midcap Index	3,486.72	-0.5%	5.5%	8.0%	3.52	3.64	3.75	0% - 10%	5.02	5.54	6.03	<b>Jobs</b>			
S&P 600 Smallcap Index	1,563.30	-0.4%	6.6%	9.0%	5.72	4.41	3.19	< 0%	6.93	6.56	6.21	Unemployment Rate (U3)	4.4%	4.1%	
MSCI EAFE	10,986.29	0.1%	3.6%	31.4%	*S&P Indices						Broader Unemployment Rate (U6)	8.4%	7.6%		
MSCI Emerging Markets	819.62	1.1%	6.9%	41.9%	<b>Fixed Income Style</b>					JOLT Survey (in millions)	7.15	8.03			
Bloomberg US Agg	2,350.65	0.1%	0.1%	7.5%						Jobless Claims (000's)	200	222			
Bloomberg Municipal 5 Yr	523.45	-0.1%	0.8%	5.6%						<b>Consumer &amp; Spending</b>			Change in Non-Farm Payroll (000's)	50	323
Bloomberg US Corporate	3,555.31	0.2%	0.3%	8.1%						Average Hourly Earnings (Y/Y % Change)	3.8%	4.0%			
Bloomberg Glb Agg ex US Hdg	610.21	-0.1%	0.1%	3.1%						<b>U.S. Productivity</b>			Real Gross Domestic Product (\$ Bil)	24,027	23,479
Bloomberg High Yield	2,933.91	0.1%	0.7%	8.2%						Quarter over Quarter Change	4.4%	3.3%			
MSCI US REIT Index	2,401.73	-2.3%	2.2%	2.9%						<b>U.S. General</b>			Year Over Year Change	2.3%	2.8%
Bloomberg Commodity Index	301.85	5.3%	9.3%	20.4%						ISM Manufacturing	47.90	49.20			
<b>Key Rates</b>															Capacity Utilization
Fed Funds Target	3.75%	3.75%	3.75%	4.50%	<b>S&amp;P 500 Sector Returns</b>			Markit US Composite PMI	52.80						52.70
3-Month Treasury	3.66%	3.63%	3.63%	4.31%						<b>U.S. General</b>					
1-Year Treasury	3.51%	3.53%	3.47%	4.17%						<b>Leading Economic Indicators</b>			Trade Weighted Dollar Index	120.4	129.6
2-Year Treasury	3.59%	3.59%	3.47%	4.29%						EUR / USD	1.18	1.04			
5-Year Treasury	3.82%	3.82%	3.73%	4.45%						<b>Trade Weighted Dollar Index</b>			JPY / USD	155.70	156.05
7-Year Treasury	4.02%	4.01%	3.94%	4.55%						CAD / USD	0.73	0.70			
10-Year Treasury	4.23%	4.22%	4.17%	4.64%						<b>EUR / USD</b>			AUD / USD	0.69	0.63
30-Year Treasury	4.83%	4.84%	4.84%	4.87%						<b>AUD / USD</b>					
<b>Consumer Rates</b>															<b>Energy</b>
30-Year Mortgage	6.19%	6.20%	6.25%	5.83%	<b>Materials</b>			10.76%	10.14%						
Prime Rate	7.50%	7.50%	7.50%	8.25%	<b>Consumer Staples</b>			8.90%	10.03%						
SOFR	3.65%	3.65%	3.71%	4.35%	<b>Consumer Discretionary</b>			7.06%	6.80%						
<b>Commodities</b>										<b>Industrials</b>					
Gold (spot)	4,987.49	4,596.09	4,319.37	2,754.87						<b>Real Estate</b>			4.59%	5.88%	
Crude Oil WTI	61.07	59.44	57.42	74.62	<b>Communication Services</b>			0.89%	3.18%						
Gasoline	2.86	2.83	2.83	3.13	<b>Utilities</b>			2.49%	2.11%						
Natural Gas	5.28	3.10	3.69	3.95	<b>Information Technology</b>			1.58%	1.74%						
Copper	5.95	5.83	5.68	4.33	<b>Financials</b>			1.35%	1.58%						
<b>Index Characteristics</b>										<b>Information Technology</b>					
Dow Jones Industrial Avg	21.61	23.33	5.83	1.49						<b>Financials</b>			-0.12%	-0.31%	
S&P 500	22.00	25.68	5.52	1.16						<b>Information Technology</b>					
S&P 500 Value	19.05	20.63	3.58	1.84						<b>Financials</b>			-2.44%	-1.31%	
S&P 500 Growth	25.53	32.46	10.26	0.55						<b>Financials</b>					
NASDAQ	26.88	36.90	7.72	0.60						<b>Financials</b>			-4.27%	-3.10%	
S&P Midcap 400	16.98	19.47	2.79	1.51						<b>Financials</b>					
S&P Smallcap 600	16.19	17.98	2.04	2.22						<b>Financials</b>			-4.27%	-3.10%	
MSCI EAFE	16.25	17.44	2.28	2.73						<b>Financials</b>					
MSCI Emerging Markets	13.38	17.34	2.29	2.26						<b>Financials</b>			-4.27%	-3.10%	

Source: Bloomberg

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