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ECONOMIC REVIEW¹

- Over the weekend, the United States launched a special military operation that oversaw the capture of Venezuela's President, Nicolás Maduro.
 - Maduro was extradited to New York to face criminal charges for drug trafficking, with the U.S. alleging that he sat atop an illegitimate corrupt government that promoted illegal activity.
- Maduro's capture comes amid stalled negotiations over Venezuela's acceptance of deported immigrants and the granting of priority access to U.S. oil companies.
 - Following Maduro's extradition to the United States, President Trump stated that the U.S. would become more involved in Venezuelan affairs stating, "We'll run it properly. We'll run it professionally. We'll have the greatest oil companies in the world going in and investing billions and billions of dollars."²
- The Federal Reserve (Fed) released the minutes to their most recent meeting in which they cut interest rates 0.25%.
 - The minutes showed a level of dissent among the committee members on whether or not to cut rates at all, which is unusual for a group that normally acts unanimously.
- Pending home sales increased 3.3% month-over-month, which was above the consensus expectations for a 2.4% rise.
 - Typically, around this time of year, pending home sales are slow because of lower demand around the holiday season, a stark contrast to the acceleration seen in November.
- Home prices rose 0.4% in October, another sign of potential growth in the housing market.

How does the most recent economic data impact you?

- Although the operation in Venezuela is the largest U.S. involvement in Latin America since the invasion of Panama in 1989, it is unlikely to broadly affect domestic equity markets.
 - There could be localized effects on companies or industries with a large presence in the country, but given the small size of the country, and the lack of opposition towards the U.S. from Venezuela, it is unlikely there will be larger effects.
- The momentum seen in the housing market recently marks a positive sign for homebuilding moving forward.
- As interest rates move lower more building is expected as more people can afford mortgages, however the increased activity may lead to higher home prices.



A LOOK FORWARD¹

- During the first full week of the New Year, investors will focus on the labor market, as data on the unemployment rate and nonfarm payroll growth are set to be released.
- Additionally, investors will look for the ISM Manufacturing and Services reports for insights into the economy.

How does this week's slate of economic data impact you?

- The labor market has been a key point of focus for the Fed in deciding how fast they will lower interest rates. The weaker the labor market, the more inclined they will be to cut interest rates in 2026.
- Both of the ISM reports will give investors a look into how the service and manufacturing sectors of the economy are holding up.



MARKET UPDATE³

Market Index Returns as of 1/2/2026	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.00%	0.21%	0.21%	16.91%	23.25%	14.48%
NASDAQ	-1.50%	-0.02%	-0.02%	19.19%	31.74%	13.35%
Dow Jones Industrial Average	-0.66%	0.68%	0.68%	15.18%	15.63%	11.73%
Russell Mid-Cap	-0.48%	1.11%	1.11%	10.46%	14.94%	8.92%
Russell 2000 (Small Cap)	-0.98%	1.06%	1.06%	12.07%	14.36%	6.32%
MSCI EAFE (International)	0.55%	0.60%	0.60%	32.40%	17.13%	9.06%
MSCI Emerging Markets	2.33%	1.79%	1.79%	36.15%	16.83%	4.56%
Bloomberg US Agg Bond	-0.21%	-0.20%	-0.20%	7.22%	4.47%	-0.40%
Bloomberg High Yield Corp.	0.20%	0.00%	0.00%	8.28%	9.87%	4.51%
Bloomberg Global Agg	-0.21%	-0.13%	-0.13%	8.40%	3.83%	-2.17%



OBSERVATIONS

- Domestic equity indices finished the week down, with the tech-heavy NASDAQ leading the way, falling -1.50%, and the S&P 500 (-1.00%), and Dow Jones (-0.66%) following.
- Mid-cap (-0.48%) and small-cap (-0.98%) equities finished the week ahead of the S&P 500 but were both negative on the week as the sell-off was broad based among U.S. stocks.
- Both emerging (+2.33%) and developed international markets (+0.55%) finished the week positive, as investors looked abroad to close out the year.
- Fixed income indices were mixed, as the international and U.S. Aggregate Bond Indices both fell, but lower quality, high yield bonds performed well, rising 0.20%.
 - The strength of credit fundamentals has been a tailwind for high yielding fixed income assets.



BY THE NUMBERS

- **The New York Jets Set a New League Record:** With Sunday's loss to the Buffalo Bills, the Jets became the first team to finish a season without a defensive interception since interceptions were first counted as a stat in 1933. The Jets' takeaway troubles were well documented early in the season, as they didn't have one until Week 6 and didn't force another turnover until their 12th game of the season. While New York had four takeaways in the season, none came through the air. The second fewest interceptions in a season came from the San Francisco 49'ers in 2018, who still produced 2 turnovers via interception. The league average was 2.2% of passes were intercepted, which should have given the Jets 11 interceptions on the year. Despite having 0 interceptions, they did allow 36 passing touchdowns in the 2025 NFL season.⁴
- **New Years Resolutions Show More of the Same:** As 2026 gears up, only 31% of Americans are poised to set a New Year's resolution. Studies have found that younger Americans, those under 45, are nearly twice as likely to set a resolution for the new year. The most common resolutions are to exercise, be happier, and eat healthier. Saving more money is also among the top resolutions which are filled with topics around health, and money management. The slate of 2026 resolutions closely mirrors those seen last year in 2025, with health and money management remaining consistent themes. Despite fresh optimism to start the year, 65% of people admit their resolutions last four months or less. Only 1% of people say their resolution lasts for the whole year.⁵

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

ISM Manufacturing Index: The Manufacturing ISM Report On Business is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), the report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction and the negative economic direction, and the diffusion index. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining.

ISM Services Index: The Services ISM Report On Business® is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to the service producers make up about 90 percent of the US economy.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Pending Home Sales: This concept tracks signed real estate contracts for existing single-family homes, condos and co-ops that have not yet closed. As such it is a leading indicator for existing home sales.

S&P Case-Shiller US Home Price Index: The S&P/ CoreLogic Case-Shiller Home Price Indexes –also known simply as the Case-Shiller Home Price Indexes – refers to a group of indexes that measures or tracks the average changes in the prices of single-family-detached residences (houses) throughout the United States by observing the purchase price and resale value of those houses that have undergone at least two arm's length sale transactions.

U-3 Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition, are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 1/2/2026.

² [Trump on Venezuela: "We Are Going To Run The Country" | Video | RealClearPolitics](#)

³ Data obtained from Morningstar as of 1/2/2026.

⁴ [Jets make NFL history as first team to end season without an interception - Yahoo Sports](#)

⁵ [What are the most common New Year's resolutions for 2026? – Deseret News](#)

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