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ECONOMIC REVIEW¹

- The Federal Reserve (Fed) decided to maintain the target range for the federal funds rate at 3.50-3.75% at the first meeting of 2026.
 - Stronger fundamentals showing meaningfully improved economic growth, stabilizing unemployment, and “somewhat elevated” inflation.
- Separately, President Trump nominated Kevin Warsh as the next Chairman of the Federal Reserve.
 - Warsh served on the Fed’s board of governors from 2006 to 2011 and played a crucial role behind the scenes in Washington’s rescue of major Wall Street institutions during the financial crisis.
 - Although he has generally aligned himself with the President as critical of the current Fed, Warsh still needs to be confirmed by the Senate but has been lauded by many market participants and Wall Street veterans as a fantastic choice and a staunch supporter of Fed independence.
- The Conference Board Consumer Confidence Index fell by 9.7 points in January to 84.5, from an upwardly revised 94.2 in December.
 - Last month’s revision reversed an initially reported decline, but January’s preliminary results showed confidence resuming its downward trend after a one-month uptick.
- The Producer Price Index (PPI) rose 0.5% in December, coming in above the median forecast (0.3%) and the previous month’s reading (0.2%). Producer prices are up 3.0% from a year ago.
 - Core PPI, excluding food and energy, rose 0.7% last month and is up 3.3% since last year.
 - Both food and energy prices actually declined in December, and broadly, goods prices were flat for the month, meaning the entirety of the increase in producer prices came from services.

How does the most recent economic data impact you?

- The news out of the Fed meeting this week was largely very positive – stronger growth and a stabilizing labor market encouraged all but two voting members to hold rates steady in January.
 - Both dissenters voted for an additional 0.25% cut.
- Importantly, the Fed believes the current monetary policy stance is roughly neutral, or at least not restrictive at current levels. Given stronger-than-expected growth, they have the time and the capacity to wait and see how things evolve from here.
- Despite the upside surprise in PPI, inflation has seen little shift in either direction over the past year, which the Fed attributes to the impact of tariffs that is likely to ease in 2026.



A LOOK FORWARD¹

- Employment will be the major focus for investors this week, with JOLTS (job openings), the U.S. employment report, and the unemployment rate due to be released.
- ISM Manufacturing and Services reports will also be published this week.

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

- With employment and growth top of mind for policymakers, this will be a critical week of data for investors.



MARKET UPDATE²

Market Index Returns as of 1/30/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.35%	1.45%	1.45%	16.35%	21.11%	14.99%
NASDAQ	-0.16%	0.97%	0.97%	20.31%	27.44%	13.25%
Dow Jones Industrial Average	-0.42%	1.80%	1.80%	11.65%	14.94%	12.42%
Russell Mid-Cap	-1.15%	3.06%	3.06%	9.33%	12.47%	9.39%
Russell 2000 (Small Cap)	-2.07%	5.35%	5.35%	15.81%	12.19%	6.16%
MSCI EAFE (International)	1.56%	5.22%	5.22%	31.18%	16.17%	10.28%
MSCI Emerging Markets	1.80%	8.85%	8.85%	42.84%	16.74%	5.34%
Bloomberg US Agg Bond	0.03%	0.11%	0.11%	6.85%	3.65%	-0.20%
Bloomberg High Yield Corp.	-0.16%	0.51%	0.51%	7.70%	8.88%	4.54%
Bloomberg Global Agg	0.80%	0.94%	0.94%	8.56%	3.18%	-1.79%



OBSERVATIONS

- Major U.S. large-cap indices finished the week lower, with the exception of the S&P 500, which improved 0.35%. The Dow (-0.42%) and the Nasdaq (-0.16%) both declined.
- Down-cap equities were hurt more significantly, with mid-caps and small-caps falling -1.15% and -2.07%, respectively.
- International markets carded a solid week of returns, as both developed international markets (MSCI EAFE +1.56%) and emerging markets (MSCI EM +1.80%), meaningfully outpaced domestic stocks.
- Domestic fixed income indices delivered modest gains, as the Bloomberg U.S. Aggregate Bond index rose 0.03%, while global bonds outperformed, climbing 0.80% on the week.
- Corporate credit, particularly lower quality credit, declined marginally on the week (-0.16%).



BY THE NUMBERS

Carlos Alcaraz beats Novak Djokovic [Australian Open] to become the youngest man to complete a career Grand Slam:

Carlos Alcaraz can add a 2026 Australian Open title to his amazing tennis résumé. At the age of 22, the top-seeded Spaniard became the youngest player to complete the career Grand Slam, defeating 10-time Aussie Open champion Novak Djokovic in four sets in Melbourne. Alcaraz now has seven major titles, the most ever by a male tennis player before turning 23. "Nobody knows how hard I've been working to get this trophy," Alcaraz said during the trophy presentation ceremony. "I just appreciate this moment so much." Despite dropping the opening set and giving the 38-year-old Djokovic an opening to win his record 25th major title, Alcaraz upped his game and slowly began to wear the fourth-seeded Serbian star down. With an array of powerful forehands and skillful drop shots, Alcaraz pressed his physical advantage in the latter stages of the match, which took three hours and two minutes to complete. He finished off the match with the only service break of the fourth set to prevail, 2-6, 6-2, 6-3, 7-5.³

The Half-Billion Dollar Offseason That Rebuilt the Patriots Winning Machine: In the fourth quarter of the final game of the 2024 regular season, New England Patriots owner Robert Kraft made up his mind: He had to fire his coach. Jerod Mayo had been his handpicked successor to Bill Belichick, but now, just one year later, it was time for another change. It was a difficult—and expensive—decision. But when Kraft watched the team slump to a four-win season, he couldn't shake the feeling that Mayo wasn't quite ready for the top job. What nobody foresaw was the solution working so quickly. Mayo's firing was the start of an offseason in which Kraft plowed nearly a half-billion dollars into the franchise—and saw instant dividends. Less than 12 months later, the Patriots are back in the Super Bowl, taking on the Seattle Seahawks with a chance to win a record seventh Lombardi Trophy.⁴

Economic Definitions

Consumer Confidence: The Conference Board® Consumer Confidence Index is a monthly economic indicator measuring U.S. consumer sentiment regarding current economic conditions and future expectations. Based on a survey of thousands of households, it tracks optimism or pessimism about business, employment, and income, with data often used to predict shifts in consumer spending.

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

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Producer Prices – PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e., prices received by domestic producers for their outputs either on the domestic or foreign market).

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.

Job Openings – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

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.

ISM Manufacturing: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

ISM Services: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

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 1/30/26.

² Data obtained from Morningstar as of 1/30/26.

³ [Carlos Alcaraz beats Novak Djokovic to become the youngest man to complete a career Grand Slam](#)

⁴ [The half-billion dollar offseason that rebuilt the Patriots winning machine](#)

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