

Week Ended January 9, 2026

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.592 (-2.1 bps)	Bond Buyer 40 Yield:	4.76 (-2 bps)
6 Mo. T-Bill:	3.582 (-1.8 bps)	Crude Oil Futures:	59.12 (1.80)
1 Yr. T-Bill:	3.497 (3.0 bps)	Gold Spot:	4,509.50 (177.21)
2 Yr. T-Note:	3.532 (5.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.587 (4.0 bps)	U.S. High Yield:	7.02 (-6 bps)
5 Yr. T-Note:	3.750 (0.7 bps)	BB:	5.90 (-5 bps)
10 Yr. T-Note:	4.165 (-2.5 bps)	B:	7.29 (-8 bps)
30 Yr. T-Bond:	4.812 (-5.8 bps)		

The Treasury yield curve flattened moderately over the course of the week as Treasury yields rose among short-duration Treasurys while dropping among long-duration Treasurys. President Trump's action to remove Nicolas Maduro from power in Venezuela led to increased geopolitical tensions and effects on the commodities and bond markets. After Maduro's removal, the United States began seizing oil tankers in the Caribbean, including one that began flying a Russian flag, leading to condemnation from some of America's largest geopolitical rival. Oil rose upon Maduro's removal, before dropping on the seizures and rising even more as investors worried about the supply of oil from Russia and ended the week up 3%. Mixed employment reports showed that both layoffs and hiring have been slow, leading investors to speculate that inflation may still persist and that the Federal Reserve Bank would not be as quick to lower interest rates this year. Gold rose 4% as well, almost reaching an all-time high on inflation concerns and the geopolitical uncertainty. The market implied chance of a cut to the Federal Funds Rate at the January 28th meeting dropped from 17% to 5% over the course of the week, while the market implied end of 2026 rate rose from 3.06 to 3.12. The spread between the 10-year Treasury yield and the 2-year Treasury yield dropped 8 basis points this week as the yield curve flattened. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: December CPI MoM (0.3%, n/a), December CPI YoY (2.7%, 2.7%), October New Home Sales (714k, n/a); Wednesday: January 9 MBA Mortgage Applications (n/a, 0.3%), November PPI Final Demand MoM (0.3%, n/a), November Retail Sales Advance MoM (0.4%, 0.0%), December Existing Home Sales (4.23m, 4.13m), November New Home Sales (n/a, n/a); Thursday: January 10 Initial Jobless Claims (n/a, 208k), January Empire Manufacturing (1.0, 3.9); Friday: December Industrial Production MoM (0.2%, 0.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	49,504.07 (2.34%)	Strong Sectors:	Consumer Discretionary, Materials, Industrials
S&P 500®	6,966.28 (1.58%)	Weak Sectors:	Utilities, Info Tech, Real Estate
S&P MidCap 400®	3,459.81 (3.31%)	NYSE Advance/Decline:	2,065 / 740
S&P SmallCap 600®	1,543.51 (4.23%)	NYSE New Highs/New Lows:	414 / 89
Nasdaq Composite®	23,671.35 (1.88%)	AAII Bulls/Bears:	42.5% / 30.0%
Russell 2000®	2,624.22 (4.68%)		

Stocks rose last week with both the S&P 500 and Nasdaq 100 reaching all time high during the first trading week of the year. The new year saw multiple assets rise synchronously as global stocks and bonds rallied together following Mondays open. Throughout the week, companies exposed to industrial growth rose alongside metals, signaling a broadening of economic development. Consequently, the Materials and Industrials sectors were among the top performers in the S&P 500. Wednesday brought significant policy changes from President Trump. The President ordered defense contractors to cut dividends and buybacks, citing a requirement for firms to reinvest in production capacity. This coincided with his announcement of a plan to increase the national military budget by 50%, reaching \$1.5 trillion by 2027. The administration also targeted housing affordability on two fronts last week. On Wednesday, the President announced plans to ban large institutional investors from purchasing single-family homes. The following day, he directed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage bonds using their cash reserves to help lower mortgage rates. Mortgage-linked stock immediately rose, led by **Rocket Co** and **LoanDepot, Inc.** Homebuilders **Lennar** and **PulteGroup** also rallied, becoming some of the top-performing names in the S&P 500 for the week. On Friday, the Supreme Court deferred its opinion on the fate of the administration's tariff policy. Stocks with high tariff exposure sold off in the absence of a ruling. The High Court has set next Wednesday as its next opinion day; a ruling against this signature economic policy would represent the President's most significant legal defeat of his second term. Looking ahead to next week, the market will focus on a heavy slate of economic data and the start of bank earnings with CPI, new home sales, retail sales, jobs, import and export prices, as well as industrial production on Friday all set for release.

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