

TALKING POINTS

Data through January 2026

Climate

Many investors view January's investment market performance as a barometer for the rest of the year. If the generalization holds true, this past January's results could foretell significant change on the horizon. It is no secret that U.S. equity market performance has been driven by a subset of large-capitalization ("cap") companies recently, most of which are deeply entrenched in various facets of artificial intelligence (AI). That said, data suggests investors began broadening their equity holdings to include small and mid-sized companies in January. See the "Stock Market" section below for further comments on this topic. On the economic front, perhaps the biggest news was the nomination of Kevin Warsh to serve as the seventeenth Chair of the Federal Reserve ("Fed"). His nomination comes amidst moderating inflation, resurgent industrial manufacturing, and near record-low new unemployment claims. Inflation, as measured by the trailing 12-month rate of change in the consumer price index (CPI), stood at 2.7% in December 2025, down from 3.0% in September 2025. In January, the ISM Industrial Manufacturing Index surged to 52.6, its highest level since 2022, according to Brian Wesbury, Chief Economist at First Trust Portfolios L.P. For comparison, consensus expected a reading of 48.5 (levels above 50 signal expansion). Dovish monetary policy is expected in 2026 despite these positive observations. The year-end rate implied by the federal funds rate futures market stood at 3.11% on 1/30/26, a decline of 64 basis points (bps) from current levels (3.75% upper bound).

Stock Market

The S&P 500 Index ("Index") closed at 6,939.03 on 1/30/26, representing a year-over-year increase of 14.87% (price-only), according to data from Bloomberg. The Index now stands 39.26% above its most recent low of 4,982.77 which occurred on 4/8/25. The Index posted a total return of 1.44% in January 2026. Eight of the 11 major sectors that comprise the Index registered positive total returns for the month. Energy was the top performer, increasing by a stunning 14.43%. Financials had the worst showing, declining by 2.50%. Estimates for the Index's 2025 earnings per share (EPS) increased from a calendar year low of 264.15 in June 2025 to 273.35 in January 2026. A similar trend occurred with the Index's 2026 estimated EPS, which increased from 300.14 in June 2025 to 312.30 this January. Both the S&P MidCap 400 ("MidCap Index") and S&P SmallCap 600 ("SmallCap Index") Indices surged to record highs in January 2026. In our view, improving EPS estimates among these indices likely account for their recent record price levels. In 2022, EPS for the MidCap and SmallCap Indices peaked at 193.81 and 90.87, respectively, before declining in 2023 and 2024 (the MidCap Index declined again in 2025). Analyst estimates call for a dramatic turnaround in 2026, with EPS estimated to surge to record levels by year's-end. Calendar year 2026 EPS estimates stood at a record 209.47 and 99.10 for the MidCap and SmallCap Indices, respectively, as of December 31, 2025, representing increases of 19.6% and 15.4% year-over-year. For comparison, earnings were estimated to increase by 14.9% for the S&P 500 Index over the same time frame. As always, earnings estimates are subject to change at a moment's notice. We will continue to monitor estimates and report on them here.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 4.24% at the close of trading on 1/30/26, down 30 bps from its 4.54% close on 1/31/25, according to data from Bloomberg. The 4.24% yield stood 153 bps above its 2.71% average for the 10-year period ended January 2026 and 75 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood at 3.52% on 1/30/26, down 68 bps from when it stood at 4.20% on 1/31/25. As revealed in the "Bloomberg Fixed Income Indices" table to the right, each of the fixed income indices we track posted gains over the 12-month period ended in January 2026. In the U.S., taxable fixed income funds dominated overall fund flows last year, with investors funneling a record \$540 billion (70% of all U.S. ETF and mutual fund flows) into the category in 2025, according to Morningstar. Gold and silver continued their meteoric rises in January, before hitting a stunning pocket of volatility. The price of one troy ounce of gold increased by 13.31% in January alone, cresting at a record \$5,417.21 on 1/28/26. Silver prices exhibited abnormally high volatility in January, surging to a record \$116.70 per troy ounce on 1/28/26 before subsequently plummeting to \$85.20 at month's end. Even so, the price of one troy ounce of silver increased by 18.89% in January 2026 alone and is up a staggering 172.2% year-over-year.

Takeaway

Investors favored small and mid-sized companies in January, with the market-cap-weighted S&P 500 Index increasing 1.44% (total return) compared to total returns of 3.38% for the equal-weight S&P 500 Index, 4.05% for the MidCap Index, and 5.69% for the SmallCap Index over the period. The Bloomberg Magnificent 7 Index increased by just 0.55% during the month. Prices for each of the fixed income indices we track increased during the month (see table to the right), reflecting widespread declines in interest rates over the period (fixed income yields and prices typically move in opposite directions). Persistent geopolitical tensions were unable to dampen investor enthusiasm for U.S. equities, which are estimated to see record earnings this year. In addition to record earnings estimates, U.S. companies have never been more profitable. FactSet reported that the Index's Q4'25 blended net profit margin stood at 13.2% as of 2/2/26. Should this figure hold, it would mark a new record, just above the current record of 13.1% which was set in Q3'25. Meanwhile, investors purchased gold and silver in droves, driving prices for the metals to record highs. These purchases could signal that investors are concerned about current geopolitics, inflation, or both. Inflation remained above the Fed's stated target of 2.0% in December 2025 and could move higher if the Fed pursues additional interest rate reductions under its new chair in the second half of the year.

Sources: Bloomberg, FactSet, and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index. There can be no assurance past trends will continue or estimates will be realized.

| Open-End Net Fund Flows (\$) | 12/25 | 11/25 | YTD (Dec) |
|------------------------------|---------|--------|-----------|
| Equity | -148.8B | -80.4B | -1,234.9B |
| Taxable Bond | 13.7B | 7.4B | 95.1B |
| Municipal Bond | 1.4B | 0.2B | 14.6B |
| Hybrid | -8.8B | -8.2B | -98.2B |
| Taxable Money Market | 151.0B | 87.7B | 670.4B |

| Key Interest Rates/Yields | 1/30/26 | 12/31/25 | 1/31/25 |
|---------------------------|---------|----------|---------|
| Federal Funds Target Rate | 3.75% | 3.75% | 4.50% |
| 2-Year T-Note | 3.52% | 3.47% | 4.20% |
| 5-Year T-Note | 3.79% | 3.73% | 4.33% |
| 10-Year T-Note | 4.24% | 4.17% | 4.54% |
| Bond Buyer 40 | 4.82% | 4.78% | 4.45% |

| Commodities/U.S. Dollar | 1/26 | YTD | 12 Mo. |
|--------------------------------|--------|--------|---------|
| U.S. Dollar Index (DXY) | -1.35% | -1.35% | -10.50% |
| FTSE/CC CRB Excess Ret. | 7.13% | 7.13% | 4.96% |
| Crude Oil/WTI (per Barrel) | 13.57% | 13.57% | -10.09% |
| Natural Gas (per million BTUs) | 18.12% | 18.12% | 43.04% |
| Gold Bullion (Ounce) | 13.31% | 13.31% | 74.89% |

| S&P 500 Full-Year Earnings Estimates | 2025 | 2026 |
|--------------------------------------|--------|--------|
| 1/30/26 | 273.35 | 312.30 |
| 12/31/25 | 270.90 | 311.25 |
| 12/31/24 | 274.13 | 311.07 |

Total Return Performance

| U.S. Stock Indices | 1/26 | YTD | 12 Mo. |
|--------------------|-------|-------|--------|
| S&P 500 | 1.44% | 1.44% | 16.32% |
| DJIA | 1.80% | 1.80% | 11.65% |
| Nasdaq 100 | 1.23% | 1.23% | 19.82% |
| S&P MidCap 400 | 4.05% | 4.05% | 7.69% |
| Russell 2000 | 5.39% | 5.39% | 15.84% |
| Russell 3000 | 1.54% | 1.54% | 15.30% |

| U.S. Styles/Market Caps | 1/26 | YTD | 12 Mo. |
|-------------------------|-------|-------|--------|
| S&P 500 Growth | 0.53% | 0.53% | 19.59% |
| S&P 500 Value | 2.48% | 2.48% | 12.73% |
| S&P MidCap 400 Growth | 3.98% | 3.98% | 7.68% |
| S&P MidCap 400 Value | 4.12% | 4.12% | 7.73% |
| Russell 2000 Growth | 3.97% | 3.97% | 13.88% |
| Russell 2000 Value | 6.95% | 6.95% | 17.99% |

| Foreign Stock Indices (USD) | 1/26 | YTD | 12 Mo. |
|-----------------------------|--------|--------|--------|
| MSCI World NET (Ex-U.S.) | 4.72% | 4.72% | 31.54% |
| MSCI Emerging Markets NET | 8.85% | 8.85% | 42.84% |
| MSCI Europe NET | 4.45% | 4.45% | 32.32% |
| MSCI BRIC NET | 2.63% | 2.63% | 24.74% |
| MSCI EM Latin America NET | 15.33% | 15.33% | 63.04% |
| Nikkei 225 | 7.23% | 7.23% | 37.64% |

| Bloomberg Fixed Income Indices | 1/26 | YTD | 12 Mo. |
|--------------------------------|-------|-------|--------|
| U.S. Treasury: Intermediate | 0.01% | 0.01% | 5.94% |
| GNMA 30 Year | 0.58% | 0.58% | 8.09% |
| Municipal Bond (22+) | 0.50% | 0.50% | 2.38% |
| U.S. Aggregate | 0.11% | 0.11% | 6.85% |
| Intermediate Corporate | 0.22% | 0.22% | 7.52% |
| U.S. Corporate High Yield | 0.51% | 0.51% | 7.70% |
| Global Aggregate | 0.94% | 0.94% | 8.56% |
| EM Hard Currency Aggregate | 0.66% | 0.66% | 11.79% |

HIGH/LOW SNAPSHOT

Data through January 2026

| Index | 10-Yr. High Value | Date | 10-Yr. Low Value | Date | Month-End Value | % Off High Value | YTD Return (USD) | Month-End Yield |
|--------------------------------------|----------------------|------------|---------------------|------------|--------------------|---------------------|---------------------|--------------------|
| S&P 500 | 6978.60 | 1/27/2026 | 1829.08 | 2/11/2016 | 6939.03 | -0.57% | 1.44% | 1.14% |
| S&P 500 Growth | 5090.93 | 10/29/2025 | 1035.44 | 2/11/2016 | 4996.44 | -1.86% | 0.53% | 0.54% |
| S&P 500 Value | 2148.03 | 1/15/2026 | 788.67 | 2/11/2016 | 2142.41 | -0.26% | 2.48% | 1.82% |
| S&P MidCap 400 | 3521.86 | 1/22/2026 | 1218.55 | 3/23/2020 | 3437.10 | -2.41% | 4.05% | 1.35% |
| S&P MidCap 400 Growth | 1683.50 | 1/22/2026 | 574.06 | 2/11/2016 | 1634.10 | -2.93% | 3.98% | 0.69% |
| S&P MidCap 400 Value | 1118.63 | 1/21/2026 | 373.28 | 3/23/2020 | 1097.70 | -1.87% | 4.12% | 2.04% |
| S&P 100 | 3481.00 | 10/29/2025 | 820.61 | 2/11/2016 | 3437.19 | -1.26% | 0.22% | 1.02% |
| DJIA | 49590.20 | 1/12/2026 | 15660.18 | 2/11/2016 | 48892.47 | -1.41% | 1.80% | 1.56% |
| Nasdaq 100 | 26119.85 | 10/29/2025 | 3947.80 | 2/9/2016 | 25552.39 | -2.17% | 1.23% | 0.64% |
| Russell 2000 | 2718.77 | 1/22/2026 | 953.72 | 2/11/2016 | 2613.74 | -3.86% | 5.39% | 1.23% |
| Russell 2000 Growth | 1807.25 | 1/22/2026 | 573.10 | 2/11/2016 | 1717.18 | -4.98% | 3.97% | 0.52% |
| Russell 2000 Value | 2980.57 | 1/22/2026 | 1067.63 | 3/23/2020 | 2901.93 | -2.64% | 6.95% | 2.00% |
| Russell 3000 | 3971.58 | 1/27/2026 | 1067.34 | 2/11/2016 | 3939.91 | -0.80% | 1.54% | 1.15% |
| MSCI World Net (ex U.S.) (USD) | 11473.47 | 1/27/2026 | 4189.62 | 2/11/2016 | 11376.71 | -0.84% | 4.72% | 2.68% |
| MSCI Emerging Markets Net (USD) | 850.05 | 1/28/2026 | 306.18 | 2/12/2016 | 834.38 | -1.84% | 8.85% | 2.17% |
| Bovespa/Brazil (USD) | 35630.57 | 1/28/2026 | 9670.08 | 2/2/2016 | 34678.94 | -2.67% | 18.42% | 6.63% |
| RTS/Russia (USD) | 1919.58 | 10/25/2021 | 671.34 | 2/11/2016 | N/A | N/A | N/A | N/A |
| S&P BSE 500/India (USD) | 461.76 | 9/26/2024 | 129.66 | 3/23/2020 | 394.57 | -14.55% | -5.18% | 1.16% |
| Shanghai Composite/China (USD) | 598.09 | 1/29/2026 | 358.39 | 10/18/2018 | 592.25 | -0.98% | 4.39% | 2.26% |
| KOSPI/South Korea (USD) | 3.64 | 1/29/2026 | 1.16 | 3/19/2020 | 3.61 | -0.87% | 23.42% | 1.17% |
| Hang Seng (USD) | 4241.01 | 1/26/2018 | 1871.10 | 10/31/2022 | 3506.63 | -17.32% | 6.52% | 2.80% |
| MSCI Euro (USD) | 2325.52 | 1/27/2026 | 865.50 | 3/18/2020 | 2289.82 | -1.54% | 4.09% | 2.75% |
| S&P 500 Consumer Discretionary | 2017.26 | 1/12/2026 | 543.54 | 2/11/2016 | 1961.14 | -2.78% | 1.71% | 0.60% |
| S&P 500 Consumer Staples | 929.89 | 1/30/2026 | 500.59 | 12/24/2018 | 929.89 | 0.00% | 7.71% | 2.39% |
| S&P 500 Energy | 786.14 | 1/30/2026 | 179.94 | 3/18/2020 | 786.14 | 0.00% | 14.43% | 2.98% |
| S&P 500 Utilities | 471.56 | 10/15/2025 | 227.75 | 3/23/2020 | 439.54 | -6.79% | 1.37% | 2.79% |
| S&P 500 Financials | 937.48 | 1/6/2026 | 264.89 | 2/11/2016 | 887.83 | -5.30% | -2.50% | 1.48% |
| S&P 500 Banks | 640.17 | 1/6/2026 | 180.19 | 2/11/2016 | 601.86 | -5.98% | -1.87% | 2.22% |
| FTSE NAREIT All Equity REITs | 980.08 | 12/31/2021 | 483.48 | 3/23/2020 | 772.63 | -21.17% | 2.90% | 4.06% |
| S&P 500 Health Care | 1862.19 | 1/7/2026 | 732.99 | 2/11/2016 | 1802.62 | -3.20% | -0.02% | 1.66% |
| S&P 500 Pharmaceuticals | 1333.31 | 1/22/2026 | 549.29 | 2/11/2016 | 1324.00 | -0.70% | 2.42% | 2.10% |
| NYSE Arca Biotechnology | 7711.58 | 1/22/2026 | 2642.53 | 2/11/2016 | 7394.32 | -4.11% | 3.39% | 0.23% |
| S&P 500 Information Technology | 6064.80 | 10/29/2025 | 636.18 | 2/9/2016 | 5587.88 | -7.86% | -1.66% | 0.52% |
| Philadelphia Semiconductor | 8320.39 | 1/29/2026 | 559.18 | 2/11/2016 | 7998.47 | -3.87% | 12.96% | 0.63% |
| S&P 500 Communication Services | 479.23 | 1/29/2026 | 130.86 | 12/24/2018 | 478.15 | -0.23% | 5.80% | 0.66% |
| S&P 500 Industrials | 1412.74 | 1/16/2026 | 412.06 | 3/23/2020 | 1400.05 | -0.90% | 6.67% | 1.27% |
| S&P 500 Materials | 635.79 | 1/29/2026 | 241.67 | 3/23/2020 | 624.06 | -1.84% | 8.70% | 1.70% |
| Philadelphia Gold & Silver | 451.13 | 1/28/2026 | 46.25 | 2/2/2016 | 382.33 | -15.25% | 11.74% | 0.73% |
| FTSE/CC CRB Excess Return | 329.59 | 6/9/2022 | 106.29 | 4/21/2020 | 320.09 | -2.88% | 7.13% | N/A |
| ICE BofA Perpetual Preferred | 343.61 | 1/27/2026 | 215.28 | 2/11/2016 | 342.89 | -0.21% | 1.13% | 6.52% |
| ICE BofA U.S. High Yield Constrained | 621.69 | 1/26/2026 | 313.74 | 2/11/2016 | 620.26 | -0.23% | 0.48% | 6.98% |

Source: Bloomberg

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