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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

January 20, 2026

"The past, the present and the future are really one: they are today." Harriet Beecher Stowe

MARKETS

Macro Recap: Overall, this week's data did little to shift the broader economic outlook. Inflation remained stable in December, with the Consumer Price Index rising 2.7% year-over-year, unchanged from November and right in line with expectations. Core inflation held firm at 2.6%, and wholesale price readings showed a similar steady trend.

On the consumer front, retailers delivered a modest upside surprise, posting a 0.6% increase in November sales versus the 0.4% consensus estimate. December's retail figures remain delayed due to the recent government shutdown.

Equity Recap: The stock market delivered a choppy and ultimately slightly negative week, as early record highs in the S&P 500 faded into a broader pullback led by profit-taking in mega-cap names. By week's end, the S&P 500 slipped 0.4%, the Dow Jones Industrial Average fell 0.3%, and the Nasdaq Composite declined 0.7%.

Despite the headline weakness, the market's underlying tone showed signs of improvement, with small- and mid-cap stocks once again outperforming their large-cap counterparts.

Bond/Rate Recap: The bond market saw upward pressure on yields, as investors digested a mix of economic and geopolitical developments. The 10-year Treasury yield climbed to 4.22% by the end of the week, while the 2-year Treasury yield moved up to 3.59%. The rise in yields reflected a cautious market tone, with investors monitoring economic signals, upcoming inflation data, and broader global uncertainties.

Week Ahead: Thursday's release of the Federal Reserve's preferred inflation gauge, the Personal Consumption Expenditures Price Index, will offer policymakers a key data point ahead of their next meeting, set to conclude on January 28. The upcoming PCE report is expected to reinforce the recent trend of cooling inflation, though price pressures continue to hover slightly above the Fed's 2% long-term target.

INDICES

	Jan 12 Open	Jan 16 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	49,504	49,359	-0.3%	48,063	2.7%
S&P 500	6,966	6,940	-0.4%	6,846	1.4%
NASDAQ	23,671	23,515	-0.7%	23,242	1.2%
Russell 2000	2,624	2,678	2.0%	2,482	7.9%
KBW Bank Indx	170.6	167.8	-1.7%	164.0	2.3%
Bitcoin	$90,840	$92,380	1.7%	$87,648	5.4%
Oil (WTI)	$59.12	$59.44	0.5%	$57.42	3.5%
Gold	$4,510	$4,668	3.5%	$4,319	8.1%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.64	3.64	0.00	3.64	0.00
3m Tbill	3.59	3.63	0.04	3.63	0.00
2yr UST	3.53	3.59	0.05	3.47	0.11
10yr UST	4.17	4.22	0.06	4.17	0.06
2-10yr UST Spread	63	63	0	69	-6
2y AAA Muni/10y UST	65.2%	62.4%	-2.8%	70.3%	-7.9%
10y AAA Muni/10y UST	62.8%	61.2%	-1.5%	65.4%	-4.2%
5yr Inflation Forecast	2.34	2.41	0.06	2.27	0.14

Week Ahead

- **Monday:** Martin Luther King Jr. Holiday
- **Tuesday:** No major reports
- **Wednesday:** Construction spending, Pending home sales
- **Thursday:** PCE Price Index, Third-quarter GDP (2nd estimate)
- **Friday:** U of M Consumer Sentiment

***Could be delayed or canceled**

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✉ Forward

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