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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"To know how to eat well, one must first know how to wait." Marco Pierre White

MARKETS

Macro Recap: Markets entered the week focused on monetary policy, with the Federal Reserve concluding its mid-week meeting by holding benchmark interest rates unchanged, aligning with market expectations. The decision marked a pause in the easing cycle following three consecutive rate cuts.

On Friday, President Trump nominated former Federal Reserve Governor Kevin Warsh to succeed Jerome Powell when Powell's term ends in mid-May, pending Senate confirmation. The announcement introduced fresh uncertainty around the future direction of monetary policy.

Earlier in the week, precious metals rallied sharply, with gold and silver reaching record highs on Thursday amid lingering policy uncertainty. Following the nomination, both reversed course and sold off aggressively on Friday. Gold futures slid below $4,900 per ounce after briefly touching $5,586, while silver fell to roughly $82 per ounce after peaking near $121 the prior day, underscoring heightened volatility in rate-sensitive assets.

Cryptocurrency markets continued a broader downtrend that began last fall. Bitcoin declined approximately 4% for the week, trading near $84,000 by Friday afternoon, well below its recent high of $125,000 and down from levels near $97,000 in mid-January, reflecting waning speculative sentiment.

By contrast, energy markets strengthened late in the week, with U.S. crude oil climbing nearly 7% to around $66 per barrel, its highest level in more than four months. While crude prices are up roughly 13% year-to-date, they remain below early2025 levels, suggesting an improving near-term demand outlook rather than a sustained repricing.

Equity Recap: U.S. equities began the week with strength, pushing the S&P 500 to a record high on Wednesday, but sentiment weakened on Friday, leaving markets mixed for the week overall, with the S&P 500 edging higher while both the NASDAQ and Dow finished slightly lower for a third consecutive week. Despite the late-week pullback, January remained positive for stocks, as all three major indexes posted gains of roughly 1% to 2% for the month, marking the S&P 500's eighth positive month out of the past nine and extending the Dow's streak to nine consecutive monthly advances.

Bond/Rate Recap: The yield curve steepened as the 2-year Treasury yield fell from 3.59% to 3.52%, while the 10-year yield edged up from 4.22% to 4.24%, widening the 2s–10s spread to +71 basis points. By comparison, the spread at this time last year was only +30 basis points, underscoring the degree of curve normalization over the past year.

Week Ahead: A key focus will be the monthly jobs report due Friday, which should indicate whether recent labor-market softness persisted into January. In December, payroll growth came in well below expectations at 50,000 jobs, closing out a year in which monthly job gains averaged 49,000, less than one-third of the 168,000 monthly average recorded in 2024.

INDICES

	Jan 26 Open	Jan 30 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	49,099	48,892	-0.4%	48,063	1.7%
S&P 500	6,916	6,939	0.3%	6,846	1.4%
NASDAQ	23,501	23,462	-0.2%	23,242	0.9%
Russell 2000	2,669	2,614	-2.1%	2,482	5.3%
KBW Bank Indx	164.3	167.6	2.0%	164.0	2.2%
Bitcoin	$87,190	$77,124	-11.5%	$87,648	-12.0%
Oil (WTI)	$61.09	$65.21	6.7%	$57.42	13.6%
Gold	$5,059	$4,894	-3.3%	$4,319	13.3%
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	3.65	3.65	0.01	3.63	0.02
2yr UST	3.59	3.52	-0.07	3.47	0.05
10yr UST	4.22	4.24	0.02	4.17	0.07
2-10yr UST Spread	62	71	9	69	2
2y AAA Muni/10y UST	62.4%	62.8%	0.4%	70.3%	-7.5%
10y AAA Muni/10y UST	62.7%	61.7%	-1.0%	65.4%	-3.7%
5yr Inflation Forecast	2.47	2.56	0.10	2.27	0.29

Week Ahead

- **Monday:** Durable goods
- **Tuesday:** JOLTS, ISM nonmanufacturing
- **Wednesday:** ADP employment
- **Thursday:** Weekly unemployment
- **Friday:** Unemployment, UofM consumer sent, Consumer credit

***Could be delayed or canceled**

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