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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Rather go to bed without dinner than to rise in debt." Benjamin Franklin

MARKETS

Macro Recap: Economic data from last week offered a mix of soft consumer activity, improving labor conditions, and continued progress on inflation. December retail sales came in flat compared to November, falling short of expectations for roughly a 0.4% gain. Given that December is typically the height of the holiday season, the lack of growth suggests that consumers may be pulling back or becoming more selective in their spending.

The labor market, however, showed renewed strength. Employers added 130,000 jobs in January, more than double what most economists projected and well above the 48,000 jobs added in December. The unemployment rate edged down to 4.3% from 4.4%, helping to ease concerns that labor market momentum was losing steam.

Inflation continued to cool. The Consumer Price Index rose 2.4% year-over-year in January, down from 2.7% in December and the lowest reading since May 2025. The figure also came in slightly below expectations for 2.5%, extending the recent trend of softer-than-anticipated inflation data.

Equity Recap: U.S. equities pulled back last week as shifting sentiment around AI prospects and technology stocks weighed on the broader market. Major U.S. stock indexes declined roughly 1% to 2%, extending a choppy stretch driven largely by volatility in tech. For the S&P 500, it marked the fourth negative week out of the past five, although the earlier weekly declines had each been under 1%.

Despite the market weakness, earnings season continued to deliver upside surprises. With nearly three-quarters of S&P 500 companies having reported as of Friday, overall earnings growth was tracking at 13.2%, well above the 8.3% growth analysts had projected heading into the reporting period at the end of December. Stronger-than-expected corporate results have helped soften the impact of sector-specific volatility, particularly the pressure tied to renewed scrutiny of AI-driven valuations.

Bond/Rate Recap: U.S. government bonds strengthened last week as investors reacted to softer-than-expected inflation data, pushing yields lower across the curve. The move reflected growing optimism that the Federal Reserve may have room for additional rate cuts in the coming months. The 10-year U.S. Treasury yield ended the week near a year-to-date low of roughly 4.05%, down from about 4.20% the prior week.

Week Ahead: A key report to watch this week will come on Friday, when the government releases its initial estimate of fourth-quarter GDP. The data will show whether the U.S. economy maintained the rapid pace of growth seen in the third quarter. The prior quarter posted a 4.4% annualized growth rate, the fastest in two years, setting a high bar for how momentum may have carried into year-end.

INDICES

	Feb 9 Open	Feb 13 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	50,116	49,501	-1.2%	48,063	3.0%
S&P 500	6,932	6,836	-1.4%	6,846	-0.1%
NASDAQ	23,031	22,547	-2.1%	23,242	-3.0%
Russell 2000	2,670	2,647	-0.9%	2,482	6.6%
KBW Bank Indx	176.1	166.4	-5.5%	164.0	1.5%
Bitcoin	$70,947	$68,671	-3.2%	$87,648	-21.7%
Oil (WTI)	$63.55	$63.73	0.3%	$57.42	11.0%
Gold	$4,964	$4,992	0.6%	$4,319	15.6%
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	3.67	3.67	0.00	3.63	0.04
2yr UST	3.50	3.41	-0.09	3.47	-0.07
10yr UST	4.21	4.05	-0.16	4.17	-0.12
2-10yr UST Spread	70	64	-7	69	-5
2y AAA Muni/10y UST	60.7%	60.7%	-0.1%	70.3%	-9.6%
10y AAA Muni/10y UST	61.6%	62.5%	0.9%	65.4%	-2.9%
5yr Inflation Forecast	2.52	2.44	-0.08	2.27	0.17

Week Ahead

- **Monday:** Presidents Holiday
- **Tuesday:** No major reports
- **Wednesday:** Release of Jan FOMC minutes, Ex/Im prices, Industrial production and capacity
- **Thursday:** Durable goods, Pending home sales
- **Friday:** 4th Q GDP, PCE, New home sales

***Could be delayed or canceled**

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