

# MARKET VIEW WEEKLY

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## ECONOMIC REVIEW<sup>1</sup>

- The World Economic Forum in Davos wrapped with a focus on global uncertainty, Artificial Intelligence (AI) disruptions, and efforts to rebuild trust across economies.
- The first revision of Q3 gross domestic product (GDP) showed the U.S. economy expanded slightly more than initially reported, with real GDP growth revised to 4.4% (from 4.3%), the fastest pace in two years.
  - The upward revision was driven by stronger exports and a smaller drag from inventories, while consumer spending held firm at a 3.5% annualized pace.
- November PCE inflation was in-line with expectations, rising 0.2% month-over-month, matching estimates and October's pace.
  - The inflation backdrop remains persistent, with PCE running at 2.8% year-over-year, signaling ongoing price pressures even as the monthly trend stayed controlled.
- Core PCE, the Federal Reserve's (Fed) preferred inflation measure, also met expectations, increasing 0.2% month-over-month, consistent with a moderate but still elevated inflation trend.
  - Year-over-year, core PCE held at 2.8%, still well above the Fed's 2% target, reinforcing the view that inflation remains sticky and supporting the case for a cautious approach by the Fed.
- Consumer sentiment improved to 56.4 in January from 52.9 in December, reflecting a modest pickup in household confidence.
  - Despite the rebound, sentiment remains over 20% lower than this time last year, reflecting ongoing pressure on purchasing power from elevated prices and concerns about a potential softening in the labor market.

### How does the most recent economic data impact you?

- The latest data reinforces that economic growth remains durable and consumer demand is still doing the heavy lifting, with Q3 activity revised slightly higher and real consumer spending continuing to rise into the start of the holiday season, helping to support the outlook for corporate revenues and earnings.
- Inflation remains modestly elevated, which keeps interest rates and Fed policy in the driver's seats from the market as core PCE remained firm and policymakers are expected to hold rates steady next week and stay cautious given lingering inflation risks.
- Consumer sentiment is improving month to month, but points to a more selective consumer, meaning pricing power and execution will likely matter more for companies than a simple rising tide lifts all boats environment.



## A LOOK FORWARD<sup>1</sup>

- This week, investors will be tuned into the Conference Board Consumer Confidence survey, the Fed's next interest rate decision, and the latest Producer Price Index data.

### How does this week's slate of economic data impact you?

- This week's data will provide timely insights on whether the US economy is maintaining strong momentum, whether inflation pressures are continuing to cool, and how the Fed may position its future policy decisions.



## MARKET UPDATE<sup>2</sup>

Market Index Returns as of 1/23/2026	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.34%	1.10%	1.10%	14.80%	21.57%	14.14%
NASDAQ	-0.06%	1.13%	1.13%	18.54%	28.45%	12.48%
Dow Jones Industrial Average	-0.50%	2.23%	2.23%	12.43%	15.50%	11.77%
Russell Mid-Cap	-0.45%	4.26%	4.26%	9.98%	13.74%	8.73%
Russell 2000 (Small Cap)	-0.32%	7.58%	7.58%	17.24%	13.90%	5.65%
MSCI EAFE (International)	0.14%	3.60%	3.60%	30.19%	15.53%	9.16%
MSCI Emerging Markets	1.09%	6.93%	6.93%	40.76%	15.76%	4.01%
Bloomberg US Agg Bond	0.07%	0.08%	0.08%	7.29%	3.62%	-0.20%
Bloomberg High Yield Corp.	0.10%	0.67%	0.67%	8.09%	8.98%	4.55%
Bloomberg Global Agg	0.46%	0.14%	0.14%	7.82%	2.81%	-1.98%



## OBSERVATIONS

- Major U.S. large cap indices finished the week lower once again, with the S&P 500 down -0.34%, the Dow down -0.50%, and the Nasdaq essentially flat -0.06%.
- The pullback was broad but modest, as both mid-caps -0.45%, and small caps -0.32% also finished slightly lower on the week.
- International markets showed relative strength, and both developed international markets (MSCI EAFE), up +0.14%, and emerging markets up +1.09%, continuing the theme of improved diversification benefits.
- Fixed Income delivered modest gains, as the Bloomberg U.S. Aggregate Bond index rose +0.07%, and high yield advanced +0.10%, providing some stability despite equity volatility.
  - Global bonds outperformed, as the Bloomberg Global Aggregate advanced +0.46%, underscoring improving bond performance as rate expectations stabilize.



## BY THE NUMBERS

**Wikipedia Turns 25:** Wikipedia just turned 25 years old, hitting the milestone on January 15th, 2026, and it's still one of the few massive Internet platforms that runs with zero ads. Even in an era dominated by algorithms and Artificial Intelligence (AI), Wikipedia pulled in an astonishing 27-billion-page views in December, powered by roughly 7 billion unique visitors, nearly the scale of the entire global population. Its reach has been enormous for years. In 2020, Guinness recognized Wikipedia as the world's largest encyclopedia when it crossed 50 million articles across all languages. But the story is shifting, with human readership down 8% as AI tools increasingly summarize information without sending users to the source. At the same time, Wikipedia is seeing the opposite trend in the background. AI-related bot traffic is surging, putting new strain on the same infrastructure that quietly supports billions of visits every month.<sup>3</sup>

**Davos 2026:** More than 60 heads of state, a record 400+ political leaders, and 830 CEO's and Chairs gathered at Davos 2026 under the theme "A Spirit of Dialogue. The week's big message was that the world is moving toward a more fractured, higher-stakes global order, one in which systemic fault lines and geopolitical tensions are no longer background noise but central investment and policy realities. President Trump used his special address to emphasize a strong Europe, arguing that energy, trade, immigration, and growth must be priorities for the West, while also softening his stance on Greenland, saying he wouldn't use excessive force. Across the agenda, leaders stressed that resilience now means grappling with worsening inequality, heavier debt burdens, and rising energy security risks alongside climate pressures. AI was a constant conversation, including a warning that roughly 40% of jobs globally could be impacted in the next few years and 60% in advanced economies, making adaptation and social cohesion just as important as economic growth.<sup>4</sup>

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## Economic Definitions

**Consumer Confidence:** The Conference Board® Consumer Confidence Index is a monthly economic indicator measuring U.S. consumer sentiment regarding current economic conditions and future expectations. Based on a survey of thousands of households, it tracks optimism or pessimism about business, employment, and income, with data often used to predict shifts in consumer spending.

**Federal Reserve (Fed):** The Federal Reserve System is the central banking system of the United States of America.

**GDP:** Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

**PCE (headline and core):** PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

**Producer Prices – PPI (headline and core):** Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e., prices received by domestic producers for their outputs either on the domestic or foreign market).

**University of Michigan Consumer Sentiment Index:** The University of Michigan Survey of Consumer Sentiment Index is an economic indicator which measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation.

## Index Definitions

**S&P 500:** The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

**NASDAQ:** The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

**Dow Jones Industrial Average:** The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

**Russell Mid-Cap:** Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

**Russell 2000:** The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**MSCI EAFE:** The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

**MSCI EM:** The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Bloomberg US Agg Bond:** The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Bloomberg High Yield Corp:** The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition, are excluded.

**Bloomberg Global Agg:** The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Municipal Bond Index:** The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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<sup>1</sup> Data obtained from Bloomberg as of 1/23/2026.

<sup>2</sup> Data obtained from Morningstar as of 1/23/2026.

<sup>3</sup> [Wikipedia turns 25 | pcgamer.com](#)

<sup>4</sup> [Davos 2026 | weforum.com](#)