

MARKET HIGHLIGHTS

- > Call it TACO or pick another witty acronym, **but investors witnessed a classic escalation and de-escalation scenario** last week regarding the threatened annexation of Greenland.
- > **Equity markets were down sharply on the first trading day** as investors grew increasingly skittish around excessive U.S. geopolitical reach before recovering the rest of the week.
- > **With Consumer Price Index and Personal Consumption Expenditures inflation stuck just under 3% but not getting worse, the Federal Reserve (Fed) may move from inflation as a primary concern** toward an emphasis on employment growth. While the Fed would likely be loath to officially change its inflation target, perhaps it has accepted that it will not achieve the target any time soon.
- > **Rick Rieder, the Chief Investment Officer of Global Fixed Income at BlackRock, has emerged from nowhere to become the favorite for the next Fed Chair.** For months it had been a two-Kevin race, but recently the administration is signaling that it likes Rieder's Wall Street background and openness to making changes at the Fed. He also may be easier to confirm. The announcement is expected this week.

MARKET PERFORMANCE

ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.07%	0.08%
Municipal Bonds 1-10Y	-0.10%	0.75%
U.S. High Yield	0.09%	0.65%
S&P 500	-0.34%	1.10%
Russell 2500 (SMID cap)	-0.29%	6.82%
MSCI EAFE (International)	0.14%	3.60%
MSCI Emerging Markets	1.09%	6.93%
MSCI ACWI (Global)	-0.07%	2.30%
Crude Oil (NYMEX WTI)	2.78%	6.62%
Gold LBMA PM	7.27%	13.24%
60/40 ACWI/Agg Portfolio	-0.01%	1.41%

WHAT CAUGHT OUR EYES THIS WEEK

Japanese Yields Are in Crisis (Or Maybe Just Normalizing)

The real action in rates markets has been overseas lately, with Japanese bond yields rising dramatically (although to not-so-dramatic levels). After decades of deflation, bond markets are struggling to price a revival of inflationary pressures. The Bank of Japan (BOJ) has been in a slow and cautious rate-hiking cycle, committing to its 2% inflation target while also being mindful of sluggish economic growth (negative in Q3 and expected to be barely positive in Q4). Inflation notwithstanding, newly elected Prime Minister Sanae Takaichi wants to press the fiscal gas pedal to accelerate her economy, even calling a snap election in hopes of expanding her party's legislative majority to pursue her fiscal agenda. At the same time, it appears that weakness in the yen is hitting its tolerable limits and contributing to inflation pressures through higher prices for imports like food and energy. Rumors are swirling of coordinated intervention by both the BOJ and the New York Fed. Meanwhile, equity investors love what they see, with corporate governance reforms, fiscal stimulus, and inflation all acting as a tailwind for earnings and sending the Nikkei index to all-time highs.

Japanese Government Bond Yields



Please see important disclosures and other key information on page 4.

OUR CURRENT OUTLOOK

- > **The U.S. economy is resilient**, but softer labor markets translate into slower (albeit still positive) trends for consumer spending.
- > **Our current expectations of a recession in the next 12 months are moderately low**, which should allow credit spreads to remain tight.
- > **Benefits from the One Big Beautiful Bill Act will accelerate in 2026**, providing a tailwind for consumer spending and capital expenditures.
- > **The Federal Reserve is still looking to cut interest rates**. We expect one or two cuts for 2026.
- > **We expect S&P 500 profits to continue with their momentum from 2025**, growing in the low to mid-teens again in 2026, and broadening to create new sector leaders in the equity markets.
- > **AI capital spending, driven by the hyperscalers, should continue to boost the U.S. economy**, fueling productivity gains and infrastructure growth.
- > **Potential risks to our outlook include** disappointments in return on investment for AI spending, growing signs of speculative excess in certain pockets of equity markets, continued geopolitical uncertainty, and further deterioration in foreign sentiment for U.S. dollar assets.

IN CASE YOU MISSED IT

INSIGHTS

[Cerity Partners Completes SOC 2 Cybersecurity Audit](#)

[How to Invest Your Bonus Wisely](#)

[Why Nonprofits Should Embrace OCIO](#)

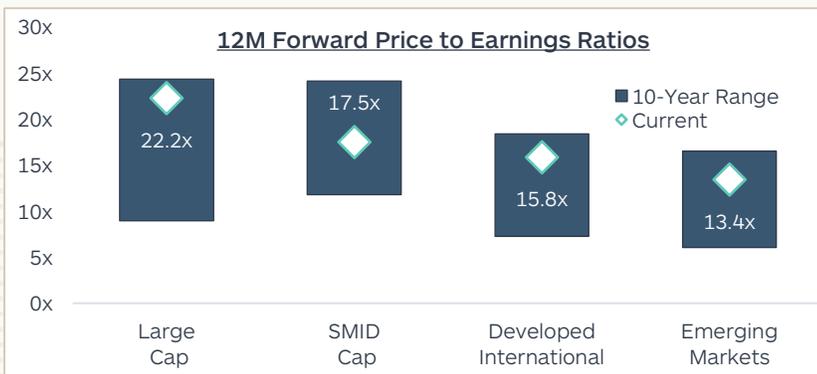
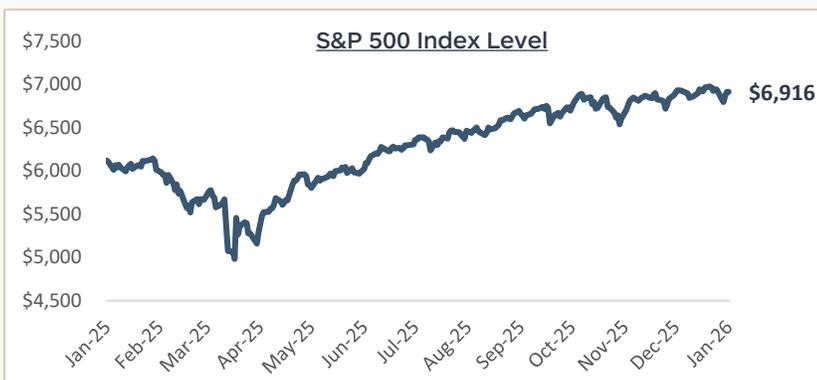
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

[Recording: Q4 2025 Market & Economic Outlook](#)

EQUITIES

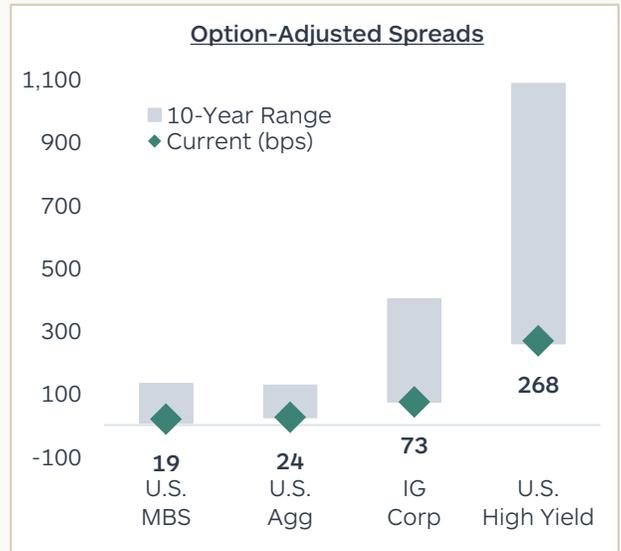


S&P 500 SECTOR	1-WEEK	YTD
Energy	3.1%	10.1%
Materials	2.6%	10.0%
Health Care	1.1%	1.7%
Comm. Services	1.1%	1.6%
Consumer Staples	1.0%	6.8%
Consumer Discretionary	0.7%	3.2%
Information Technology	-0.8%	-1.3%
Industrials	-1.6%	5.9%
Utilities	-2.0%	-0.3%
Real Estate	-2.4%	2.1%
Financials	-2.5%	-3.1%

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FIXED INCOME

KEY INTEREST RATES	1/23/26	Δ YTD
Municipal Bonds 1-10Y	2.82%	-0.15%
3M T-Bill	3.67%	0.04%
Effective Federal Funds Rate	3.64%	0.00%
10Y Treasury Yield	4.23%	0.06%
U.S. Aggregate	4.38%	0.06%
30Y Mortgage Rate	6.18%	-0.08%
Prime Rate	6.75%	0.00%
U.S. High Yield	6.95%	-0.13%

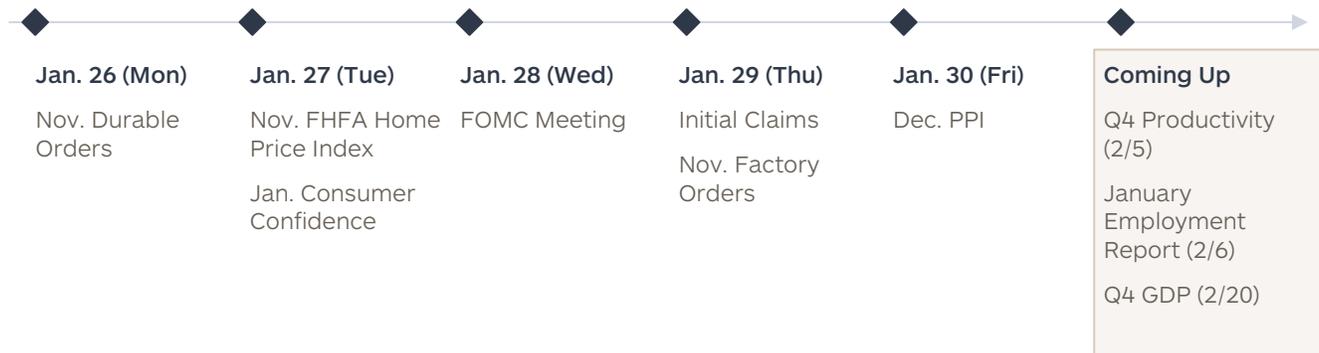


COMMODITIES, CURRENCIES, CRYPTO

Asset Class	1/23/2026
Crude Oil	\$61.05
Gold	\$4,946.25
U.S. Dollar Index	\$97.60
Bitcoin	\$89,500.00

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THE WEEK AHEAD



Please see important disclosures and other key information on page 4.

What's on Our Minds

January 26, 2026

ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, FactSet, 1/23/2026.

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 1/23/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 1/23/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 1/23/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 1/23/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 1/23/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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