



January 2026

Markets & Factor Report

Market Commentary

U.S. equities began 2026 on solid footing, with both the Nasdaq and the S&P 500 reaching record highs mid-month. The S&P 500 also logged its ninth consecutive monthly gain, the longest streak since 2017. Market leadership broadened as small- and mid-cap indices outperformed, and equal weighted benchmarks beat their market cap weighted counterparts, signaling healthier and more widespread market participation.

The Federal Reserve held interest rates steady at its January meeting, the first pause since last July. It kept the federal funds rate at 3.5%–3.75%, following three consecutive cuts to end 2025. Policymakers cited solid economic activity, stabilizing unemployment and persistent, sticky inflation as reasons for holding rates¹.

Two governors dissented in favor of a quarter-point cut, though the majority appeared comfortable maintaining current policy until clearer economic signals emerge. Toward the end of the month, Kevin Warsh was nominated as the next Federal Reserve Chair and is expected to replace Jerome Powell in May 2026.

Entering 2026, the labor market showed moderation without deterioration, an important backdrop for monetary policy. December CPI came in at 2.7% year-over-year,² continuing a gradual disinflation trend but still above the Fed's target. The economy added 50,000 jobs, while the unemployment rate held steady at 4.4%, according to the Bureau of Labor Statistics.

The U.S. dollar continued its year-long slide, touching a four-year low in January. It has fallen more than 3% since mid-month,³ driven in part by rising geopolitical uncertainty. In this environment, many investors shifted away from the dollar and into hard assets, such as gold and silver,⁴ both of which reached record highs mid-month before retreating sharply.

Globally, the International Monetary Fund's January update projected 3.3% global growth in 2026,⁵ noting resilience supported by technological investment and accommodative monetary policy. However, economists caution that elevated geopolitical risks, high debt burdens, and limited fiscal space, particularly in developing economies, could weigh on forecasts.⁶

Geographic Performance

Equity Markets delivered strong performance in January, with the broad MSCI ACWI returning 2.98%. Emerging Markets led global gains, as the MSCI Emerging Markets Index advanced 8.85%. International Developed Equities also posted solid results, with the MSCI World Ex-US up 4.73%. By comparison, U.S. Markets lagged their global counterparts, returning 1.29%.

Factor Performance

Globally, factors delivered positive returns, as reflected in the MSCI ACWI Factor Indices. The ACWI Diversified Multi-Factor Index rose 6.09% in January. Across global factors, Momentum, Small Cap, Value, and Quality all outperformed, returning 6.03%, 5.91%, 5.19%, and 3.96%, respectively. Within Emerging Markets, Momentum and Value led factor performance with gains of 15.42% and 8.97%. In both International Developed and U.S. Markets, Small Caps, Momentum, Value, and Quality all posted strong results, returning 6.11%, 6.08%, 5.36%, and 4.96% internationally, and 5.42%, 1.33%, 4.48%, and 1.79% in the U.S., respectively.

Sector Performance

Sector performance, as measured by the Select Sector SPDR ETFs, was broadly positive in January. Energy led the market with a 14.18% return, while Materials, Consumer Defensive, and Industrials also delivered strong gains of 8.64%, 7.51%, and 6.65%, respectively. The only sectors to post negative returns were Health Care at -0.04%, Technology at -0.06%, and Financials at -2.43%.

All data based on YCharts, January 31, 2026. See disclosure page for footnotes.

Past performance does not guarantee future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted.

Market Update

Asset Class Snapshot 1/31/26	
Asset Class	MTD Return
Global Stock Ex U.S.	5.98%
U.S. Real Estate	2.63%
U.S. Stock	1.29%
International Bond	0.35%
U.S. Bond	0.11%

Region Snapshot 1/31/26	
Region	MTD Return
Latin America Stock	15.33%
Emerging Markets	8.85%
Asia Pacific Stock	7.57%
International Developed	4.73%
Europe Stock	4.45%
U.S. Stock	1.29%

Equity Style Snapshot 1/31/26			
MTD	Value	Blend	Growth
Large	4.59%	1.16%	-1.32%
Mid	4.25%	2.09%	-0.92%
Small	5.35%	4.62%	3.66%

Asset Class Summary 1/31/26							
Asset Class	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Stock	1.29%	1.33%	1.29%	15.75%	21.17%	14.37%	15.57%
Global Stock Ex U.S.	5.98%	9.13%	5.98%	34.87%	16.56%	9.12%	9.82%
U.S. Bond	0.11%	0.58%	0.11%	6.85%	3.65%	-0.20%	1.88%
International Bond	0.35%	-0.05%	0.35%	2.89%	4.87%	0.95%	2.45%
U.S. Real Estate	2.63%	2.61%	2.63%	4.41%	4.46%	5.51%	6.52%

Region Summary 1/31/26							
Region	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Stock	1.29%	1.33%	1.29%	15.75%	21.17%	14.37%	15.57%
International Developed	4.73%	9.04%	4.73%	32.23%	16.99%	11.30%	10.40%
Emerging Markets	8.85%	9.43%	8.85%	42.84%	16.74%	5.34%	10.08%
Europe Stock	4.45%	10.11%	4.45%	32.32%	16.67%	11.59%	9.74%
Asia Pacific Stock	7.57%	7.39%	7.57%	35.74%	15.94%	6.09%	9.79%
Latin America Stock	15.33%	23.64%	15.33%	63.04%	16.66%	13.36%	10.88%

Factor Summary 1/31/26							
Region	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
MSCI USA	1.29%	1.33%	1.29%	15.75%	21.17%	14.37%	15.57%
MSCI ACWI	2.98%	4.11%	2.98%	22.40%	19.60%	12.46%	13.31%
MSCI USA Value	4.48%	7.14%	4.48%	13.73%	12.87%	12.36%	11.38%
MSCI USA Small Cap	5.42%	7.27%	5.42%	14.03%	12.42%	8.40%	12.44%
MSCI USA Quality	1.79%	3.85%	1.79%	14.05%	23.70%	15.14%	16.71%
MSCI USA Momentum	1.33%	-0.30%	1.33%	13.18%	20.29%	9.66%	14.76%
MSCI USA Minimum Volatility	0.87%	2.43%	0.87%	5.01%	10.93%	9.36%	10.84%
MSCI USA Diversified Multi-Factor	5.16%	6.72%	5.16%	21.52%	19.76%	13.96%	13.66%
MSCI ACWI Diversified Multi-Factor	6.09%	9.94%	6.09%	29.52%	18.51%	12.08%	12.21%

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Market Update

Sector Snapshot		1/31/26
Sector	MTD	Return
Energy		14.18%
Materials		8.64%
Consumer Defensive		7.51%
Industrials		6.65%
Real Estate		2.68%
Comm. Services		2.00%
Consumer Cyclical		1.47%
Utilities		1.31%
Health Care		-0.04%
Technology		-0.06%
Financials		-2.43%

S&P 500 Sector Weights*		1/29/26
Sector	Weight	
Technology		34.36%
Financials		12.61%
Comm. Services		11.26%
Consumer Cyclical		10.55%
Health Care		9.35%
Industrials		7.93%
Consumer Defensive		4.91%
Energy		3.13%
Utilities		2.24%
Real Estate		1.84%
Materials		1.80%

Sector Summary								1/31/26
Sector	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
Cyclical								
Consumer Cyclical	1.47%	1.20%	1.47%	5.27%	18.68%	9.26%	13.80%	
Financials	-2.43%	2.40%	-2.43%	5.26%	15.32%	15.01%	13.84%	
Materials	8.64%	15.61%	8.64%	13.17%	7.27%	9.02%	12.00%	
Real Estate	2.68%	2.40%	2.68%	3.44%	4.21%	5.91%	7.19%	
Sensitive								
Comm. Services	2.00%	4.93%	2.00%	18.71%	31.06%	13.53%	-	
Energy	14.18%	16.83%	14.18%	20.40%	7.90%	25.66%	10.18%	
Industrials	6.65%	7.06%	6.65%	21.21%	19.36%	16.06%	14.73%	
Technology	-0.06%	-4.15%	-0.06%	25.44%	29.32%	18.34%	22.82%	
Defensive								
Consumer Defensive	7.51%	10.36%	7.51%	8.62%	7.07%	8.23%	7.95%	
Health Care	-0.04%	7.73%	-0.04%	7.20%	6.83%	7.81%	10.64%	
Utilities	1.31%	-2.19%	1.31%	14.22%	11.13%	10.12%	10.10%	

Market Indicators								
Name	As of	Last Month**	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.	
Key Interest Rates								
1 Month Treasury	1/30/26	3.72%	3.65%	▲ 1.9%	4.37%	▼ -14.9%	Daily	
2 Year Treasury	1/30/26	3.52%	3.45%	▲ 2.0%	4.18%	▼ -15.8%	Daily	
10 Year Treasury	1/30/26	4.26%	4.14%	▲ 2.9%	4.52%	▼ -5.8%	Daily	
30 Year Mortgage	1/29/26	6.10%	6.18%	▼ -1.3%	6.96%	▼ -12.4%	Weekly	
US Corporate AAA	1/31/26	4.73%	4.70%	▲ 0.6%	4.90%	▼ -3.5%	Daily	
US Corporate BBB	1/31/26	5.04%	5.04%	▲ 0.0%	5.51%	▼ -8.5%	Daily	
US Corporate CCC	1/31/26	12.45%	12.49%	▼ -0.3%	11.19%	▲ 11.3%	Daily	
Effective Federal Funds	1/30/26	3.64%	3.64%	▲ 0.0%	4.33%	▼ -15.9%	Daily	
U.S. Economy								
Consumer Sentiment	1/31/26	56.40	52.90	▲ 6.6%	71.70	▼ -21.3%	Monthly	
Unemployment Rate	12/31/25	4.40%	4.50%	▼ -2.2%	4.10%	▲ 7.3%	Monthly	
Inflation Rate	12/31/25	2.71%	2.68%	▲ 1.3%	2.89%	▼ -6.0%	Monthly	
Manufacturing PMI	1/31/26	52.60	47.90	▲ 9.8%	50.90	▲ 3.3%	Monthly	
Non Manufacturing PMI	12/31/25	54.40	52.60	▲ 3.4%	54.00	▲ 0.7%	Monthly	
Retail Sales	11/30/25	635,651	632,395	▲ 0.5%	616,568	▲ 3.1%	Monthly	
Building Permits	10/31/25	1,412	1,415	▼ -0.2%	1,428	▼ -1.1%	Monthly	

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Market Update

Asset Class Indices

Name	Index	Index Start Date
U.S. Stock	MSCI USA	1/21/94
Global Stock Ex U.S.	MSCI ACWI Ex USA Net Total Return	12/29/00
U.S. Bond	Bloomberg US Aggregate	4/29/96
International Bond	Bloomberg Global Aggregate ex-USD USD Hedged	9/4/00
U.S. Real Estate	Dow Jones US Real Estate Index Total Return	8/2/10

Region Indices

Name	Index	Index Start Date
U.S. Stock	MSCI USA	1/21/94
International Developed	MSCI World Ex USA	6/1/94
Emerging Markets	MSCI Emerging Markets Net Total Return	12/29/00
Europe Stock	MSCI Europe Net Total Return	2/28/95
Asia Pacific Stock	MSCI AC Asia Pacific Net Total Return	12/29/00
Latin America Stock	MSCI Emerging Markets Latin America Net Total Return	12/29/00

Equity Style Indices

Name	Index	Index Start Date
MSCI USA	MSCI USA	1/21/94
MSCI ACWI	MSCI ACWI	12/31/87
MSCI USA Value	MSCI USA Value	12/31/96
MSCI USA Small Cap	MSCI USA Small Cap	6/1/94
MSCI USA Quality	MSCI USA Quality	11/28/75
MSCI USA Momentum	MSCI USA Momentum	12/31/74
MSCI USA Minimum Volatility	MSCI USA Minimum Volatility	5/31/88
MSCI USA Diversified Multi-Factor	MSCI USA Diversified Multi-Factor	11/30/98
MSCI ACWI Diversified Multi-Factor	MSCI ACWI Diversified Multi-Factor	11/30/98

Sector Indices

Name	Index	Index Start Date
Consumer Cyclical	Consumer Discretionary Select Sector SPDR Fund	12/16/98
Financials	Financial Select Sector SPDR Fund	12/16/98
Materials	Materials Select Sector SPDR Fund	12/16/98
Real Estate	Real Estate Select Sector SPDR Fund	10/7/15
Comm. Services	Communication Services Select Sector SPDR Fund	6/19/18
Energy	Energy Select Sector SPDR Fund	12/16/98
Industrials	Industrial Select Sector SPDR Fund	12/16/98
Technology	Technology Select Sector SPDR Fund	12/16/98
Consumer Defensive	Consumer Staples Select Sector SPDR Fund	12/16/98
Health Care	Health Care Select Sector SPDR Fund	12/16/98
Utilities	Utilities Select Sector SPDR Fund	12/16/98

* SPY's sector exposure data is used as a proxy for the 'S&P 500 Sector Weights' module. This data may not be updated as of the selected time period in cell F1, as YCharts does not provide historical sector exposure data for ETFs or Mutual Funds.

** Economic data may not be updated as of the selected time period in cell F1. Please see the 'As of' column in the 'Market Indicators' module to determine each indicator's as of date. '1 Month Ago' and '1 Year Ago' columns will populate with data 1 month and 1 year prior to the 'As of' column, respectively.



Disclosure

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The S&P 500 Index represents the 500 leading U.S. companies, approximately 80% of the total U.S. market capitalization. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq Composite Index (NASDAQ). The NASDAQ measures all NASDAQ domestic and international based common type stocks listed on The Nasdaq Stock Market and includes over 2,500 companies. The MSCI World Ex USA GR USD Index captures large- and mid-cap representation across 22 of 23 developed markets countries, excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets (as defined by the MSCI). The index consists of the 25 emerging market country indexes. The Bloomberg Barclays US Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed-income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The Bloomberg Barclays Global Aggregate (USD Hedged) Index is a flagship measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging market issuers. The Index is USD hedged.

¹ Timiraos, N., Fed Holds Rates Steady for First Time Since July, Wall Street Journal, January 28, 2026, https://www.wsj.com/economy/central-banking/fed-holds-rates-steady-for-first-time-since-july-e5622f03?mod=economy_lead_story

² Economic News Release, U.S. Bureau of Statistics, <https://www.bls.gov/bls/newsrels.htm>

³ Picchi, A., "The U.S. dollar just fell to its lowest level in 4 years. Here's why," CBS News, January 29, 2026, <https://www.cbsnews.com/news/us-dollar-decline-impact-consumers-business-money>

⁴ Choubey, A., "Gold Falls as Investors Take Profits After Record High," Reuters, January 29, 2026, <https://www.reuters.com/world/india/gold-extends-record-run-races-past-5400oz-2026-01-28>

⁵ World Economic Outlook Update, Global Economy: Steady Amid Divergent Forces, January 2026, <https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026>

⁶ Global Economy Shows Signs of Steady But Subdued Growth, United Nations, January 8, 2026, <https://news.un.org/en/story/2026/01/1166717>