

January 2026

# Demarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for the Period Ended 01/31/2026

## Global Overview

U.S. equity markets advanced to start 2026 with returns supported by broader participation and a shift toward value and cyclical segments. Beneath the surface, economic signals were mixed, as a rebound in manufacturing activity contrasted with a challenged labor market and a sharp deterioration in consumer sentiment. After an extended period of speculation, President Trump announced his selection for Chairman of the Federal Reserve, with markets beginning to assess potential implications for the future path of monetary policy. International markets delivered positive equity returns despite uneven growth trends, supported by strength across parts of Europe and Asia. Gold prices were volatile late in the month amid policy uncertainty, though longer-term support from Central Bank demand, strong private investment flows, and a weaker U.S. dollar remained intact.

## U.S. Markets & Economy

U.S. equity markets opened 2026 with continued strength, building on the positive momentum established in the second half of last year. The January performance reflected an improvement in market breadth, with broad participation across sectors and increased exposure to economically sensitive and value-oriented areas. In late January, President Trump announced his selection of Kevin Warsh as the next Federal Reserve Chairman pending Senate approval. Mr. Warsh worked closely with former Chair Ben Bernanke during the Great Financial Crisis and served as the Fed's primary point of contact with large finance institutions and market participants. The S&P 500 gained 1.5% for the month, with seven of eleven sectors posting gains. While market participation has broadened, leading macroeconomic indicators remain challenged. The ISM Manufacturing PMI increased from 47.9 to 52.6, marking the first month of expansion in approximately a year. Although the rebound has fueled optimism around a potential turning point in manufacturing, further confirmation will be needed in subsequent releases. The labor market showed variability during the month, with initial jobless claims totaling 231,000, up from 215,000 in the final week of December. Consumer confidence declined sharply to 84.5, its lowest level since 2014. According to The Conference Board, "confidence collapsed in January, as consumer concerns about both present conditions and future expectations deepened," with all five components of the index contributing to the decline. The Russell 1000 Value returned 4.6%, materially ahead of the Russell 1000 Growth, which declined 1.5%. A similar dynamic played out in small caps, where the Russell 2000 Value gained 6.9% versus a 4.0% return for the Russell 2000 Growth. At the core index level, the Russell 1000 advanced 1.4% while the Russell 2000 rose 5.4%.

Domestic fixed income performance was shaped by offsetting rate and credit dynamics during the month. Treasury yields rose across the curve, with the largest increase concentrated in the 10-year segment. Credit conditions were uneven, as high yield spreads widened modestly from 281 to 288 basis points, while investment-grade spreads tightened from 79 to 75 basis points. The Bloomberg U.S. Aggregate Bond Index returned 0.1%, while the Bloomberg U.S. Government/Credit Index finished flat. Intermediate Government/Credit bonds posted a modest gain of 0.1%, but longer-duration exposure detracted, with the Bloomberg U.S. Long Government/Credit Index declining 0.2%. In contrast, higher-yielding credit performed better, as the ICE BofA U.S. High Yield Index gained 0.5%, benefiting from shorter duration and income carry that helped offset modest spread widening.

## International Markets & Economy

The Eurozone grew 0.3% in Q4 2025, lifting full-year GDP growth to 1.3%, modestly above the 1.2% consensus expectation. Spain and Portugal were among the strongest contributors, while France posted flat growth as political uncertainty weighed on activity late in the year. January EU inflation continued to ease, with headline inflation at 1.7% and core at 2.2%, pointing to a soft start to 2026. Reflecting ongoing uncertainty, Germany lowered its 2026 and 2027

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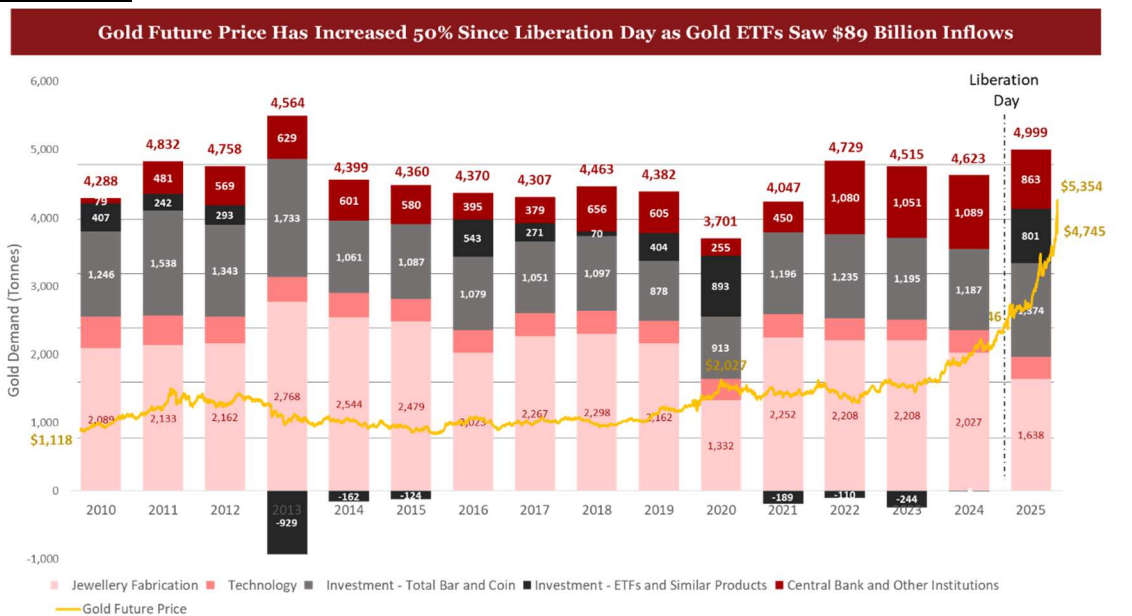
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growth forecasts, citing global trade risks and slower-than-expected effects from fiscal and economic policy measures. French manufacturing showed improvement, with the PMI rising to a 43-month high as production volumes accelerated. Japanese government bonds sold off following Prime Minister Takaichi's call for a February snap election and a proposal to temporarily suspend the food consumption tax, raising concerns about Japan's long-term fiscal outlook. Long-dated JGB yields reached record highs amid weaker-than-average auction demand, while the Bank of Japan kept policy rates unchanged at 0.75%. Equity markets delivered a strong start to the year, with MSCI EAFE returning 5.2%, supported by gains in Japan and the broader Eurozone despite weaker performance in Germany and France. Taiwan's exports reached a record in 2025, driven by AI-related demand for semiconductors and servers, while China's industrial profits rose for the first time since 2021, albeit with margins remaining historically low. The MSCI Emerging Markets Index advanced 8.9%, supported by semiconductor strength in Asia and firmer commodity prices across parts of Latin America.

## In the News

Gold futures experienced sharp volatility in the final week of January, reaching an all-time high of \$5,627/oz on the 29th before falling to \$4,745 by the end of the 30th following President Trump's nomination of Kevin Warsh as Fed Chair. Silver showed similar price swings, with futures rising to \$122/oz before retreating to roughly \$78 over the same period. The reversal was widely viewed as a technical correction and a reaction to Warsh's perceived hawkish stance on balance-sheet reduction and limited monetary stimulus, which could support a stronger U.S. dollar. Central banks have significantly increased gold purchases for foreign-exchange reserves since 2022 following the Russia-Ukraine war, reflecting a shift away from dollar-based assets, particularly among countries with strained U.S. relations. Annual central-bank gold demand exceeded 1,000 tons from 2022 through 2024, compared with a 10-year pre-2022 average of 518 tons. Purchases eased to 863 tons in 2025, partially due to elevated prices driven by private-sector demand. Private investor demand remained strong, supported by the debasement trade aimed at hedging against declining fiat purchasing power. According to the World Gold Council, gold ETFs saw \$89 billion in inflows in 2025, with total ETF AUM doubling to a record \$559 billion. A weaker U.S. dollar, which was down more than 10% in 2025, and recently trading near 96 on the DXY also provided support for gold prices. JPMorgan noted that Warsh's nomination does not materially change the supportive policy backdrop for gold and raised its year-end price target to \$6,150/oz, with a forecast range of \$6,000–\$6,300.

## Chart of the Month



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## Capital Markets Overview

	TRAILING			ANNUALIZED				
	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	
Broad Market	MSCI World NR USD	2.24	3.36	2.24	19.58	19.31	12.87	13.11
	Bloomberg US Agg Bond TR USD	0.11	0.58	0.11	6.85	3.65	(0.20)	1.88
	Russell 3000 TR USD	1.55	1.81	1.55	15.32	20.18	13.60	15.13
	DJ Industrial Average TR USD	1.80	3.23	1.80	11.65	14.94	12.42	13.94
	NASDAQ Composite PR USD	0.95	(1.11)	0.95	19.54	26.52	12.41	17.66
	MSCI EAFE NR USD	5.22	9.05	5.22	31.18	16.17	10.27	9.55
	FTSE Treasury Bill 3 Mon USD	0.32	0.99	0.32	4.33	5.02	3.37	2.26
	Bloomberg Commodity TR USD	10.36	13.53	10.36	22.91	7.61	12.26	6.95
Domestic Equities	S&P 500 TR USD	1.45	1.76	1.45	16.35	21.11	14.99	15.57
	S&P MidCap 400 TR	4.05	6.26	4.05	7.71	10.75	9.66	11.81
	S&P SmallCap 600 TR USD	5.61	8.35	5.61	8.79	8.86	7.17	11.12
	Russell 1000 TR USD	1.38	1.63	1.38	15.31	20.66	14.09	15.38
	Russell 1000 Growth TR USD	(1.51)	(3.90)	(1.51)	14.50	27.05	15.14	18.63
	Russell 1000 Value TR USD	4.56	8.07	4.56	15.83	13.67	12.53	11.61
	Russell Mid Cap TR USD	3.06	4.08	3.06	9.33	12.48	9.39	12.10
	Russell Mid Cap Growth TR USD	(0.87)	(4.27)	(0.87)	1.25	15.04	6.53	13.28
	Russell Mid Cap Value TR USD	4.28	6.84	4.28	11.87	10.94	10.80	10.87
	Russell 2000 TR USD	5.35	5.75	5.35	15.81	12.20	6.16	11.21
	Russell 2000 Growth TR USD	3.98	1.94	3.98	13.91	13.45	3.01	11.27
	Russell 2000 Value TR USD	6.86	10.06	6.86	17.90	10.81	9.21	10.76
International Equities	MSCI ACWI Ex USA NR USD	5.98	9.13	5.98	34.87	16.56	9.12	9.82
	MSCI EAFE NR USD	5.22	9.05	5.22	31.18	16.17	10.27	9.55
	MSCI EAFE Growth NR USD	4.70	4.98	4.70	19.95	11.82	5.68	8.63
	MSCI EAFE Value NR USD	5.70	13.11	5.70	43.06	20.61	14.81	10.22
	MSCI Japan NR USD	6.59	6.42	6.59	30.77	17.67	8.19	9.24
	MSCI AC Asia Ex Japan NR USD	8.20	7.98	8.20	42.05	16.20	4.54	10.28
	MSCI Europe NR USD	4.45	10.11	4.45	32.32	16.67	11.59	9.74
	MSCI United Kingdom NR USD	5.16	10.66	5.16	35.04	17.85	14.53	9.05
	MSCI EAFE Small Cap NR USD	5.79	9.52	5.79	34.82	14.35	6.90	8.99
	MSCI EM NR USD	8.85	9.43	8.85	42.84	16.74	5.34	10.08
Fixed Income	Bloomberg US Govt/Credit TR USD	0.00	0.34	0.00	6.31	3.53	(0.38)	2.02
	Bloomberg US Govt/Credit Interm TR USD	0.08	0.84	0.08	6.44	4.44	1.03	2.17
	Bloomberg US Govt/Credit Long TR USD	(0.23)	(1.16)	(0.23)	5.93	0.82	(4.36)	1.74
	ICE BofA US High Yield TR USD	0.48	1.64	0.48	7.54	8.80	4.52	6.67
	VettaFi US High Yield USD	0.44	1.67	0.44	7.41	8.77	4.61	6.65
	Morningstar LSTA US LL TR USD	(0.31)	0.69	(0.31)	4.85	8.28	6.10	5.86
	FTSE WGBI NonUSD USD	1.63	2.07	1.63	9.76	2.18	(4.64)	(0.09)
	Bloomberg Gbl Agg Ex USD TR USD	1.62	2.13	1.62	9.95	2.67	(3.08)	0.67
REITs	FTSE Nareit All REITs TR	2.82	2.30	2.82	3.32	3.30	4.99	6.18
	Wilshire US REIT TR USD	3.05	2.96	3.05	4.78	6.42	7.39	6.29

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

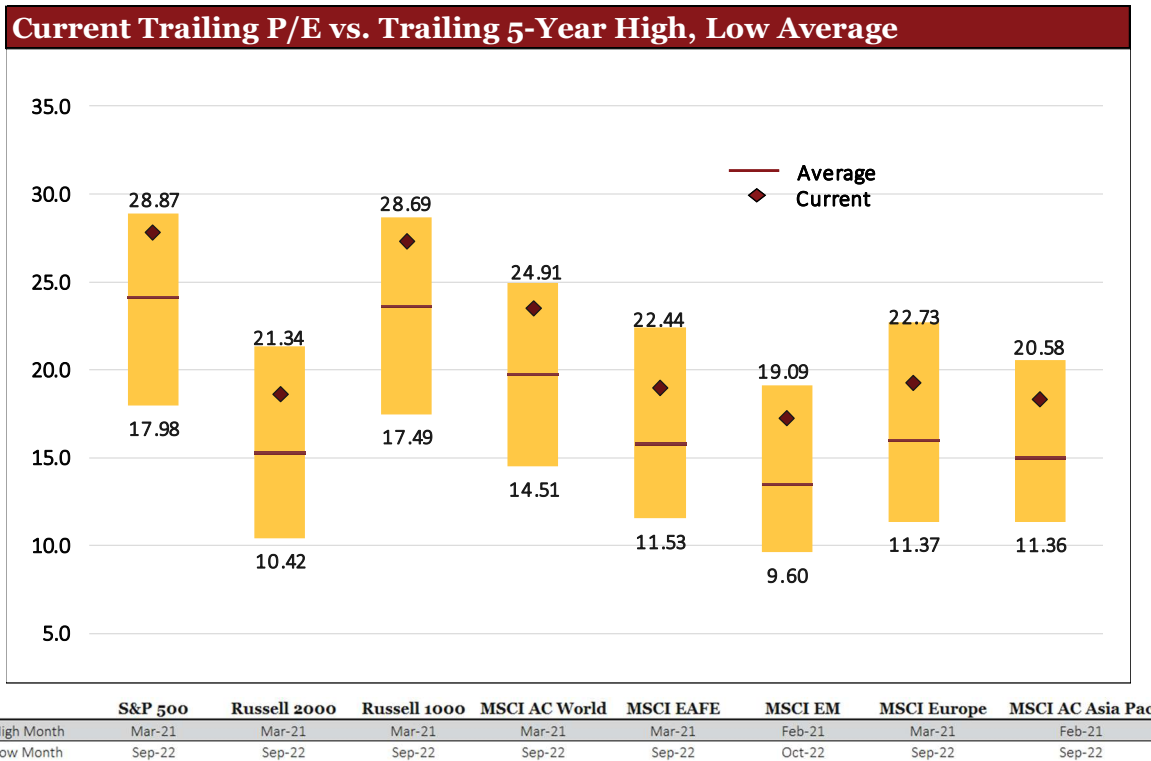
Source: Morningstar

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Source: Morningstar; Data as of 01/31/2026

## Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates <sup>3</sup> per US \$		Inflation <sup>2</sup>
	Latest <sup>1</sup>	2026 <sup>1</sup>	2027 <sup>1</sup>	(Most recently available)	Sovereign Bonds, 10 Year	Current	1 Year Ago	(Most recently available)
<b>United States</b>	4.40	1.72	1.86	4.40	4.30	-	-	2.60
<b>China</b>	1.20	4.41	4.34	5.10	1.81	6.95	7.24	1.20
<b>Japan</b>	-0.60	0.89	0.90	2.60	2.26	154.34	154.91	2.40
<b>United Kingdom</b>	0.10	1.17	1.33	5.10	4.52	1.37	1.24	3.20
<b>Euro Area</b>	0.30	1.21	1.40	6.20	3.19	1.19	1.04	2.30
<b>Germany</b>	0.30	1.00	1.45	6.30	2.89	1.19	1.04	2.50
<b>France</b>	0.20	0.95	1.04	7.70	3.47	1.19	1.04	1.10
<b>Italy</b>	0.30	0.62	0.74	5.60	3.51	1.19	1.04	1.80
<b>Canada</b>	0.60	1.27	1.70	6.80	3.45	1.36	1.45	2.80
<b>India</b>	2.00	6.15	6.45	4.80	6.73	90.90	86.27	4.95
<b>Mexico</b>	0.80	1.17	1.73	2.40	8.93	17.35	20.63	4.33
<b>Brazil</b>	0.10	1.67	2.23	5.10	13.54	5.25	5.84	5.12

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

1. Latest GDP is seasonally adjusted annualized rate. 2026 & 2027 is forecasted data from OECD

2. In terms of Core CPI

3. Euro Area and U.K. exchange rates quoted in market standard format (USD/Non-USD currency)

4. Germany, France, and Italy currency exchange rates are taken at the Euro Area exchange rates

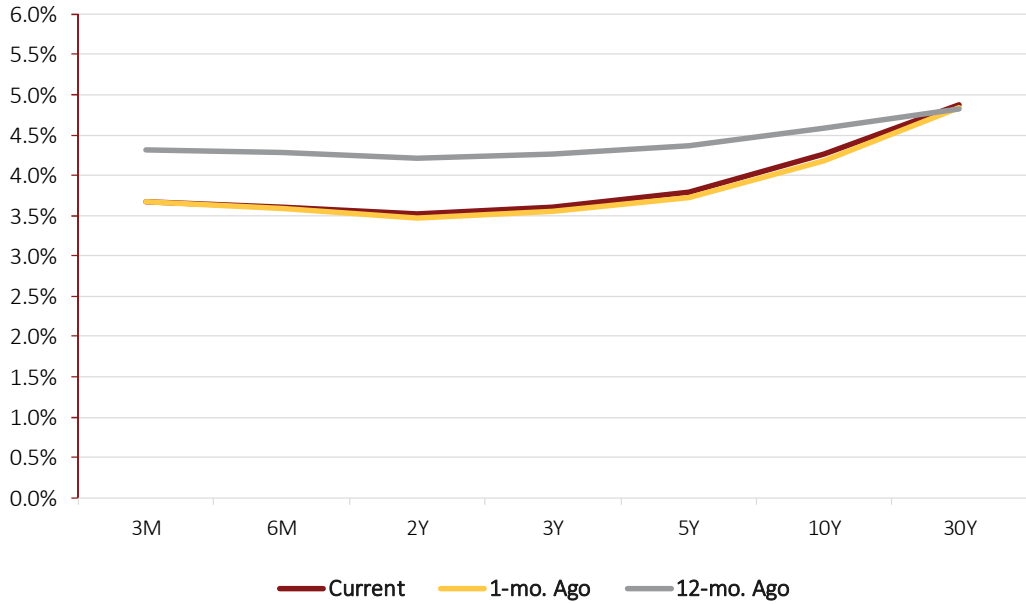
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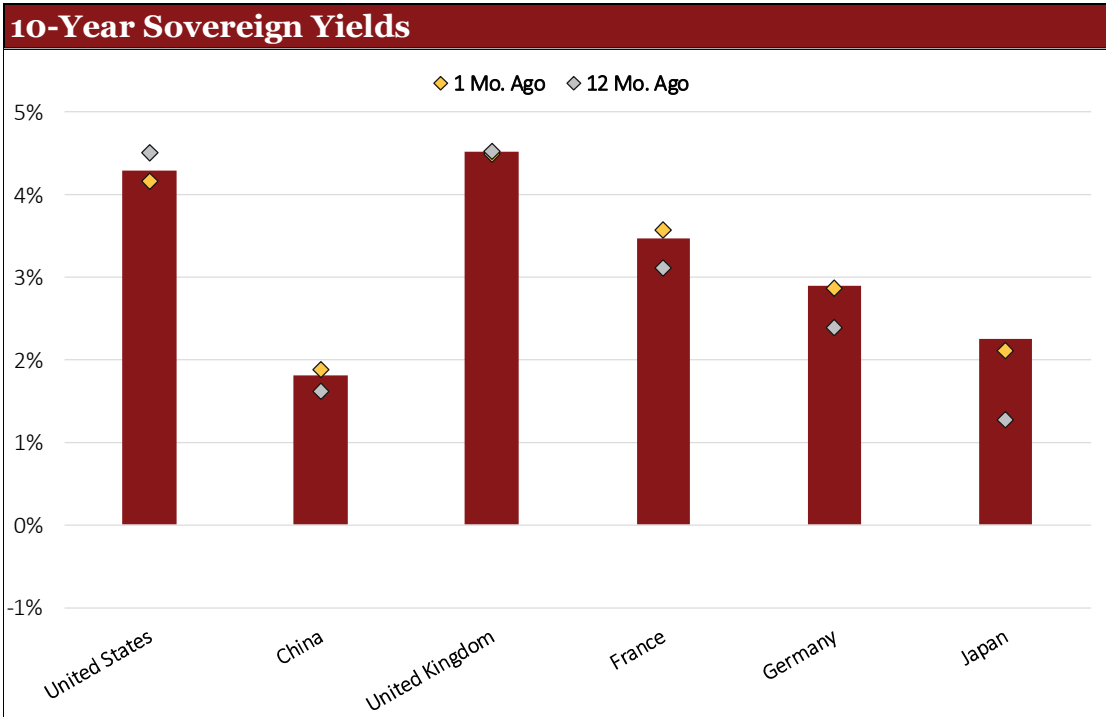
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## U.S. Treasury Yield Curves



Source: Federal Reserve Bank; Data as of 01/31/2026



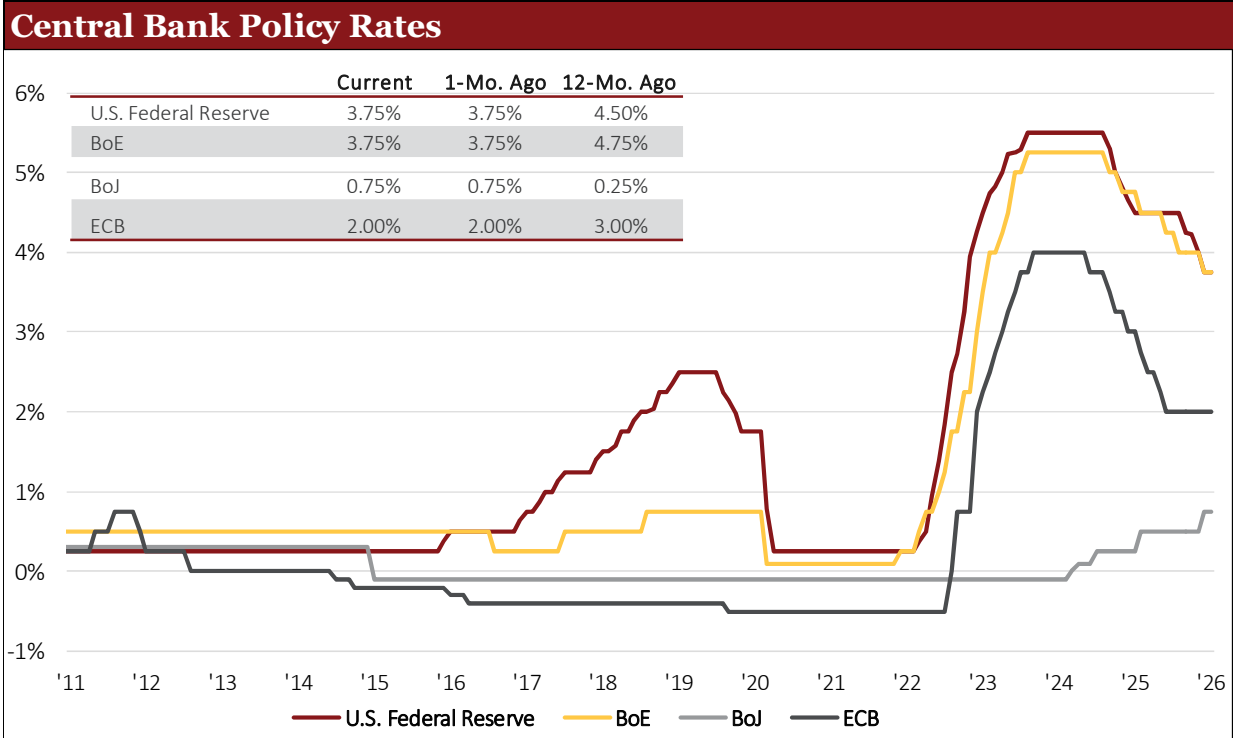
Source: Trading Economics; Data as of 01/31/2026

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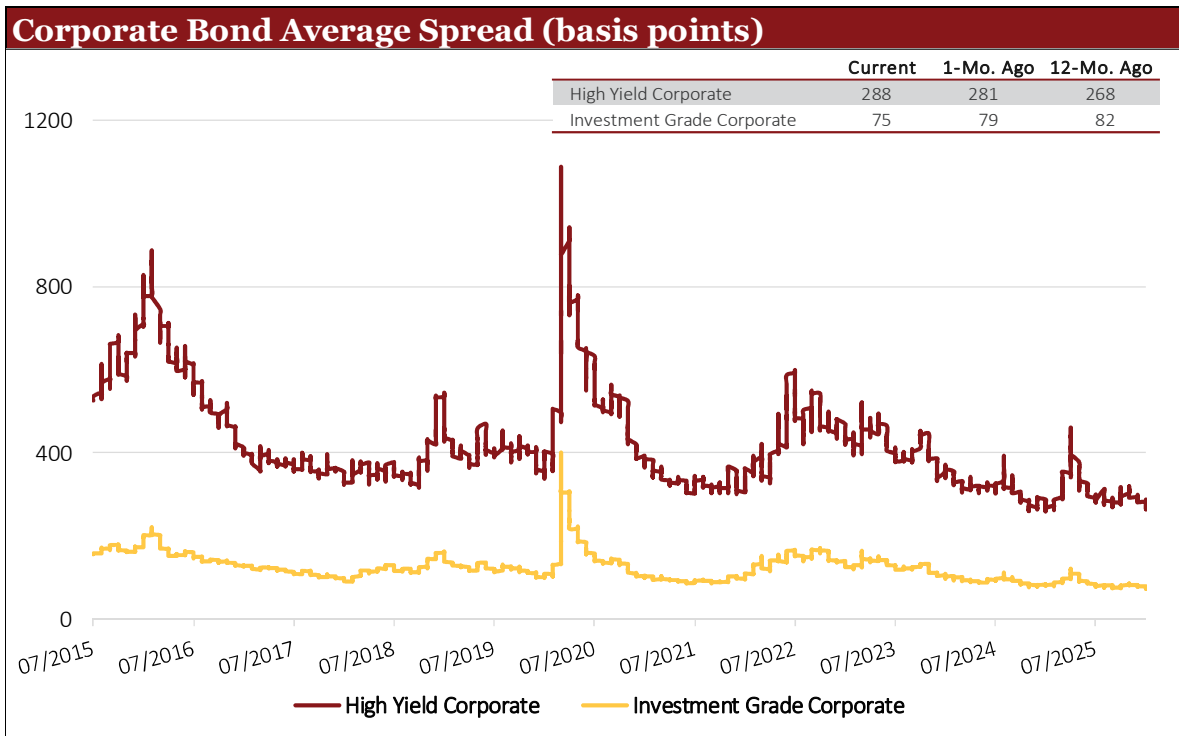
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Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics; Data as of 01/01/2026



Source: Federal Reserve Bank, Bank of America; Data as of 01/31/2026