

Monthly Market Snapshot

January 2026



RIVERCHASE
WEALTH MANAGEMENT

Summary

Capital Markets

Global equity markets added to positive returns for the year through December, with international equities outperforming domestic counterparts for the month.

International Equities

Both international developed and international emerging markets stocks posted strong performance in December. For the full year, international developed stocks nearly doubled the performance of the S&P 500. The strongest regional performance was delivered by Latin American stocks, with the LatAm index up nearly 55% for the full year.

Much of the relative strength of international equities resulted from a depreciating dollar through the first half of the year. It remains to be seen if the dollar will continue to depreciate into 2026.

Fixed Income

While fixed income markets declined slightly for December, the segment delivered attractive performance at 7.3% for the Bloomberg Aggregate for the full year. While this still doesn't offset losses experienced in 2022 as rates rose, it definitely puts bonds back into a place of ballast and steady earnings within portfolios.

Economic Overview

We finally started to get some economic data in December following the government shutdown. Unfortunately, some of this data is incomplete and cannot be re-created, so there simply will be gaps in the data. It will take a few more months for new data to re-establish trends.

Jobs Data:

The jobs data for December indicate that hiring continues to slow, but is not indicative (yet) of wholesale layoffs or a capitulating labor market. It appears employers are happy to simply sit tight with existing staffing, neither hiring nor firing.

Inflation Trends:

CPI data surprised to the downside in December, however, this could be the result of anomalies in the data interpolation to make up for the shutdown. Some analysts have suggested the official reading would have been more in line with consensus expectations were it not for statistical gaming to bridge the data gap. The next few reports will be important to separate fact from fiction.

Federal Reserve Rate Cut:

The Fed cut one final time at the December meeting, but the consensus opinion of the Fed appears to be unraveling. Historically, most of the Fed members vote in unison, with very infrequent dissent. At the December meeting, Stephen Miran preferred to cut an additional 0.25%, while Austan Goolsbee and Jeffrey Schmid both preferred no change in the rate. It is unusual to see dissent on both sides of the policy decision. Current market indications are that the Fed may not cut again until June, and may cut only twice in 2026.

Market Returns

Asset Class Snapshot		12/31/25
Asset Class		1 Month Return
Global Stock Ex U.S.	3.00%	
Emerging Markets	2.99%	
Global Bond	0.26%	
U.S. Stock	0.06%	
U.S. Bond	-0.15%	

Region Snapshot		12/31/25
Region		1 Month Return
Europe Stock	3.90%	
Global Stock Ex U.S.	3.00%	
Emerging Markets	2.99%	
Asia Pacific Stock	2.11%	
Latin America Stock	1.08%	
U.S. Stock	0.06%	

US Equity Style Snapshot		12/31/25	
1 Month	Value	Blend	Growth
Large	0.79%	-0.03%	-0.49%
Mid	0.47%	-0.30%	-1.37%
Small	0.61%	0.06%	-0.66%

Asset Class Summary		12/31/25				
Asset Class	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
U.S. Stock	0.06%	2.66%	17.88%	17.88%	23.01%	14.42%
Global Stock Ex U.S.	3.00%	5.05%	32.39%	32.39%	17.33%	7.91%
U.S. Bond	-0.15%	1.10%	7.30%	7.30%	4.66%	-0.36%
Global Bond	0.26%	0.24%	8.17%	8.17%	3.98%	-2.15%
Emerging Markets	2.99%	4.73%	33.57%	33.57%	16.40%	4.20%

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Global Stock Ex U.S.	3.00%	5.05%	32.39%	32.39%	17.33%	7.91%
Emerging Markets	2.99%	4.73%	33.57%	33.57%	16.40%	4.20%
Europe Stock	3.90%	6.20%	35.41%	35.41%	18.22%	10.30%

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	12/31/25	3.74%	4.05%	▼ -7.7%	4.40%	▼ -15.0%	Daily
2 Year Treasury	12/31/25	3.47%	3.47%	▲ 0.0%	4.25%	▼ -18.4%	Daily
10 Year Treasury	12/31/25	4.18%	4.02%	▲ 4.0%	4.58%	▼ -8.7%	Daily
30 Year Mortgage	12/31/25	6.15%	6.23%	▼ -1.3%	6.85%	▼ -10.2%	Weekly
US Corporate AAA	12/31/25	4.70%	4.58%	▲ 2.6%	4.92%	▼ -4.5%	Daily
US Corporate BBB	12/31/25	5.04%	4.98%	▲ 1.2%	5.55%	▼ -9.2%	Daily
US Corporate CCC	12/31/25	12.49%	12.53%	▼ -0.3%	11.78%	▲ 6.0%	Daily
Effective Federal Funds	12/31/25	3.64%	3.89%	▼ -6.4%	4.33%	▼ -15.9%	Daily
U.S. Economy							
Consumer Sentiment	12/31/25	52.90	51.00	▲ 3.7%	74.00	▼ -28.5%	Monthly
Unemployment Rate	12/31/25	4.40%	4.50%	▼ -2.2%	4.10%	▲ 7.3%	Monthly
Inflation Rate	11/30/25	2.68%	3.01%	▼ -11.1%	2.75%	▼ -2.5%	Monthly
Manufacturing PMI	11/30/25	48.20	49.10	▼ -1.8%	48.40	▼ -0.4%	Monthly
Non Manufacturing PMI	11/30/25	52.60	50.00	▲ 5.2%	52.10	▲ 1.0%	Monthly
Retail Sales	10/31/25	633,232	632,664	▲ 0.1%	612,552	▲ 3.4%	Monthly
Building Permits	8/31/25	1,330	1,362	▼ -2.3%	1,476	▼ -9.9%	Monthly
Nonfarm Payrolls MoM	12/31/25	50	56	▼ -10.7%	323	▼ -84.5%	Monthly

Summary:

The 2025 economy was driven in large part by two forces – economic policy changes from the Trump Administration, and continued robust AI investment by hyperscalers. For 2026, we start the year looking at much the same environment. There continues to be expectations of uncertain economic policy, driven by Supreme Court decisions and mid-term election pressures, and on the AI front, the hyperscalers show no signs of slowing their innovation and investment.

With the uncertain economic backdrop of 2025, it may be surprising that FactSet expects earnings growth to come in at roughly 12.5% for the year, and then to accelerate to 15% for both 2026 and 2027. Markets are already priced with a presumption of strong growth, and any disappointment could result in some volatility.

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Sources:

Market Summary Data from Ycharts. The following indices are used to proxy specific asset classes. It is not possible to invest in an index. Index performance does not include product or advisory fees.

- *U.S. Stock – S&P 500 Total Return*
- *Global Stock Ex. U.S. – MSCI ACWI Ex USA Net Total Return*
- *U.S. Bond – Bloomberg U.S. Aggregate*
- *Global Bonds – Bloomberg Global Aggregate*
- *Emerging Markets – MSCI Emerging Markets Net Total Return*
- *Equity Substyles proxied by CRSP style specific indices*
- *Sector returns proxied by SPDR ETF sector returns.*
- *GDP Data from Bureau of Economic Analysis*
- *Labor Data from Bureau of Labor Statistics*
- *Earnings Growth Data from FactSet Earnings Insights*
- *Valuation and International Equity data from JPMorgan*