

Feb. 02, 2026

Weekly Viewpoint

As January Goes, So Goes the Year?

Performance for Week Ending 1.30.2026

The Dow Jones Industrial Average (Dow) fell 0.4 percent, the Standard & Poor's 500 Index (S&P 500) gained 0.3 percent, and the Nasdaq Composite Index (Nasdaq) dipped 0.2 percent for the week ending Jan. 30. Sector breadth was mixed, with seven of the S&P sector groups closing higher and four closing lower. The communication services sector (4.2 percent) was the best performer, while the healthcare sector (-1.7 percent) was the weakest.

Index*	Closing Price 1.30.2026	Percentage Change for Week Ending 1.30.2026	Year-to-Date Percentage Change Through 1.30.2026
Dow	48,892.47	-0.4%	+1.7%
S&P 500	6939.03	0.3%	+1.4%
Nasdaq	23,461.82	-0.2%	+1.0%

Market Observations: 1.26.2026–1.30.2026

The S&P 500 finished slightly higher, breaking a two-week losing streak. For the month of January the broader market index rose by 1.4 percent. Trading was once again very volatile as investors sifted through a flurry of quarterly earnings reports, digested the outcome of the Fed meeting, and continued to monitor geopolitical and trade-related events. On Friday, President Trump announced that former Fed Governor Warsh will be his pick to replace Fed Chair Powell when his term expires in May.

“As January goes, so goes the year.” According to the Stock Trader’s Almanac, performance in January often sets the tone for the entire year. Coined by Yale Hirsch in 1972, it reflects the fact that if stocks rise in January, they have been positive the rest of the year nearly 87 percent of the time. All of the major indexes finished in the green for the month.

Fed Meeting: As widely expected, the Federal Reserve (Fed) held interest rates steady last week, citing still-elevated inflation alongside solid economic growth, while giving little indication in its latest policy

statement of when borrowing costs might fall again. "Economic activity has been expanding at a solid pace," policymakers said in the statement after voting 10-2 to hold the U.S. central bank's benchmark interest rate in the 3.50 to 3.75 percent range following a two-day meeting. Both Governors Waller and Miran dissented in favor of a quarter-percentage-point rate cut.

The statement from the Federal Open Market Committee offered no hint about when another reduction in borrowing costs might come, noting that "the extent and timing of additional adjustments" to the policy rate would depend on incoming data and the economic outlook. Meanwhile, inflation "remains somewhat elevated," the central bank indicated, while the job market has "shown some signs of stabilization." Though the Fed noted that "job gains have remained low," it also removed language from its prior statement saying that downside risks to employment had risen—an indication the policymakers as a group are becoming less worried about a rapid downturn in the labor market.

During the after-meeting press conference, Fed Chair Powell said labor markets are stabilizing and consumer spending has been resilient as economy expands at a solid pace, adding inflation has eased but remains "somewhat elevated." Powell also noted that data since the last meeting showed "clear improvement" in the economic growth outlook, adding that 2026 is off to a solid start. There was broad support to hold rates steady, Powell said, amid both voters and non-voters, but noted that there are some "tensions" between the mandates. "We are well positioned, as we make decisions meeting by meeting, looking at the incoming data," Powell said.

Q4 Earnings: Through Friday Jan. 30, 165 companies in the S&P 500 have released Q4 results, with 79 percent beating expectations. Aggregate earnings for this group are up 15.3 percent from a year ago, solidly ahead of the current 11.9 percent projected year-over-year growth rate for the overall quarter. On the sector level, the biggest upside surprises have come from industrials and technology, which also have the strongest growth rates. According to Bloomberg, consensus expectations are for S&P 500 earnings to total 13.0 percent for 2025 and by 13.6 percent this year.

Economic Roundup: The Conference Board's Consumer Confidence Index unexpectedly fell 7 points in January to a reading of 84.5, its lowest level since 2014. Consumers referred to inflation, especially in gas and grocery prices, in their responses, which were collected by Jan. 16. They also reported pulling back on big-ticket purchases, and their plans for spending on services in the next six months weakened. On the labor front, applications for unemployment benefits inched down modestly last week, remaining at historically healthy levels despite recent high-profile layoff announcements. Meanwhile, U.S. worker productivity grew at its fastest pace in two years in the third quarter, the government confirmed, likely fueled by an artificial intelligence spending boom. Elsewhere, orders for long-lasting items such as appliances, aircraft, and computers rose more than expected in November, the Commerce Department reported. Durable goods demand jumped 5.3 percent for the month, according to the data, which was delayed by the government shutdown. This reversed a 2.1 percent decline in October and was better than the 4.5 percent Bloomberg consensus estimate.

Outlook: After three consecutive years of double-digit returns, we believe the S&P 500 is well positioned to deliver another year of positive performance. Supporting our view is the favorable macro environment. The

U.S. economy is growing, earnings are forecast to grow at a double-digit pace, the Fed is expected to maintain an easing bias, and fiscal policy from the One Big Beautiful Bill Act will be a tail wind during the first half of the year. History books suggest that bull markets rarely end when the Fed is easing and both the economy and earnings are growing. Typically, bull markets end when the Fed begins raising rates, not cutting, and we just don't see rate hikes any time in the foreseeable future.

The Week Ahead: The main event of this week's data calendar will be the jobs report for January on Friday. According to Bloomberg data, economists expect nonfarm payrolls to gain 65,000, with the unemployment rate expected to hold steady at 4.4 percent. Other labor market indicators will include the JOLTS and ADP reports on Tuesday and Wednesday, respectively. Other economic reports of interest include the ISM indices (manufacturing on Monday, and services on Wednesday) as well as the February University of Michigan consumer survey on Friday. It will be another busy week for earnings reports with 120 members of the S&P 500 scheduled to report. Among this group will be two Mag 7 stocks—Alphabet on Wednesday and Amazon on Thursday. The Fed speaking calendar will be relatively quiet with just four members of the Fed expected to make presentations during the week.

Definitions

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

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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 Feb. 5, 1971.

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