

Jan. 12, 2026

Weekly Viewpoint

New Year, Same Bull Market

Performance for Week Ending 1.9.2026

The Dow Jones Industrial Average (Dow) gained 2.3 percent, the Standard & Poor's 500 Index (S&P 500) added 1.6 percent, and the Nasdaq Composite Index (Nasdaq) rose by 1.9 percent. Sector breadth was positive with 10 of the 11 S&P sector groups closing higher. The consumer discretionary sector (5.8 percent) was the best performer, while utilities (-1.6 percent) was the weakest.

Index*	Closing Price 1.9.2026	Percentage Change for Week Ending 1.9.2026	Year-to-Date Percentage Change Through 1.9.2026
Dow	49,504.07	+2.3%	+3.0%
S&P 500	6,966.28	+1.6%	+1.8%
Nasdaq	23,671.35	+1.9%	+1.9%

Market Observations: 1.5.2026–1.9.2026

The S&P 500 kicked off the first full trading week of the new year on a positive note with the broader market index closing the week at a new all-time high. Investors essentially shrugged off the U.S. military operation in Venezuela that led to the capture of President Nicolás Maduro, while a revival in optimism for artificial intelligence helped buoy technology related stocks. The data fog resulting from the government shutdown came to an end, with the Labor Department releasing the much anticipated December payrolls report. Details of the report showed that nonfarm payrolls expanded by 50,000, well short of the 70,000 expected by forecasters. The unemployment rate fell to 4.4 percent from the downwardly revised 4.5 percent during November.

2026 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 Federal Reserve (Fed) is expected to maintain an easing bias, and fiscal policy will be a tail wind during the

first half of the year, reflecting the lagged effect of the passage of the One Big Beautiful Bill Act. 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.

Fed Speak: Fed Governor Stephen Miran said that he is looking for 150 basis points of interest-rate cuts this year to boost the U.S. labor market, telling Bloomberg TV that Fed officials had room to further reduce rates given his view that underlying inflation was likely running at 2.3 percent. Richmond Fed President Tom Barkin said the outlook for monetary policy remains in a delicate balance given the conflicting pressures from rising unemployment and still-high inflation. While unemployment remains low by historical standards, Barkin said policymakers are watching both sides of their dual mandate, hoping to boost employment while controlling inflation. The Richmond Fed chief expects tax cuts and deregulation to lift growth this year, while the resumption of official data since the government shutdown means policymakers will get a clearer picture of the economy in the months ahead. Meanwhile, Minneapolis Fed President Neel Kashkari said that inflation is slowly trending downward but warned there is a risk that unemployment rates could suddenly increase. Kashkari noted that the job market is "clearly cooling" while inflation remains "still too high." He expressed confidence that housing services inflation is coming down and observed that wage growth is also slowly decreasing. The Fed official stated his expectation for the economy to remain resilient with "low hiring but low firing" in the labor market. He suggested the Fed is "close to neutral now" in terms of monetary policy.

Q4 Earnings Season: Fourth quarter earnings season will move to the front burner this week with 14 members of the S&P 500 scheduled to release results. Amongst this group will be banking giants JP Morgan, Bank of America, Wells Fargo, Goldman Sachs, Citigroup, and Morgan Stanley. According to Bloomberg, consensus expectations are for S&P 500 earnings to grow by 8.4 percent, driven by another stellar quarter from the technology sector, which is forecast to grow results by over 25 percent. For all of 2025, earnings are expected to grow by 12.1 percent followed by 14.6 percent this year.

Economic Roundup: In addition to the monthly payroll report, other labor market data gave a mixed picture. The number of Americans filing new applications for unemployment benefits rose moderately last week amid a relatively low number of layoffs, though demand for labor remained sluggish, with businesses squeezing more output from their existing workforce. In a separate report, the Labor Department showed job openings in the U.S. fell by more than expected in the month of November. The Labor Department said job openings slid to 7.15 million in November after falling to a downwardly revised 7.45 million in October. Elsewhere, private sector employment in the U.S. increased by slightly less than expected in the month of December, according to a report released by payroll processor ADP. The company said private sector employment rose by 41,000 jobs in December after falling by a revised 29,000 jobs in November. ADP said the rebound by private sector employment in December was led by the education and health services and leisure and hospitality sectors. Lastly, the Labor Department said nonfarm productivity, which measures hourly output per worker, accelerated at a 4.9 percent annualized rate in the third quarter. That pace was the quickest since the third quarter of 2023 and followed an upwardly revised 4.1 percent growth rate in the second quarter.

The Week Ahead: The focal point of this week's data calendar will be the consumer price index (CPI) report for December on Tuesday, the last one ahead of the next Fed decision on Jan. 28. Other key economic data points include the producer price index (PPI) and retail sales for November on Wednesday, as well as industrial production for December on Friday. Apart from economic data, the fourth quarter earnings season will kick off, with major banks scheduled to report Tuesday. It will be a busy week for Fed speak, with 16 presentations scheduled. On Wednesday, the release of the Fed's Beige Book should provide some guidance on economic activity around the country.

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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