SOLLINDA
CAPITAL MANAGEMENT

Market Down & Dirty

January 12, 2026

The Data

- Equities moved higher as positive seasonal flows and economic data supported higher prices.
    - S&P 500 +1.60 Dow +2.32% Russell 2000 +4.60%, Nasdaq +1.88%.[1]
        - The All-Country World Index rose +1.56%.[1]
    - S&P 500 sub-sectors were all higher last week.
        - Consumer Discretionary led by a wide margin with a 5% gain.[1]
        - Real Estate was the worst performing sector with a +0.30% gain.[1]
    - The CBOE Volatility Index (VIX) was flat and ended at 14.48.[1]

- US Treasury bond yields were mixed last week.
    - US 2yr +0.06% at 3.53%, 10yr -0.02% to 4.17%, 30yr -0.05% to 4.82%.[1]
    - The short-end seemed to reprice Fed rate cuts as the unemployment rate declined.

- Commodities as an aggregate asset moved higher.
    - WTI Crude rose +2.49%.[1]
    - Gold gained +4.06%.[1]
    - The US Dollar index moved higher +0.72%.[1]

- In our opinion, U.S. economic data was mixed last week.
    - ISM manufacturing moved lower while services increased in the latest data.[1]
    - The December jobs report showed fewer jobs added but the unemployment rate declined.[1]
    - Consumer Sentiment ticked higher in its preliminary January reading.[1]

- An index of equities outside the US (FTSE All-World ex-US) gained +1.69%.[1]

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[1] Source: Bloomberg – 1/9/2026

Conclusion

- Major equity markets showed a positive start to 2026 in their first full trading week.
  - Small-caps led to the upside with a gain of 4.6% on the week.[1]
    - This continues the trend started a couple of months ago.
  - All other major equity indices were higher as well last week.
  - Interesting to note that the equal-weight S&P 500 once again outperformed the widely followed market-cap S&P index.
    - The equal-weight gained +2.46% on the week while the traditional S&P was +1.6%.[1]
- S&P 500 subsectors were all higher last week.
  - On the back of Amazon's 9% performance, Consumer Discretionary led sector performance to the upside with a gain of +5.12%.[1]
    - Materials were the 2nd best performer with a gain of +4.64%.[1]
  - Despite a slump early in the week, Energy ended up over 2.3%.[1]
    - Pricing indicates that traders seem to view the Venezuela headlines as more bullish for individual oil companies than for crude itself.
- Interest rates reversed their recent trend as the short-end rose & longer maturities yields declined.
  - This was in response to the jobs data that showed fewer positions added than expected but the unemployment rate declined from the last reading.
    - This decreased odds of additional Federal Reserve rates cuts in the short-term.
  - At the same time, the data could have calmed concerns about the potential for reigniting inflation with additional Fed rate cuts.
- Earnings reports begin this week as JP Morgan & Bank of America will kick things off.
  - Additionally, other major financials will report this week along with Delta Airlines, specialty chemical company HB Fuller, & major transport stock JB Hunt.
  - Eyes will be on margins to see if cost increases have been completely priced into their operations.
- Volatility rose and then sank during the week to end virtually unchanged.
  - The volatility curve remains upward sloping which, long-story made short, encourages a gradual lift to major indices.
  - Additional possible positive flows on the structural front, assuming some single volatile days don't emerge over the coming week, institutional vol control funds would turn into buyers of equities. [1]
    - This would provide an additional stream of steady buying of broad equities.
- Non-US equities moved higher by almost 2% despite a strong gain in the US Dollar.[1]
  - A key gauge of Asian tech companies has risen over 6% so far this year; outperforming their US counterparts.[1]
    - Some suggest this reflects growing skepticism that US tech can sustain its AI-driven rally after years of outsized gains without profit margins to match.

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