

Weekly market update: Stocks meander in an active news cycle.



The market and economy

- U.S. stocks recorded losses during the week ending January 16. The market began the week on a down note amid reignited concerns about the independence of the Federal Reserve (Fed) after Fed Chair Jerome Powell announced that the central bank had received federal grand jury subpoenas from the U.S. Department of Justice seeking information regarding Powell's testimony to Congress last year about the cost of the Fed's renovation of two buildings at its headquarters in Washington, D.C. However, stock prices rebounded later on Monday before diverging for the remainder of the week in response to positive and negative earnings surprises in both the banking and technology sectors, as well as somewhat softer-than-expected inflation data. Gold and silver prices reached new record highs during the week as investors sought safe-haven assets.
- According to the Department of Labor, the consumer-price index (CPI) rose 0.3% in December. (The government did not provide month-over-month inflation numbers for November for comparison purposes as the Bureau of Labor Statistics was unable to collect the data due to the 43-day government shutdown that ended in mid-November.) Costs for energy and food rose 1.0% and 0.7%, respectively, in December, while used car and truck prices fell 1.1%. The CPI advanced 2.7% year-over-year in December—unchanged from the previous month and slightly below expectations. Costs for utility gas service climbed 10.8% over the previous 12-month period, while electricity prices were up 6.7%. In contrast, gasoline prices declined 3.4% year-over-year. Core inflation, as measured by the CPI for all items less food and energy, posted a lower-than-expected rise of 2.6%, matching the annual upturn in November. Medical services and housing costs saw corresponding increases of 3.5% and 3.2% over the previous 12-month period. Prices for new vehicles and apparel recorded modest annual gains of just 0.3% and 0.6%, respectively. The data bolstered investors' hopes that the Fed will not need to raise its benchmark interest rate at its meeting on January 27-28.
- Regarding wholesale inflation, the Department of Labor reported that the producer-price index (PPI), which tracks the average change over time in selling prices received by domestic producers of goods and service providers, rose 0.2% in November (the most recent reporting period), in line with expectations. (The November report was delayed by the government shutdown.) The index for goods advanced 0.9% for the month, while the services index dipped 0.1%. Wholesale prices for energy increased 4.6% in November and food costs were unchanged from the previous month. The PPI advanced 3.0% year-over-year, up from the 2.8% gain in October.
- The Census Bureau reported that U.S. retail and food services sales—a gauge of consumer spending, which comprises more than two-thirds of the nation's gross domestic product (GDP)—increased 0.6% in November, exceeding expectations and a sharp improvement from the 0.1% dip in October. (The November report was delayed by the government shutdown.) Sales rose 3.3% over the previous 12-month period. Miscellaneous store retailers, sporting goods, hobby, musical instrument, and book stores, and clothing and clothing accessories stores posted year-over-year sales gains of 16.3%, 7.8%, and 7.5%, respectively. Conversely, sales for building material and garden equipment supplies dealers and motor vehicle and parts dealers fell by corresponding margins of 2.8% and 0.7% compared to November 2024.
- The National Association of Realtors (NAR) reported that sales of existing homes rose 5.1% in December but decreased 1.4% year-over-year to an annualized rate of 4.35 million. (Home sales are viewed as an indicator of housing market trends, and, by extension, the health of the broader economy.) The median existing-home sale price ticked up 0.4% over the previous 12-month period to \$405,400. The inventory of unsold existing homes as of the end of December stood at 1.18 million—down 18.1% from the end of November—equivalent to a 3.3-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a “balanced market,” in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a “seller's market.”

Stocks

- Global equities ended the week in positive territory. Emerging markets outperformed developed markets.
- U.S. equities lost ground during the week. Real estate and consumer staples were the top-performing sectors, while financials and consumer discretionary were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.23% during the week.
- The U.S. bond market was nearly flat for the week.
- Corporate bonds led the market, followed by high-yield bonds and government bonds.

As of January 16, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.3%	2.3%	22.4%	1038.4
MSCI EAFE (\$)	1.5%	3.5%	31.2%	2994.3
MSCI Emerging Mkts (\$)	1.8%	5.3%	38.6%	1478.3
US & Canadian Equities				
Dow Jones Industrials (\$)	-0.3%	2.7%	14.4%	49359.3
S&P 500 (\$)	-0.4%	1.4%	16.9%	6940.9
NASDAQ (\$)	-0.7%	1.2%	21.6%	23515.4
S&P/TSX Composite (C\$)	1.2%	4.1%	32.9%	33017.4
UK & European Equities				
FTSE All-Share (£)	1.1%	3.1%	20.8%	5518.0
MSCI Europe ex UK (€)	0.7%	3.7%	16.9%	2129.5
Asian Equities				
Topix (¥)	4.1%	7.3%	36.1%	3658.7
Hong Kong Hang Seng (\$)	2.3%	4.7%	37.5%	26845.0
MSCI Asia Pac. Ex-Japan (\$)	1.6%	4.6%	34.0%	755.7
Latin American Equities				
MSCI EMF Latin America (\$)	1.8%	6.0%	50.3%	2870.7
Mexican Bolsa (peso)	1.6%	4.4%	34.4%	67126.6
Brazilian Bovespa (real)	0.7%	2.1%	35.7%	164498.6
Commodities (\$)				
West Texas Intermediate Spot	0.1%	3.1%	-24.8%	59.2
Gold Spot Price	2.2%	6.0%	68.3%	4581.5
Bond Indices (\$)				
Bloomberg U.S. Aggregate	0.1%	0.2%	7.6%	2354.5
Bloomberg Global Aggregate	0.0%	-0.2%	8.4%	500.4
JPMorgan Emerging Mkt Bond	0.1%	0.3%	13.6%	1020.6
10-Year Yield Change (basis points*)				
US Treasury	6	6	-39	4.23%
UK Gilt	3	-8	-28	4.40%
German Bund	-3	-2	29	2.83%
Japan Govt Bond	9	12	98	2.19%
Canada Govt Bond	-1	-6	3	3.37%
Currency Returns**				
US\$ per euro	-0.3%	-1.2%	12.6%	1.160
Yen per US\$	0.1%	0.9%	1.9%	158.08
US\$ per £	-0.2%	-0.7%	9.3%	1.338
C\$ per US\$	0.0%	1.4%	-3.3%	1.392

Source: Bloomberg. Equity-index returns are price only, others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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