



Summary

Equities fell last week as cooling geopolitical tensions were not sufficient to recoup early-week losses. Treasuries were little changed as investors reevaluate the timing and aggressiveness of future rate cuts. Commodity prices surged, with gold and silver rising as investors seek safety in the wake of geopolitical uncertainty. Natural gas prices also surged as much of the U.S. east coast braces for historic winter weather. Economic data released over the past

week were mixed, underscoring uneven momentum across sectors. Housing-related indicators were notably weak, with September construction spending down 0.6% and December pending home sales plunging 9.3%, highlighting ongoing affordability and financing constraints. October construction spending partially offset that weakness, rising 0.5%, modestly above the 0.2% consensus, driven largely by residential components. Growth data

were more optimistic, with Q3 real GDP revised up to 4.4% from 4.3%, reinforcing evidence of strong nominal growth late in the summer. Personal income increased 0.1% in October and 0.3% in November, though both fell short of expectations, while personal spending rose a solid 0.5% in both months, exceeding forecasts. The University of Michigan Consumer Sentiment Index rose to 56.4 in January, above expectations of 54.0,

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
Construction Spending (Sep – Wed 10:00)	-0.6%	+0.0%	
Pending Home Sales (Dec – Wed 10:00)	-9.3%	+0.7%	
Construction Spending (Oct – Wed 10:00)	+0.5%	+0.2%	
Initial Claims (01/17 – Thu 08:30)	200K	200K	
Continuing Claims (01/10 – Thu 08:30)	1,849K	NA	
GDP - Revised (Q3 – Thu 08:30)	4.4%	4.3%	
GDP Deflator - Revised (Q3 – Thu 08:30)	3.8%	3.7%	
Personal Income (Oct – Thu 10:00)	+0.1%	+0.3%	
Personal Spending (Oct – Thu 10:00)	+0.5%	+0.1%	
PCE Price Index (Oct – Thu 10:00)	+0.2%	+0.2%	
Core PCE Price Index (Oct – Thu 10:00)	+0.2%	+0.2%	
Personal Income (Nov – Thu 10:00)	+0.3%	+0.4%	
Personal Spending (Nov – Thu 10:00)	+0.5%	+0.4%	
PCE Price Index (Nov – Thu 10:00)	+0.2%	+0.2%	
Core PCE Price Index (Nov – Thu 10:00)	+0.2%	+0.2%	
Univ. of Michigan Consumer Sentiment - Final (Jan – Fri 10:00)	56.4	54.0	
Leading Economic Index (Nov – Fri 10:55)	-0.3%	NA	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
Durable Orders (Nov – Mon 08:30)	+1.1%	-2.2%	Durable Orders ex. trans (prior): +0.2%
Consumer Confidence (Jan – Tue 10:00)	90.0	89.1	
MBA Mortgage Applications Index (01/24 – Wed 07:00)	NA	14.1%	
FOMC Decision (Jan – Wed 14:00)	3.50-3.75%	3.50-3.75%	
Trade Balance (Nov – Thu 08:30)	-\$43.5B	-\$29.4B	
Initial Claims (01/24 – Thu 08:30)	205K	200K	
Continuing Claims (01/17 – Thu 08:30)	NA	1849K	
Productivity - Revised (Q3 – Thu 08:30)	4.9%	4.9%	
Unit Labor Costs - Revised (Q3 – Thu 08:30)	-1.9%	-1.9%	
Factory Orders (Nov – Thu 10:00)	+0.5%	-1.3%	
Wholesale Inventories (Nov – Thu 10:00)	+0.1%	+0.5%	
PPI (Dec – Fri 08:30)	+0.2%	+0.2%	
Core PPI (Dec – Fri 08:30)	+0.3%	+0.0%	

*Sources: www.briefing.com and www.federalreserve.gov



WEEKLY ECONOMIC UPDATE

suggesting some stabilization in consumer attitudes.



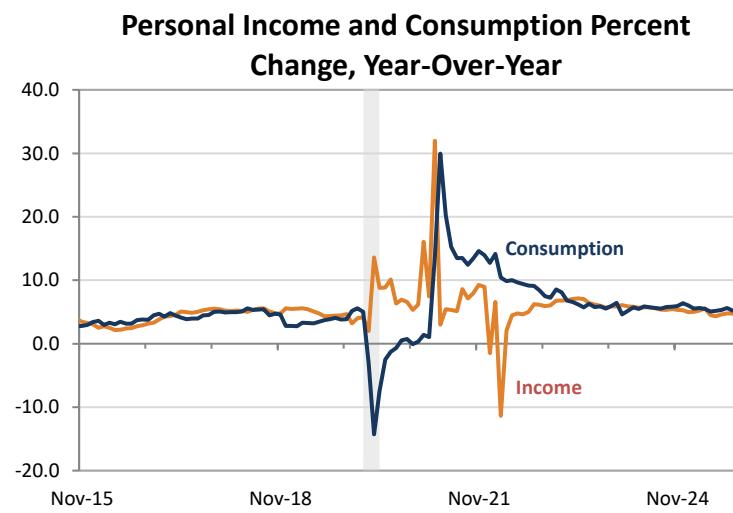
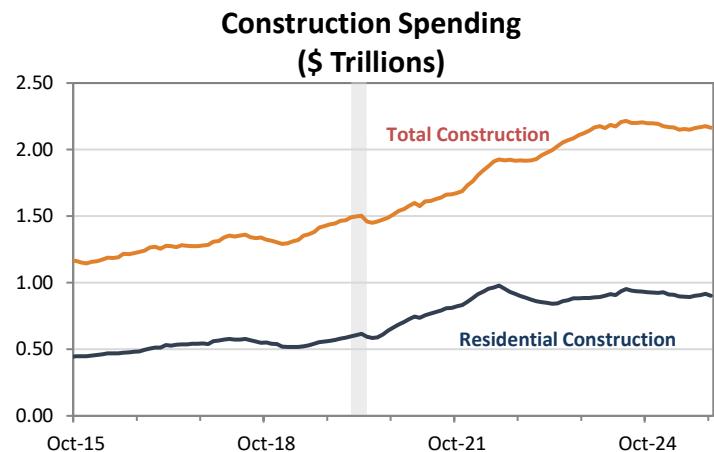
Economic Review

CONSTRUCTION SPENDING declined 0.6% in September, following a 0.4% increase the previous month, but increased 0.5% in October, above consensus expectations. In October, total public construction was up 0.1%, driven by education spending, and total private construction was up 0.6% month-over-month, driven by the residential sector, which increased 1.3% month-over-month after a 1.4% decline in September. This increase was driven by private residential improvements. New single-family construction declined 1.3% and multifamily construction declined 0.2% month-over-month. Private non-residential spending declined 0.2% in October. Year-over-year, total construction spending was down 1.0% as affordability continues to impact the housing market.

The LEADING ECONOMIC INDEX (LEI) declined for a second consecutive month, falling 0.3% in November after a 0.1% decline in October, bringing the index down to 97.9 from 98.3 in September. Over the six months from May to November, the LEI fell 1.2%, a slower rate of decline than during the previous six-month period (-2.6%). The November decline was driven primarily by weak consumer expectations and softer new orders, which were partially offset by relatively stronger labor

market indicators, including initial unemployment claims and average weekly hours in the manufacturing sector. Since November 2024, the LEI has declined 3.7%.

PERSONAL INCOME AND SPENDING data for October and November showed steady consumer momentum alongside an inflation backdrop that remains largely unchanged. Personal income rose 0.1% in October and accelerated to a 0.3% increase in November, supported by solid wage and salary growth. Personal spending increased 0.5% in both October and November, showing stable growth despite elevated prices. Inflation readings were firm but stable. The PCE Price Index rose 0.2% month-over-month in both October and November, with core PCE also increasing 0.2% in each month. On a year-over-year basis, headline PCE decelerated to 2.7% in October before rising slightly to 2.8% in November, while core PCE followed a similar pattern, dipping to 2.7% in October and returning to 2.8% in November. Goods inflation remained modest, running at 1.3% year-over-year in October and 1.4% in November, while services inflation stayed elevated at 3.3% and 3.4%, respectively.





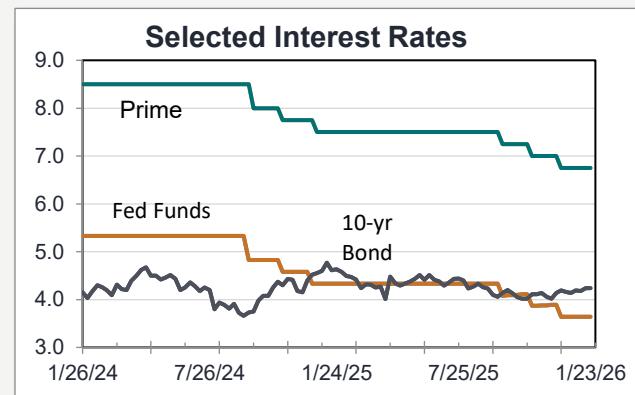
Fed Speeches

There were no speeches, testimony, or interviews by Federal Reserve officials last week relevant to

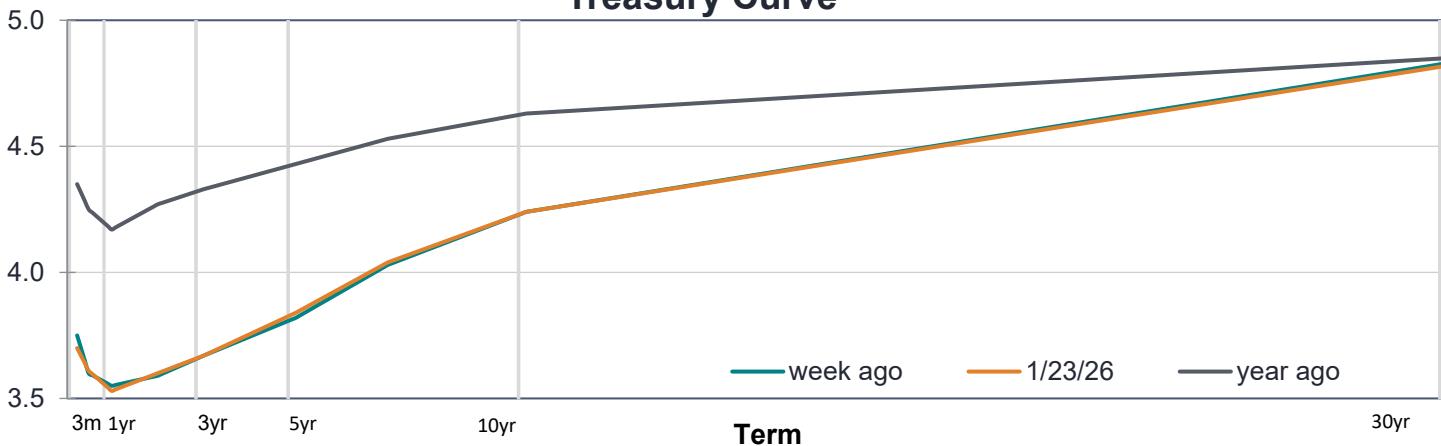
monetary policy. This is due to the Federal Open Market Committee meeting this week.

Financial Markets

Equity markets softened last week, with all three major indices declining slightly last week. Only the DJIA is higher than a month ago, up 0.8% compared to a 0.2% decline in the S&P 500 and a 0.4% decrease in the NASDAQ; all three indices remain elevated compared to a quarter ago. Treasury yields were relatively flat across maturities, with exception of the three month-bill which fell five basis points, suggesting diminished expectations of near-term policy tightening. The intermediate note yields edged slightly higher, indicating investors expect the current rate to remain relatively stable. The 30-year conventional mortgage rate increased slightly to 6.09% but remains low compared to recent history. Gold continued to rise, jumping 8.5% from the previous week, now 21.5% higher than eight weeks ago, reflecting a flight to safety in response to geopolitical tensions. Oil increased 3.1% last week, and natural gas futures surged 70% last week as historic winter weather was forecast to impact a large part of the eastern U.S.



Treasury Curve





Interest Rate Forecast*

During the Fed's December policy meeting, the Federal Open Market Committee (FOMC) lowered the federal funds target rate to 3.50% to 3.75%. In the statement released following the meeting, the FOMC stated, "In support of its goals and in light of the shift in the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage

point to 3-1/2 to 3-3/4 percent. In considering the extent and timing of additional adjustments to the target range for the

federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The

Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective."

Avg. for:	Prime	Fed Funds	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
1 st Qtr '26	6.75	3.63	3.65	3.65	3.52	3.99	4.62	6.07
2 nd Qtr	6.59	3.46	3.49	3.53	3.48	3.93	4.32	5.98
3 rd Qtr	6.50	3.38	3.40	3.46	3.46	3.89	4.24	5.93
4 th Qtr	6.25	3.13	3.15	3.22	3.28	3.79	4.15	5.79
1 st Qtr '27	6.08	2.96	2.98	3.07	3.14	3.71	4.09	5.69

January 2026

FINANCIAL MARKET SUMMARY

	As of 01/23/26	As of 01/16/26	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	6.75	6.75	0	0	(50)
Secured Overnight Financing Rate (SOFR)	3.64	3.66	(2)	(12)	(60)
Fed Funds (Wed close)	3.64	3.64	0	0	(47)
TREASURIES (BE) (Changes in BPs)					
3 Months	3.70	3.75	(5)	6	(23)
6 Months	3.61	3.60	1	3	(15)
1 Year	3.53	3.55	(2)	4	(5)
2 Years	3.60	3.59	1	14	12
5 Years	3.84	3.82	2	16	23
10 Years	4.24	4.24	0	10	22
30 Years	4.82	4.83	(1)	1	23
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.24	2.24	0	(20)	(21)
5-Year Muni	2.27	2.24	3	(12)	(9)
10-Year Muni	2.65	2.59	6	26	(6)
30-Year Muni	4.22	4.14	8	3	13
30-Year Conventional Mortgage	6.09	6.06	3	(9)	(18)
MARKET INDICATORS (Changes in %)					
DJIA	49,098.71	49,359.33	(0.5)	0.8	4.0
S&P 500	6,915.61	6,940.01	(0.4)	(0.2)	1.8
NASDAQ	23,501.24	23,515.39	(0.1)	(0.4)	1.3
CRB Futures	392.28	379.22	3.4	4.2	4.0
Oil (WTI Crude)	61.31	59.44	3.1	8.2	6.5
Gold	4,987.49	4,596.09	8.5	10.0	21.5
Yen / Dollar	155.70	158.12	(1.5)	(1.3)	3.4
Dollar / Euro	1.18	1.16	2.0	0.5	1.8



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