

WEEKLY MARKET COMMENTARY

January 5, 2026

WEEK IN REVIEW

Economic indicators over the recent period provide a nuanced view of U.S. conditions as the year closed. Crude oil inventories showed mixed results at the end of the year, with a small increase followed by a decline. However, product stockpiles — like gasoline and distillates — rose sharply, reinforcing the view that supply remains ample. This ongoing oversupply continues to weigh on prices, and markets are likely to stay sensitive to shifts in demand and any decisions from OPEC+.

The Federal Reserve's December meeting minutes, released on December 30, revealed a cautiously accommodative stance. While most officials anticipate further rate cuts, the minutes highlighted growing internal divisions over the pace and magnitude of easing. This signals a "wait and see" approach heading into early 2026, tempering expectations for aggressive policy moves.

Labor market data remained resilient despite holiday volatility. Initial jobless claims fell to 215,000 for the week ending December 20 and dropped further to 199,000 during Christmas week, one of the lowest readings of the year. These figures underscore limited layoffs even as hiring momentum shows signs of moderation.

Manufacturing activity softened to finish the year. The S&P Global U.S. Manufacturing Purchasing Managers' Index (PMI) finalized at 51.8 for December, down from 52.2 in November, indicating slower expansion and easing price pressures. Softer new orders and reduced selling-price inflation point to a disinflationary tilt in goods, aligning with cautious capital spending trends.

Overall, the data paints a picture of steady growth tempered by sector-specific headwinds. Energy oversupply and cooling factory activity contrast with a labor market that remains historically strong. Combined with a Federal Reserve leaning toward gradualism, these signals suggest a measured start to 2026, with markets likely to remain data-dependent in shaping expectations.

ECONOMIC AND CAPITAL MARKETS DASHBOARD

| Broad Market Indices | 1-week | 1-month | 3-month | YTD |
|------------------------------------|-----------------|-------------------|-------------------|-------------------|
| Stock Market (Total Return) | | | | |
| S&P 500 | -1.02% | 0.55% | 2.46% | 0.21% |
| Dow Jones 30 | -0.70% | 2.03% | 4.46% | 0.68% |
| NASDAQ | -1.59% | -0.70% | 1.87% | -0.02% |
| Russell 1000 Growth | -1.77% | -0.94% | 0.19% | -0.27% |
| Russell 1000 Value | -0.15% | 2.32% | 4.56% | 0.90% |
| Russell 2000 | -1.51% | 1.90% | 2.35% | 1.06% |
| Wilshire 5000 | -0.97% | 0.64% | 2.22% | 0.35% |
| MSCI EAFE Index | 0.83% | 2.73% | 5.64% | 0.45% |
| MSCI Emerging Market Index | 2.61% | 3.87% | 5.90% | 1.79% |
| VIX | 7.72% | -12.54% | -12.75% | -2.94% |
| FTSE NAREIT All Equity REITs | -0.04% | -0.52% | -1.59% | 0.18% |
| S&P U.S. Aggregate Bond Index | -0.14% | -0.01% | 0.59% | -0.12% |
| Interest Rates | 1/2/2026 | 12/26/2025 | 12/19/2025 | 12/12/2025 |
| 3-month T-bill Yield (%) | 3.62 | 3.63 | 3.61 | 3.62 |
| 10-year Treasury Yield (%) | 4.19 | 4.13 | 4.15 | 4.19 |
| 10Y-2Y Treasury Spread (%) | 0.72 | 0.65 | 0.67 | 0.66 |
| 30-year Fixed Mortgage Rate (%) | 6.24 | 6.30 | 6.31 | 6.31 |
| Commodities | | | | |
| WTI Crude (\$/bl) | 57.40 | 56.60 | 56.80 | 57.61 |
| Gold (\$/Troy Oz) | 4,352.95 | 4,480.80 | 4,337.60 | 4,346.95 |
| Bitcoin | 90,110.75 | 87,324.33 | 87,996.25 | 90,347.88 |

| Weekly Indicators | 1/2/2026 | 12/26/2025 | 12/19/2025 | 12/12/2025 |
|-------------------------------------|----------|------------|------------|------------|
| Employment | | | | |
| Initial Unemployment Claims (000's) | - | 199.00 | 215.00 | 224.00 |

| Quarterly Data | 12/31/2025 | 9/30/2025 | 6/30/2025 | 3/31/2025 |
|----------------------------------|------------|-----------|-----------|-----------|
| Output | | | | |
| Real GDP Growth (%q/q, saar) | - | 4.30 | 3.80 | -0.60 |
| Private Consumption (%q/q, saar) | - | 3.50 | 2.50 | 0.60 |

| Monthly Indicators | 12/31/2025 | 11/28/2025 | 10/31/2025 | 9/30/2025 |
|--|------------|------------|------------|-----------|
| Consumption | | | | |
| Consumer Expenditures (%m/m, sa) | - | - | - | 0.37 |
| Retail Sales (%m/m, sa) | - | - | 0.09 | 0.08 |
| Personal Savings Rate (%) | - | - | - | 4.00 |
| Labor | | | | |
| Civilian Unemployment Rate (%) | - | 4.60 | - | 4.40 |
| Nonfarm Employment (Chg, 000's) | - | 64 | -105 | 108 |
| Real Average Hourly Earnings (%y/y) | - | 1.15 | - | 0.73 |
| JOLTS Job Openings (000's) | - | - | 7670 | 7658 |
| Inflation | | | | |
| Consumer Price Index (CPI) (%m/m, sa) | - | - | - | 0.31 |
| Core CPI (%m/m, sa) | - | - | - | 0.23 |
| Producer Price Index (PPI) (%m/m, sa) | - | - | - | 0.31 |
| Core PPI (%m/m, sa) | - | - | - | 0.18 |
| Personal Consumption Expenditures (PCE) (%m/m, sa) | - | - | - | 0.27 |
| Core PCE (%m/m, sa) | - | - | - | 0.20 |
| Output and Capacity | | | | |
| Industrial Production (%m/m, sa) | - | 0.17 | -0.06 | 0.07 |
| Mfg New Orders (%m/m, sa) | - | - | - | 0.19 |
| Durable New Orders (%m/m, sa) | - | - | -2.17 | 0.66 |
| Durable Inventories (%m/m, sa) | - | - | 0.14 | -0.11 |
| Survey Data and Composite Indicators | | | | |
| Consumer Confidence (CB, 1985=100) | 89.10 | 92.90 | 95.50 | 95.60 |
| ISM Manufacturing Report (%) | - | 48.20 | 48.70 | 49.10 |
| ISM Non-Manufacturing Report (%) | - | 52.60 | 52.40 | 50.00 |
| Leading Economic Index (%m/m) | - | - | - | -0.30 |
| Housing and Construction | | | | |
| Building Permits (Mil. of Units, saar) | - | - | - | - |
| Housing Starts (Mil. of Units, saar) | - | - | - | - |
| New Home Sales (Mil. of Units, saar) | - | - | - | - |

WEEK AHEAD

The upcoming week brings several high-impact U.S. economic releases that will shape market sentiment and inform expectations for Federal Reserve policy. Manufacturing activity kicks off the week with the ISM Manufacturing PMI, where consensus points to continued softness. A weaker reading would reinforce concerns about slowing industrial demand, while any upside surprise could signal stabilization in factory output.

Midweek attention turns to labor and services data. The ADP Employment Report will provide an early look at private sector hiring ahead of Friday's official jobs report. Markets anticipate modest job gains, consistent with a gradually cooling labor market. Alongside this, the ISM Services PMI and Job Openings and Labor 3 | Weekly Market Commentary

Turnover Survey (JOLTS) report will gauge demand resilience and labor tightness. Elevated job openings would suggest persistent wage pressures, while a decline could indicate easing constraints.

Thursday's releases include initial jobless claims and the trade balance. Claims are expected to remain historically low, underscoring labor market resilience despite signs of moderation. The trade report will offer insight into external demand and supply chain dynamics as global conditions evolve.

The week concludes with the Employment Situation Report, the marquee release. Forecasts call for moderate payroll growth and stable unemployment, with wage trends serving as a critical signal for inflation and monetary policy.

Overall, this data-heavy week will test the narrative of a cooling economy amid disinflationary forces. Strong labor readings could delay anticipated rate cuts, while softer prints across manufacturing and services would reinforce expectations for a cautious Fed stance. Market volatility may spike midweek and Friday as traders recalibrate positions based on these outcomes.

DISCLOSURES AND DEFINITIONS

Economic Indicators:

1. CPI: Consumer Price Index measures the average change in prices paid by consumers for goods and services over time. Source: Bureau of Labor Statistics.
2. Core CPI: Core Consumer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
3. PPI: Producer Price Index measures the average change in selling prices received by domestic producers for their output. Source: Bureau of Labor Statistics.
4. Core PPI: Core Producer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
5. PCE: Personal Consumption Expenditures measure the average change in prices paid by consumers for goods and services. Source: Bureau of Economic Analysis.
6. Core PCE: Core Personal Consumption Expenditures exclude food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Economic Analysis.
7. Industrial Production: Measures the output of the industrial sector, including manufacturing, mining, and utilities. Source: Federal Reserve.
8. Mfg New Orders: Measures the value of new orders placed with manufacturers for durable and non-durable goods. Source: Census Bureau.
9. Durable New Orders: Measures the value of new orders placed with manufacturers of durable goods. Source: Census Bureau.
10. Durable Inventories: Measures the value of inventories held by manufacturers for durable goods. Source: Census Bureau.
11. Consumer Confidence (CB, 1985=100): Measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. Source: Conference Board.
12. ISM Manufacturing Report: Measures the economic health of the manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
13. ISM Non-Manufacturing Report: Measures the economic health of the non-manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
14. Leading Economic Index: Measures overall economic activity and predicts future economic trends. Source: Conference Board.
15. Building Permits (Mil. of Units, saar): Measures the number of new residential building permits issued. Source: Census Bureau.
16. Housing Starts (Mil. of Units, saar): Measures the number of new residential construction projects that have begun. Source: Census Bureau.
17. New Home Sales (Mil. of Units, saar): Measures the number of newly constructed homes sold. Source: Census Bureau.
18. SA: Seasonally adjusted.
19. SAAR: Seasonally adjusted annual rate.

Market Indices & Indicators:

1. S&P 500: A market-capitalization-weighted index of 500 leading publicly traded companies in the U.S., widely regarded as one of the best gauges of large U.S. stocks and the stock market overall.
2. Dow Jones 30: Also known as the Dow Jones Industrial Average, it tracks the share price performance of 30 large, publicly traded U.S. companies, serving as a barometer of the stock market and economy.
3. NASDAQ: The world's first electronic stock exchange, primarily listing technology giants and operating 29 markets globally.
4. Russell 1000 Growth: Measures the performance of large-cap growth segment of the U.S. equity universe, including companies with higher price-to-book ratios and growth metrics.
5. Russell 1000 Value: Measures the performance of large-cap value segment of the U.S. equity universe, including companies with lower price-to-book ratios and growth metrics.
6. Russell 2000: A market index composed of 2,000 small-cap companies, widely used as a benchmark for small-cap mutual funds.
7. Wilshire 5000: A market-capitalization-weighted index capturing the performance of all American stocks actively traded in the U.S., representing the broadest measure of the U.S. stock market.
8. MSCI EAFE Index: An equity index capturing large and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada.
9. MSCI Emerging Market Index: Captures large and mid-cap representation across emerging markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country.
10. VIX: The CBOE Volatility Index measures the market's expectations for volatility over the coming 30 days,

often referred to as the «fear gauge.»

11. FTSE NAREIT All Equity REITs: Measures the performance of all publicly traded equity real estate investment trusts (REITs) listed in the U.S., excluding mortgage REITs.
12. S&P U.S. Aggregate Bond Index: Represents the performance of the U.S. investment-grade bond market, including government, corporate, mortgage-backed, and asset-backed securities.
13. 3-Month T-bill Yield (%): The yield on U.S. Treasury bills with a maturity of three months, reflecting short-term interest rates.
14. 10-Year Treasury Yield (%): The yield on U.S. Treasury bonds with a maturity of ten years, reflecting long-term interest rates.
15. 10Y-2Y Treasury Spread (%): The difference between the yields on 10-year and 2-year U.S. Treasury bonds, often used as an indicator of economic expectations.
16. WTI Crude (\$/bbl): The price per barrel of West Texas Intermediate crude oil, a benchmark for U.S. oil prices.
17. Gold (\$/Troy Oz): The price per troy ounce of gold, a standard measure for gold prices.
18. Bitcoin: A decentralized digital currency without a central bank or single administrator, which can be sent from user to user on the peer-to-peer bitcoin network.

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange.

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