

WEEKLY MARKET COMMENTARY

January 12, 2026

WEEK IN REVIEW

Economic indicators over the recent period delivered a mixed but informative set of signals. The ISM Manufacturing Purchasing Managers' Index (PMI) came in slightly worse than expected at 47.9% versus 48.3% expected, marking the tenth straight month of contraction and the lowest reading of 2025. This could reflect weakness in U.S. manufacturing due to ongoing demand softness, cost pressures, and labor contraction. However, the ISM Non-Manufacturing PMI rose to 54.4% in December, up from 52.6% in November. This marked the strongest reading of the year and signals solid expansion in the services sector.

The ADP employment report showed a modest gain of 41,000 jobs added in December, rebounding from 29,000 in November, but falling short of the consensus expectation of 48,000. This indicates a continued underlying weakness in private hiring overall. Also, the Job Openings and Labor Turnover Survey (JOLTS) showed 7.1 million job openings, nearly unchanged from October but down approximately 885,000 year-over-year, marking a 14-month low. This may signal a cooling in labor demand reflected with fewer available positions.

U.S. non-farm payrolls increased by 50,000 in December, falling short of expectations of 60,000-70,000. This was also down from the revised 56,000 gain in November. Despite this, the unemployment rate dropped to 4.4%, the lowest level since September. Average hourly earnings rose by 0.3% month-over-month, indicating steady wage growth. This indicates stability in the labor market with hiring continuing at a slow pace even as wage pressure persists.

Initial jobless claims for the week rose to 208,000, up 8,000 from the prior week's revised 200,000. However, this was below the forecast of 210,000. Despite this slight uptick, the low level of filings suggests that widespread layoffs have not materialized. Employers are hesitant to expand or cut payrolls amid economic uncertainty. Continuing claims also rose to 1.91 billion, pointing to longer job searches and softer re-employment.

The U.S. trade deficit narrowed sharply to \$29.4 billion in November, down from 48.1 billion the prior month. This marks the smallest U.S. trade deficit since 2009. This was driven largely by one-off factors with a surge in gold exports and a drop in pharmaceutical imports. While this will boost Q4 GDP, this shift reflects temporary commodity and tariff effects rather than a broad-based improvement in trade.

Housing starts declined by 4.6% to a 1.25 million annualized rate in October, driven by a 26% plunge in multi-family units, while single-family starts rose 5.4%. This could signal a rebalancing in residential construction, with stronger demand for lone-unit homes but considerable weakness in apartment development.

These prints suggest that the economy is still expanding, powered by services demand and productivity gains. Meanwhile, manufacturing and some corporate-facing service categories remain under pressure. In addition, we are seeing a softening labor market where hiring is subdued and employers are cautious.

ECONOMIC AND CAPITAL MARKETS DASHBOARD

Broad Market Indices	1-week	1-month	3-month	YTD
Stock Market (Total Return)				
S&P 500	1.58%	1.94%	3.75%	1.80%
Dow Jones 30	2.34%	4.17%	7.25%	3.03%
NASDAQ	1.88%	0.44%	2.96%	1.86%
Russell 1000 Growth	0.90%	-0.37%	0.47%	0.64%
Russell 1000 Value	2.54%	4.80%	7.37%	3.47%
Russell 2000	4.63%	4.01%	6.63%	5.75%
Wilshire 5000	1.79%	2.14%	3.77%	2.15%
MSCI EAFE Index	2.20%	4.45%	6.20%	2.66%
MSCI Emerging Market Index	1.93%	5.52%	7.19%	3.76%
VIX	-0.14%	-14.41%	-11.81%	-3.08%
FTSE NAREIT All Equity REITs	0.93%	1.75%	1.10%	1.11%
S&P U.S. Aggregate Bond Index	0.29%	0.64%	1.08%	0.17%
Interest Rates	1/9/2026	1/2/2026	12/26/2025	12/19/2025
3-month T-bill Yield (%)	3.59	3.62	3.63	3.61
10-year Treasury Yield (%)	4.17	4.19	4.13	4.15
10Y-2Y Treasury Spread (%)	0.63	0.72	0.65	0.67
30-year Fixed Mortgage Rate (%)	6.22	6.24	6.30	6.31
Commodities				
WTI Crude (\$/bl)	57.75	57.21	56.60	56.80
Gold (\$/Troy Oz)	4,493.85	4,352.95	4,480.80	4,337.60
Bitcoin	90,471.74	90,110.75	87,324.33	87,996.25

Weekly Indicators	1/9/2026	1/2/2026	12/26/2025	12/19/2025
Employment				
Initial Unemployment Claims (000's)	-	208.00	200.00	215.00

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 (%)	4.40	4.50	-	4.40
Nonfarm Employment (Chg, 000's)	50	56	-173	108
Real Average Hourly Earnings (%y/y)	-	1.05	-	0.73
JOLTS Job Openings (000's)	-	7146	7449	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)	-	-	-1.32	0.23
Durable New Orders (%m/m, sa)	-	-	-2.19	0.64
Durable Inventories (%m/m, sa)	-	-	0.16	-0.10
Survey Data and Composite Indicators				
Consumer Confidence (CB, 1985=100)	89.10	92.90	95.50	95.60
ISM Manufacturing Report (%)	47.90	48.20	48.70	49.10
ISM Non-Manufacturing Report (%)	54.40	52.60	52.40	50.00
Leading Economic Index (%m/m)	-	-	-	-0.30
Housing and Construction				
Building Permits (Mil. of Units, saar)	-	-	1.41	1.42
Housing Starts (Mil. of Units, saar)	-	-	1.25	1.31
New Home Sales (Mil. of Units, saar)	-	-	-	-

WEEK AHEAD

The week ahead brings several U.S. economic releases that will provide clarity and guide market sentiment. Starting the week off, the Consumer Price Index (CPI) for December will be released on Tuesday, January 13. This reading will reveal whether price pressures continue to ease. A cooler CPI could reinforce the case for the Fed to begin policy easing in late 2026.

Wednesday is a data-heavy day that will begin with the Producer Price Index (PPI) for November. This will offer insights into wholesale price trends, a leading indicator of inflation. Retail sales will reflect consumer

health over the holiday season. Also, existing home sales will give a signal regarding housing demand, complementing last week's starts data.

Thursday's releases include the Empire State Manufacturing Survey and the Philadelphia Fed Survey. These regional surveys will serve as early barometers for industrial activity ahead of national manufacturing shipments and durable goods data. Import price trends may give further clues to cost pressures.

The week concludes with Industrial Production and Capacity Utilization. This data on factory, mining and utility output will show if continued softness in the manufacturing sector persists or if there's stabilization after last week's PMI contraction.

The releases this week will be critical in confirming whether disinflation persists and consumer demand holds firm. These data points will shape expectations for growth and policy in the months ahead, helping determine if the U.S. stays on a soft-landing path or faces renewed headwinds.

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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