Michael Gibbs, Managing Director, Lead Portfolio Manager | (901) 579-4346 | michael.gibbs@raymondjames.com
Joey Madere, CFA | (901) 529-5331 | joey.madere@raymondjames.com
Richard Sewell, CFA | (901) 524-4194 | richard.sewell@raymondjames.com
Mitch Clayton, CMT, Senior Technical Analyst | (901) 579-4812 | mitch.clayton@raymondjames.com

FEBRUARY 4, 2026 | 12:43 PM EST

Weekly Market Guide

January is in the books with the S&P 500 sitting near highs. While the market has been steady at the index level, there has been plenty of volatility and rotation under the hood. This has benefitted diversified portfolios, as one-sided outperformance from the Tech mega-caps broadens out across other sectors. For example, the Tech sector is down -3.5% and "average S&P stock" up 3.5% year-to-date.

Through January's headline volatility on affordability issues and geopolitics, the economic backdrop has been supportive. Economic estimates have advanced, the yield curve has expanded (good for bank profitability and lending), and credit spreads have narrowed (lack of underlying fear from the bond market). **The economy remains well positioned** with cushion from the OBBB tax stimulus (i.e. corporate capex depreciation and individual tax refunds) and monetary stimulus (i.e. 175bps of easing over the last 1.5 years), along with deregulation and productivity benefits. Moreover, manufacturing is finally showing some improvement. January ISM Manufacturing jumped to 52.6 (with a spike in new orders to 57.1), which is a good signal for the broader economy (should indications sustain) and could have supportive implications for the more cyclical, economic-sensitive corners of the market.

Economic strength is leading to earnings strength (the main driver of equities). Through Q4 earnings season, 80% of companies are beating earnings estimates by an aggregate 9.3%. Importantly, estimates are moving higher and reflect ~15% growth in 2026 and 2027. Additionally, the breadth of fundamental strength has improved across the market. For example, "the average stock" is seeing margin and earnings growth with positive revisions, which presents a more favorable setup fundamentally for areas outside of Tech. To be sure, Tech fundamentals remain very strong; but **broader earnings growth is leading to broader market performance**. We also note AI enterprise adoption is expanding across sectors this earnings season, as numerous "non-AI" companies adopt the technology to boost user engagement, efficiencies, productivity, and earnings.

In sum: There is no shortage of headline noise to begin the year, and this may persist. Keep an eye on inflation and bond yields, as they have the potential to disrupt market momentum. Nonetheless, **the weight of the evidence leaves us positive on economic growth, corporate earnings, and stocks in 2026. Additionally, market rotation beneath the surface highlights the value of diversification and risks embedded in over-concentration**.

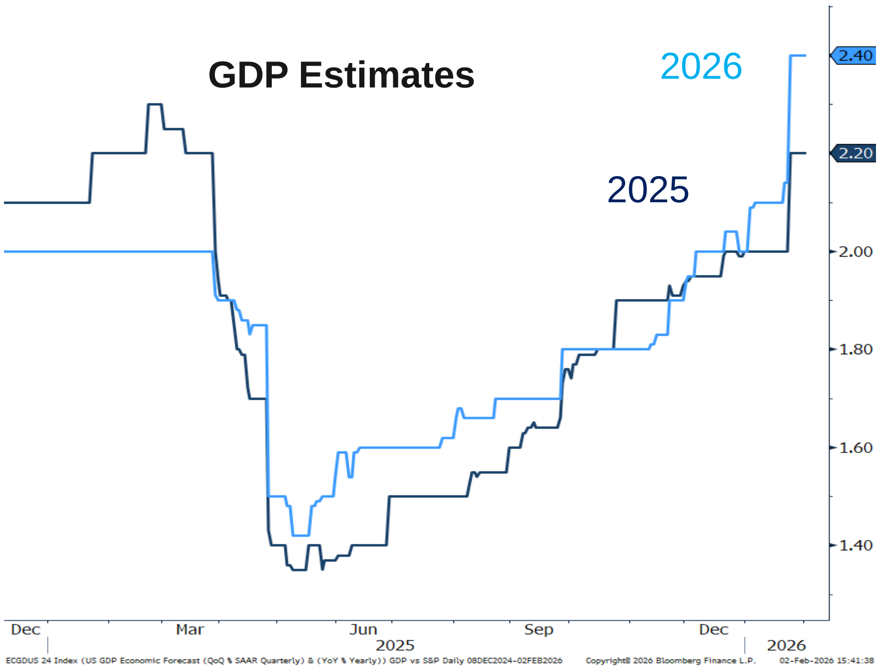
Equity Market Indices	Price Return Year to Date	Price Return 12 Months
Dow Jones Industrial Avg	2.5%	10.8%
S&P 500	1.1%	15.4%
S&P 500 (Equal-Weighted)	3.6%	10.2%
NASDAQ Composite	0.1%	19.9%
Russell 2000	6.7%	17.3%
MSCI All-Cap World	2.9%	21.5%
MSCI Developed Markets	5.8%	31.1%
MSCI Emerging Markets	9.4%	43.1%
NYSE Alerian MLP	7.9%	0.5%
MSCI U.S. REIT	2.4%	0.6%

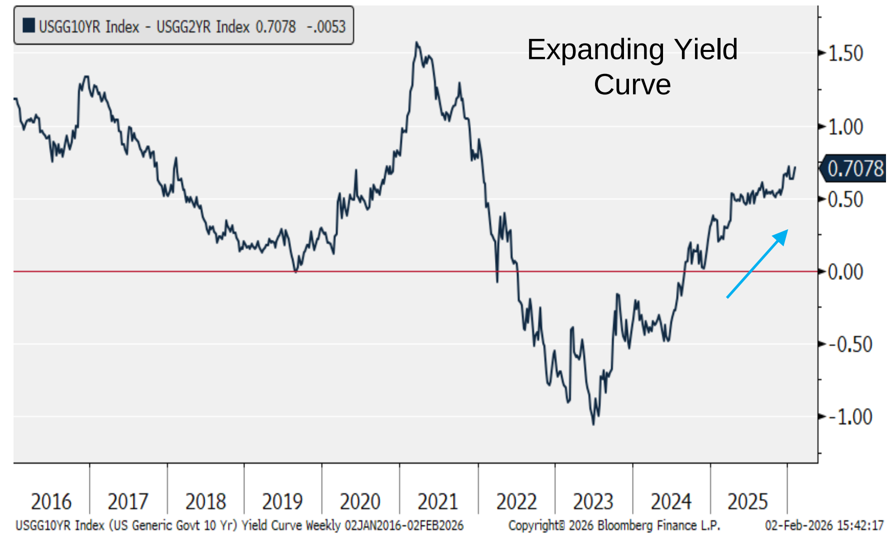
S&P 500 Sectors	Price Return Year to Date	Sector Weighting
Energy	15.8%	3.2%
Materials	11.6%	2.0%
Consumer Staples	11.1%	5.2%
Industrials	8.9%	8.8%
Communication Svcs.	4.7%	10.9%
Real Estate	2.0%	1.7%
Consumer Discretionary	1.5%	10.4%
Utilities	1.3%	2.3%
S&P 500	***1.1%***	-
Health Care	-0.6%	9.4%
Financials	-2.5%	13.0%
Information Technology	-3.4%	32.9%

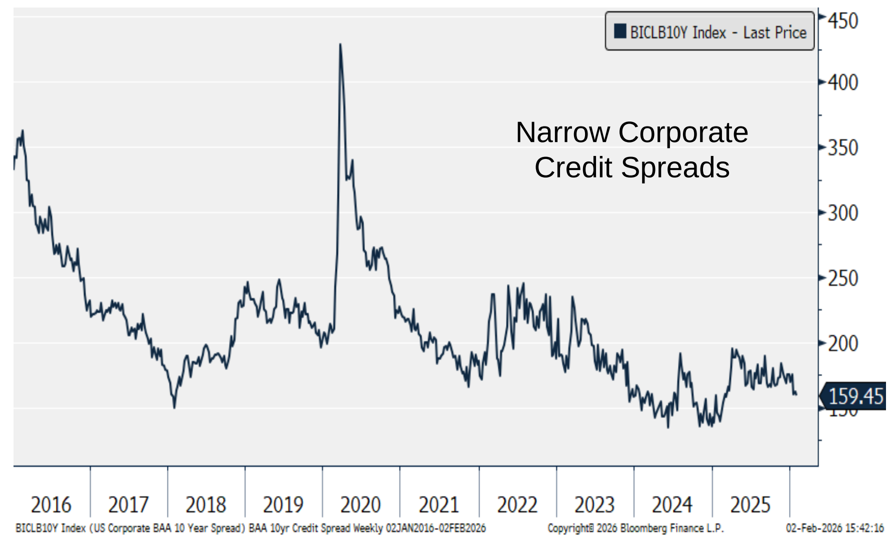
Source: FactSet

Economic Health Is A Tailwind

Through January's headline volatility on affordability issues and geopolitics, the economic backdrop has been supportive. Economic estimates have advanced (with upside remaining), the yield curve has expanded (good for bank profitability and lending), and credit spreads have narrowed (lack of underlying fear from the bond market). The economy remains well positioned with cushion from the OBBB tax stimulus (i.e. corporate capex depreciation and individual tax refunds) and monetary stimulus (i.e. 175bps of easing over the last 1.5 years), along with deregulation and productivity benefits.



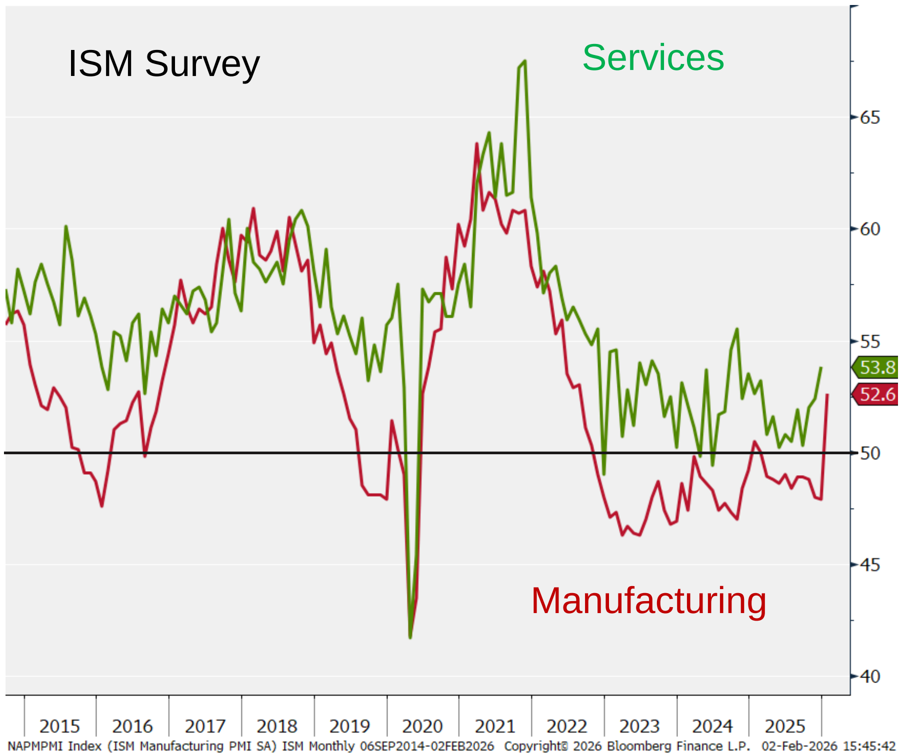


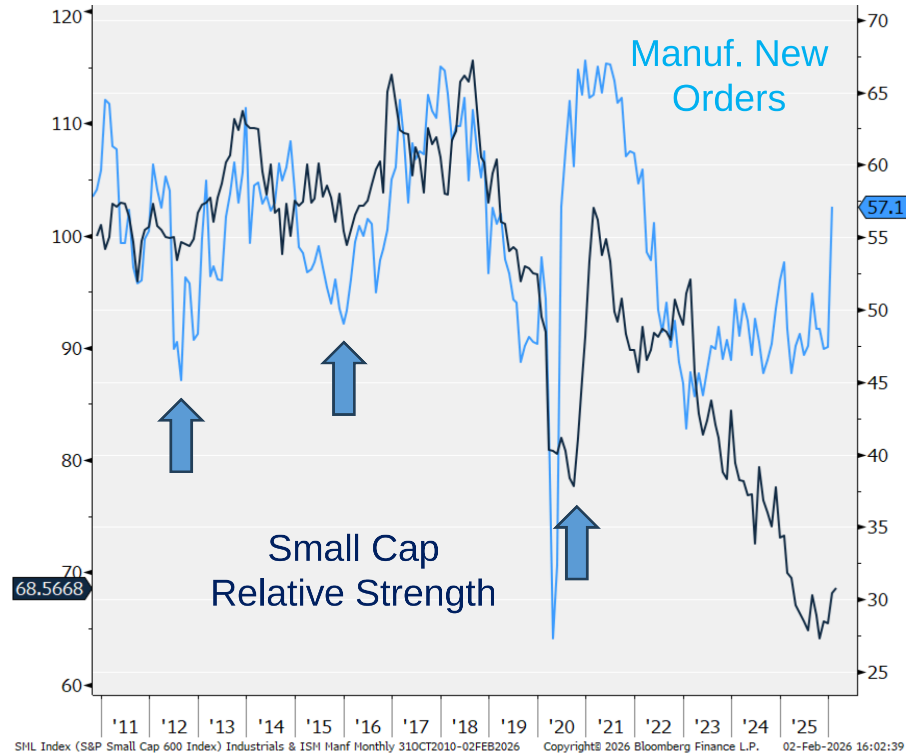


Source: Bloomberg, FactSet

ISM Manufacturing Improvement

The manufacturing backdrop is finally showing some improvement. January ISM Manufacturing jumped to 52.6 with a spike in new orders to 57.1. These are the best readings in years. Post-holiday replenishment and ongoing tariff-driven price concerns are cited as reasons for the sharp move, so we need to see if the uptrend can sustain itself. Should manufacturing continue to improve, it would be a good signal for the broader economy- and could have supportive implications for the more cyclical, economic-sensitive corners of the market. For example, areas such as the small caps, industrials, consumer discretionary, and "average stock" have tended to show outperformance as ISM Manufacturing New Orders advance. The relationship broke down a bit in the post-Covid wackiness and recent Mag-7 dominance, but may return ahead.





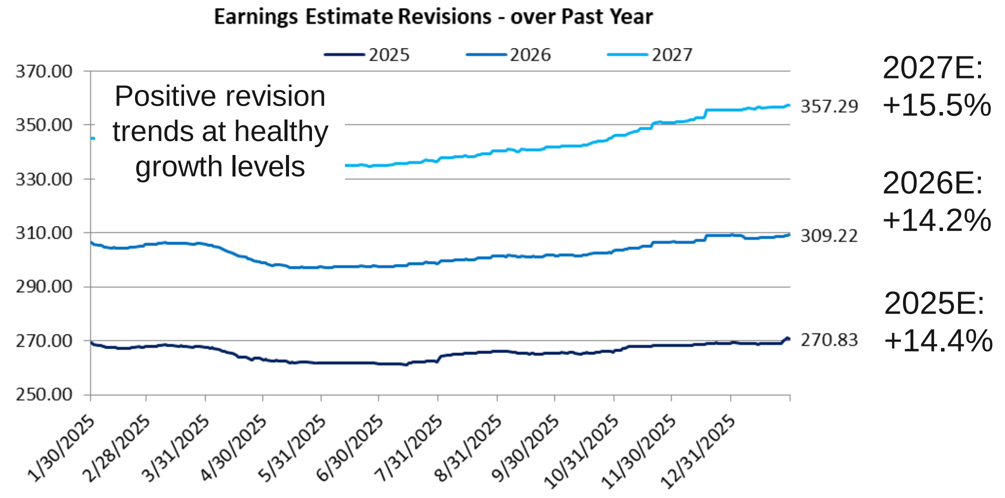
Source: Bloomberg, FactSet

Q4 Earnings Season

Economic strength is leading to earnings strength (the main driver of equities).

Through Q4 earnings season, 77% of companies are beating earnings estimates by an aggregate 9.1%. Importantly, forward estimates are moving higher and reflect 14-15% growth in 2026 and 2027.

Technology earnings continue to lead the way, but price reactions have been more mixed for the group (on high expectations). We also note AI enterprise adoption is expanding across sectors this earnings season, as numerous “non-AI” companies adopt the technology to boost user engagement, efficiencies, productivity, and earnings.

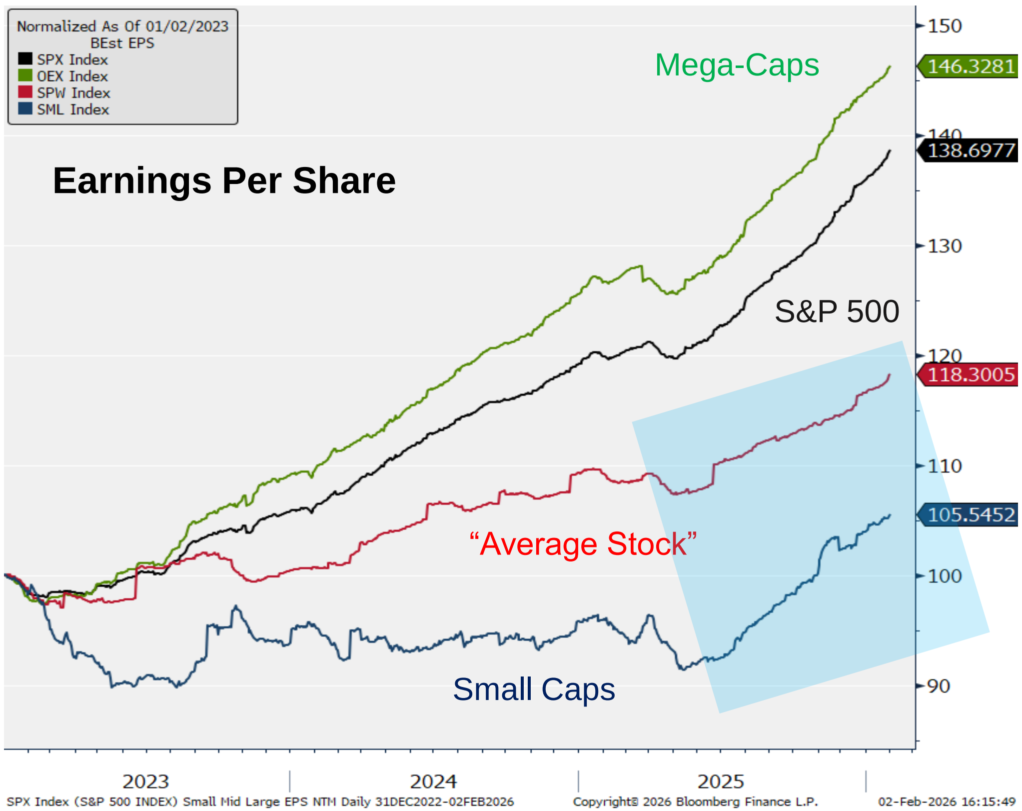


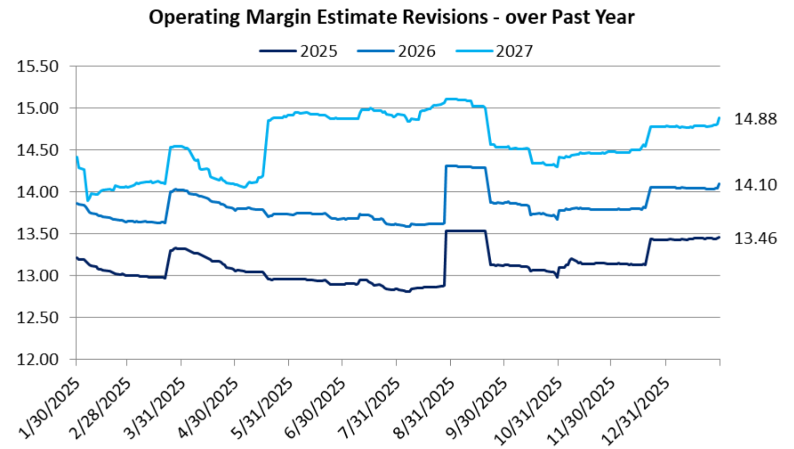
Equal-Weighted S&P	-	-	-	-	-	-	-	-	-	0.8	0.4	0.8	3.9	9.1	10.0	12.9	19.0	17.2
Small Caps	26.5	-0.6	8.9	70	93	4	35	3.1	-0.4	1.7	0.2	1.6	6.7	17.2	14.1	16.2	17.9	15.7
	% Q4 Est. EPS Growth		% EPS	% Companies	# of Companies Reporting			Est. Chg Since 12/31/25					YTD	2025 EPS	2026 EPS	2027 EPS	P/E	
S&P 500 Sector	**Y/Y**	**Q/Q**	**Surprise**	**w/ Beats**	**Positive**	**Inline**	**Negative**	**Q4'25**	**Q1'26**	**2025**	**2026**	**2027**	**Return**	**Growth**	**Growth**	**Growth**	**2025**	**2026**
S&P 500	11.3	2.6	9.1	77	131	6	34	3.1	-1.3	0.6	0.0	0.4	1.9	13.2	14.2	15.5	25.6	22.4
Communication Services	11.1	23.5	8.0	100	6	0	0	3.9	0.0	1.2	-0.1	-0.1	6.1	20.6	10.2	14.5	25.9	23.5
Information Technology	30.1	19.1	8.7	100	23	0	0	3.4	3.9	1.2	2.6	2.8	-1.2	26.9	30.1	20.6	33.3	25.6
Industrials	26.8	21.1	42.7	71	25	3	7	25.8	-1.8	6.3	0.0	0.1	8.0	15.5	8.2	15.5	27.6	25.5
Utilities	-1.9	-34.5	1.9	100	1	0	0	-0.4	0.0	0.1	0.1	0.1	-0.2	6.7	9.7	9.3	19.9	18.1
Financials	7.5	-3.8	2.3	74	31	1	10	1.9	0.8	0.5	0.6	0.7	-1.6	13.1	9.8	11.8	17.3	15.7
Health Care	-2.6	-11.9	2.6	81	13	1	2	-2.8	-11.5	-0.5	-2.5	0.0	0.4	12.5	7.0	14.5	20.3	19.0
Energy	-2.0	-9.2	5.8	100	7	0	0	-2.0	-13.7	-0.4	-6.3	-5.4	12.1	-10.1	0.2	20.0	19.4	19.3
Consumer Discretionary	-4.6	-15.4	8.6	60	9	0	6	0.0	-2.9	-1.8	-2.1	-2.2	2.4	2.7	10.8	17.3	34.1	30.8
Materials	4.4	-14.8	4.2	50	5	0	5	-0.4	0.4	-0.4	1.8	2.6	9.4	4.1	24.0	14.0	25.1	20.3
Consumer Staples	-0.3	-5.4	2.7	83	10	0	2	0.4	-0.4	0.1	0.0	0.0	9.2	-1.3	7.3	8.0	25.3	23.6
Real Estate	-0.3	-1.8	-4.8	25	1	1	2	-0.6	-0.6	-0.2	-0.3	-0.5	2.9	0.9	4.2	6.4	17.8	17.1

Source: Bloomberg, FactSet

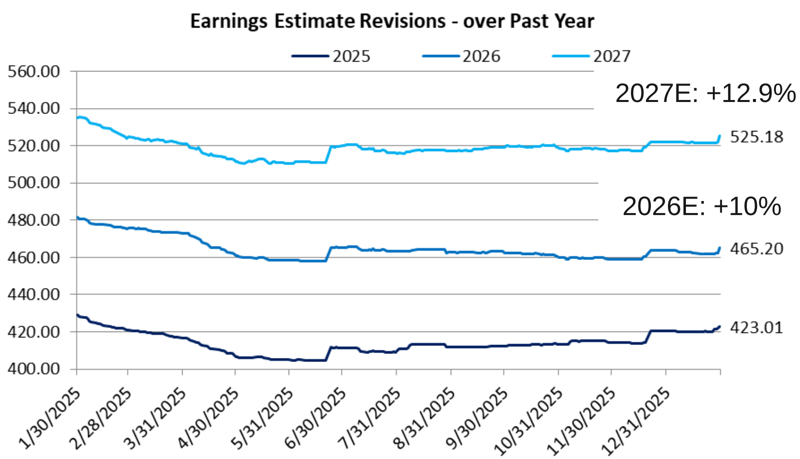
Earnings Growth Is Showing Signs of Broadening Out

The breadth of fundamental strength has improved across the market. For example, “the average stock” is seeing margin and earnings growth with positive revisions, which presents a more favorable setup fundamentally for areas outside of Tech. To be sure, Tech fundamentals remain very strong; but broader earnings growth is leading to broader market performance.





*More favorable revision trends for **“the average stock”***

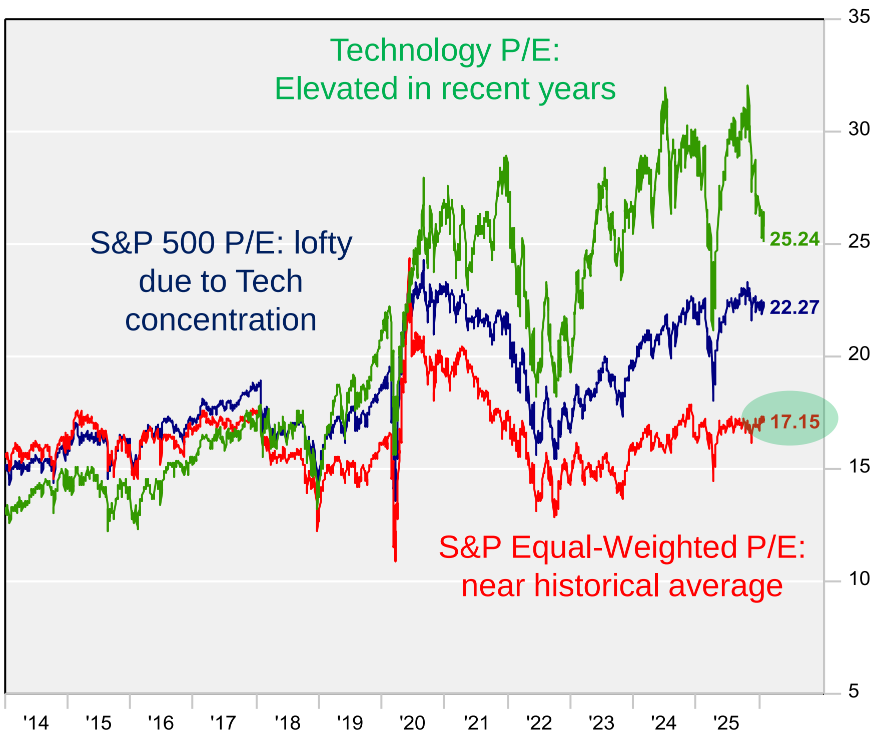


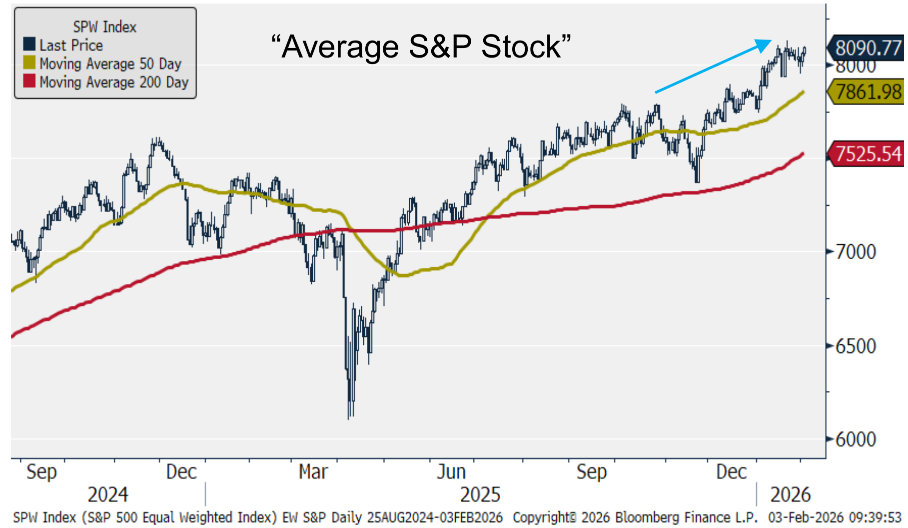
Source: Bloomberg, FactSet

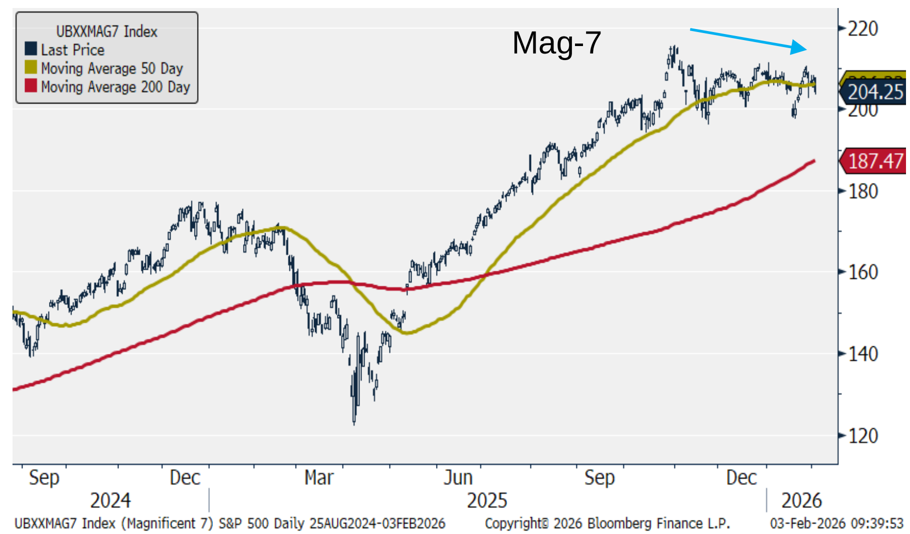
Market Rotation

While the market has been steady at the index level, there has been plenty of volatility and rotation under the hood. This has benefitted diversified portfolios, as one-sided outperformance from the Tech mega-caps broadens out across other sectors (where "the bar" is much lower). For example, the Tech sector is down -3.5% and "average S&P stock" up 3.5% year-to-date.

S&P 500 (SP50-USA) : 31/12/2013 to 03/02/2026 (Daily)

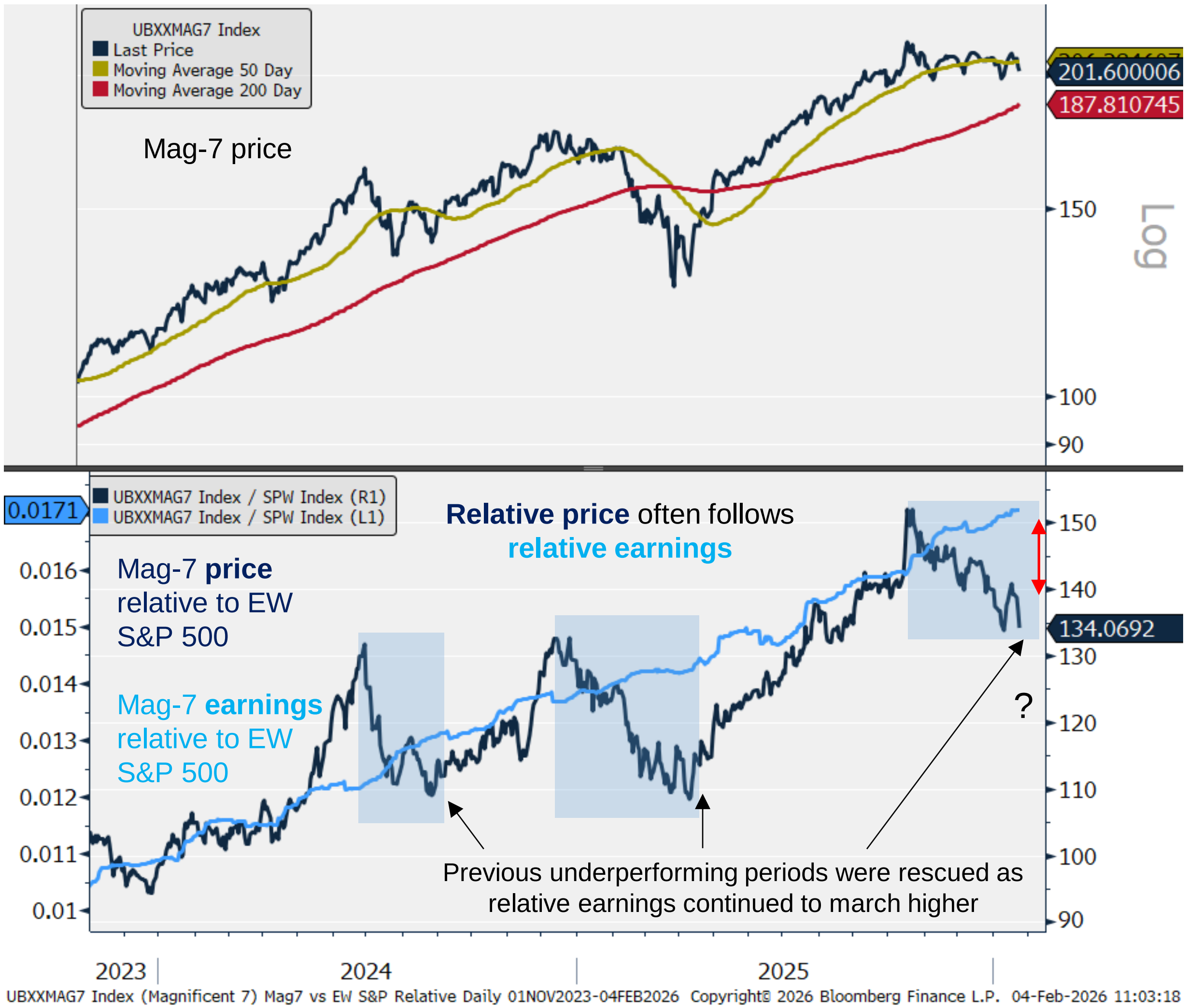






Source: Bloomberg, FactSet

Market Rotation



Source: Bloomberg, FactSet

Is this broader performance here to stay? Maybe not given the strength of mega-cap Tech earnings.

We have seen a couple periods of Mag-7 underperformance (and "average stock" outperformance) over the past two years. Relative earnings strength from the Mag-7 ultimately drove improvement (and outperformance) out of those periods.

Our sense is this recent consolidation may be similar to the post-June 2024 period. **While market rotation may continue for a while, we doubt Tech/AI has peaked.** Earnings trends remain favorable.

Regardless of how the Mag-7 trades on a relative basis, the investment opportunity due to AI spending is not over in our opinion. We believe the current weakness in Tech will present opportunities at the stock level.

Moreover, it is important to be aware of your exposures- **This market rotation beneath the surface highlights the value of diversification and risks embedded in over-concentration**.

As Goes January, So Goes The Year?

The January Barometer is a market theory stating that January returns predict annual returns, first popularized in the Stock Trader's Almanac in 1967 with the popular saying "As goes January, so goes the year."

Since 1929, when January is positive, the market is positive for the year 80% of the time (vs 56% when negative in Jan).

In **January 2026**, the S&P 500 return was **1.37%**. Historically, when January returns have ranged between 1-2%, the average annual return has been 18.38%, with no instances of negative returns.

The weight of the evidence fundamentally and technically supports our positive view on equities this year.

January Returns – Positive Months

Jan Return	Yearly Return	Year
0% - 1%	44.08%	1933
	10.46%	1949
	8.48%	1959
	-13.09%	1966
	14.62%	1986
	7.06%	1993
	11.94%	**Avg**

Jan Return	Return	Year
1% - 2%	24.55%	1938
	12.43%	1942
	13.80%	1944
	30.72%	1945
	21.68%	1950
	11.78%	1952
	26.40%	1955
	15.63%	1972
	26.67%	1998
	8.99%	2004
	3.53%	2007
	19.42%	2017
	23.31%	2024
		2026
	18.38%	**Avg**

Jan Return	Return	Year
2% - 3%	0.00%	1947
	12.97%	1964
	34.11%	1995
	13.62%	2006
	0.00%	2011
	16.38%	2025
	12.85%	**Avg**

Jan 2025's return of +2.70% followed with a yearly return of 16.39%.

Jan Return	Yearly Return	Year
3% - 4%	-38.59%	1937
	9.06%	1965
	12.31%	1979
	17.27%	1983
	-1.54%	1994
	20.26%	1996
	-13.04%	2001
	0.82%	**Avg**

Jan Return	Yearly Return	Year
4% - 5%	38.06%	1958
	18.89%	1963
	10.79%	1971
	12.40%	1988
	26.31%	1991
	19.53%	1999
	13.40%	2012
	19.91%	**Avg**

Jan Return	Yearly Return	Year
5% - 6%	-11.91%	1929
	-47.07%	1931
	45.02%	1954
	25.77%	1980
	29.60%	2013
	-6.24%	2018
	5.86%	**Avg**

Jan Return	Yearly Return	Year
6% - 7%	-28.48%	1930
	27.92%	1936
	19.45%	1943
	-11.87%	1946
	16.35%	1951
	23.13%	1961
	31.01%	1997
	24.23%	2023
	12.72%	**Avg**

Jan Return	Yearly Return	Year
7% - 8%	20.09%	1967
	26.33%	1985
	27.25%	1989
	28.88%	2019
	25.64%	**Average**

Jan Return	Yearly Return	Year
>8%	-4.71%	1934
	31.55%	1975
	19.15%	1976
	2.03%	1987
	12.01%	**Avg**

Source: Bloomberg, FactSet

IMPORTANT INVESTOR DISCLOSURES

Gibbs Capital Management, a division of Eagle Asset Management (Eagle) a wholly-owned subsidiary of Raymond James Investment management.

All expressions of opinion in the foregoing reflect the judgment of Gibbs Capital Management and are subject to change without notice. Information in this report has been obtained from sources considered reliable, but we do not guarantee its accuracy, completeness, or timeliness. Content provided herein is for informational purposes only and should not be used or construed as investment advice or a recommendation regarding the purchase or sale of any security outside of a managed account. This should not be considered forward looking and does not guarantee the future performance of any investment.

It is important to review the investment objectives, risk tolerance, tax objectives and liquidity needs before choosing an investment style or manager. All investments carry a certain degree of risk, including loss. There is no assurance that any strategy will be successful, and no one particular investment style or manager is suitable for all types of investors. Indices are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns. Asset allocation and diversification does not ensure a profit or protect against a loss.

Sector investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

Commodities and currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Links to third-party websites are being provided for informational purposes only. Gibbs Capital Management is not affiliated with and does not endorse, authorize, or sponsor any of the listed websites or their respective sponsors. Gibbs Capital Management is not responsible for the content of any third-party website or the collection or use of information regarding any websites users and/or members.

Index Definitions

The **S&P 500** is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

The **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The **MSCI World All Cap Index** captures large, mid, small and micro-cap representation across 23 Developed Markets (DM) countries. With 11,732 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE (Europe, Australasia, and Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in 23 emerging market countries. The index's three largest industries are materials, energy, and banks.

The **Russell 2000** index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

The **NYSE Alerian MLP** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Barclays Intermediate Government/Credit Bond** index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Euro Stoxx 50 Index** is a market capitalization weighted stock index of 50 large, blue-chip European companies operating within Eurozone nations. Components are selected from the Euro STOXX Index which includes large-, mid- and small-cap stocks in the Eurozone.

The **China CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded in the Shanghai and Shenzhen stock exchanges. It had a sub-indexes CSI 100 Index and CSI 200 Index.

The **S&P 500 Futures** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **DJIA Futures** is a stock market index futures contract traded on the Chicago Mercantile Exchange`s Globex electronic trading platform. Dow Futures is based off the Dow 30 stock index.

The **Nasdaq 100 Futures** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international companies listed on the NASDAQ.

Europe: DAX (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

Asia: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions.