

Market Pulse 15 Brief

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Full Report: <https://financialmarketmonitor.github.io/market-pulses/mp15/market-pulse-15.html>

Date: January 26, 2026

Over the past week, markets looked through geopolitical and tariff-related noise and refocused on resilient fundamentals, reinforcing a shift from early January's clean risk-on setup toward a more balanced, selective late-cycle environment. U.S. equities sold off briefly on headlines tied to proposed February 1 tariffs on imports from several European and NATO countries, but rebounded as signals emerged that tariffs would not proceed. For the week, the S&P 500 rose about 1%, the Nasdaq gained roughly 2%, the Dow advanced around 1%, and the Russell 2000 climbed about 1.5%, with leadership continuing to broaden as small caps outperformed while mega-cap technology remained largely flat. Economic data confirmed durability rather than renewed acceleration, with Q3 GDP revised higher to a 4.4% annualized pace, labor markets stabilizing as jobless claims fell near two-year lows, and inflation remaining sticky but contained, with core PCE at 2.8% year over year. Fixed income reflected this balance, as Treasury yields were mixed and corporate credit outperformed, signaling supportive financial conditions despite episodic volatility. Relative to early January, when cooling labor markets and downside inflation surprises drove broad participation, the macro signal now points to firmer growth, steadier inflation, and more headline-driven volatility, though the underlying message remains constructive, with healthy credit conditions and increasingly selective risk-taking. Abroad, stabilization remained fragile, as Europe showed slow expansion but defensive equity performance amid trade uncertainty and procedural delays, the UK faced higher inflation and a soft labor market that argues for caution from the Bank of England, and APAC divergence intensified as Japan traded as a fiscal and rates story while China's weak domestic demand left it more exposed to global trade headwinds. Earnings were mixed but broadly resilient, and upcoming reports and policy decisions, including the Fed's rate decision, Core PCE, the Bank of Canada meeting, and Eurozone GDP, will shape near-term sentiment, while M&A activity remained targeted and strategic, highlighted by Smithfield Foods' all-cash acquisition of Nathan's Famous, underscoring late-cycle consolidation focused on brand strength and disciplined capital deployment.