
Milwaukee, Wisconsin

WEEK OF FEBRUARY 2, 2026

Market Navigator

Equity markets were mixed. The S&P 500 Index eclipsed 7,000 on Wednesday and finished the week up marginally but other indices were down. The Treasury yield curve steepened, though the 10-year rose only 1 basis point (bp). Markets digested earnings reports, disappointing data, and Federal Reserve (Fed) news

Quick Hits

1. **Beyond the headlines:** What can we expect from the new Fed chair?
2. **Report releases:** Consumer confidence fell to a 12-year low; producer prices exceeded expectations.
3. **Financial market data**: Major equity indices were mixed, with the S&P 500 up slightly.
4. **Looking ahead:** This week's highlights include the January employment report and more fourth-quarter earnings reports.

LIFETIME Asset Management

Beyond the Headlines: What Can We Expect from the New Fed Chair?

On Friday, President Trump announced that he planned to nominate Kevin Warsh as the next Fed chair. If confirmed by the Senate, he is expected to take over in May after Jerome Powell's term ends. Although Warsh has an impressive résumé, there is uncertainty about how he will lead the central bank.

Who Is Kevin Warsh?

Warsh began his career on Wall Street, spending seven years at Morgan Stanley before joining President George W. Bush's administration as an economic advisor. In 2006, he became the youngest nominee to the Fed's Board of Governors. Warsh's Wall Street experience played a crucial role in helping Chair Ben Bernanke navigate the global financial crisis of 2008. At that time, Warsh developed a reputation for being hawkish on interest rate policy, with a focus on the potential for inflation to accelerate. Recently, however, he has expressed openness to reducing interest rates.

In 2011, he resigned his board seat because of concerns about the central bank's quantitative easing (QE) policy, which allowed the Fed's balance sheet to grow to buy assets, improve liquidity, and support markets. Since his departure, Warsh has been a Shepard Family Distinguished Visiting Fellow at Stanford University's Hoover Institution. He has remained critical of the Fed.

> Kevin Warsh's nomination is complicated by the fact that Senator Thom Tillis (Republican, North Carolina) has stated that he would not approve a Fed nominee until the Department of Justice's investigation of Jerome Powell is resolved.

What Happens Now?

Warsh's nomination is complicated by the fact that Senator Thom Tillis (Republican, North Carolina) has stated that he would not approve a Fed nominee until the Department of Justice's investigation of Powell is resolved. Tillis potentially holds the deciding vote on the Senate Banking Committee, which is composed of 13 Republicans and 11 Democrats.

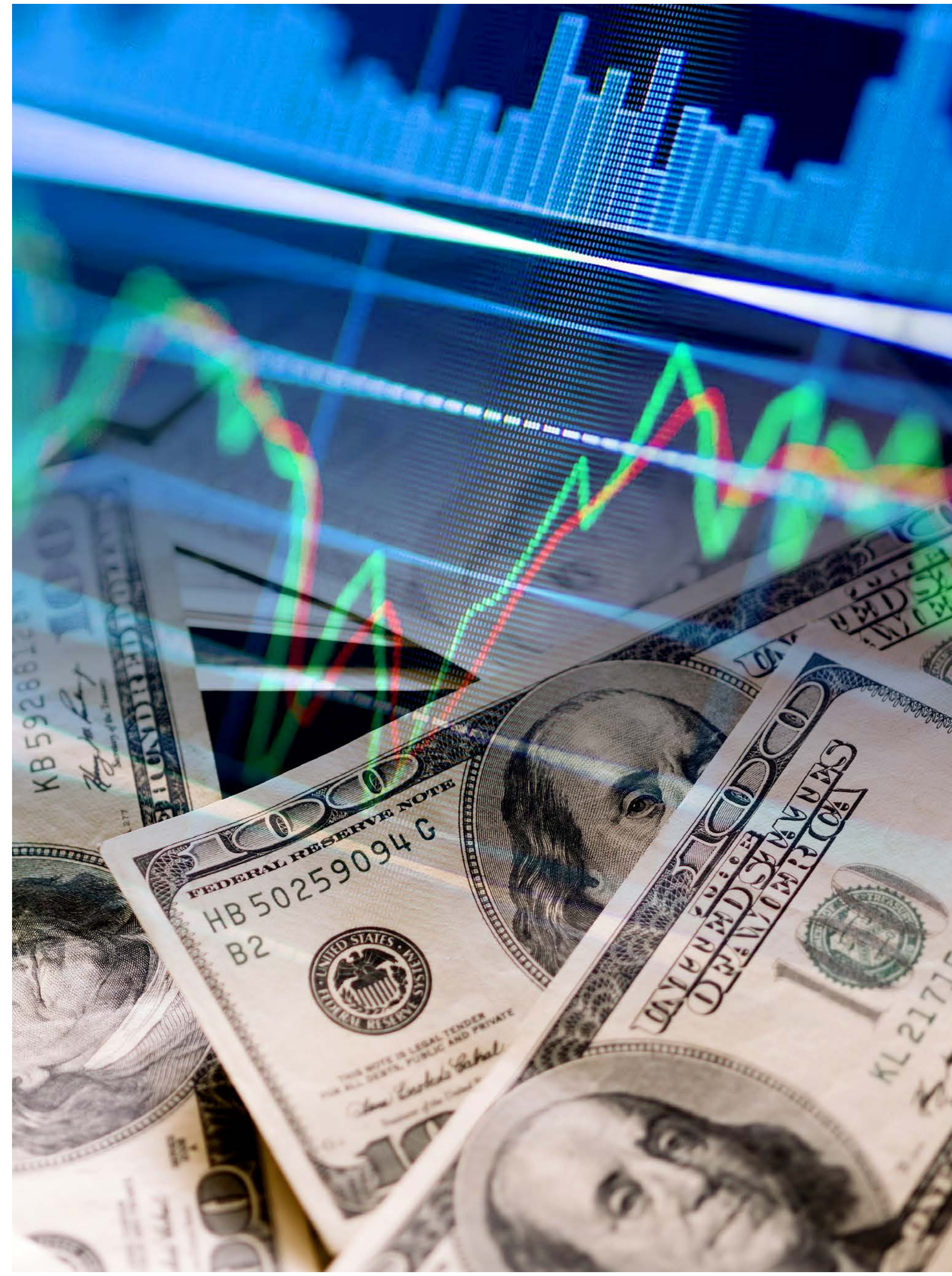
The path forward is unclear for another reason. Powell's term as chair ends in May, but his tenure at the central bank doesn't end until January 2028. Although unusual, it wouldn't be unprecedented for him to choose to stay until then. If Powell decides to remain at the Fed, Warsh would be named to replace Stephen Miran, who is serving out the remaining term of Adriana Kugler, who resigned in August. (That term expired at the end of January, though Senator Tillis could also hold up that appointment.)

How Could It Affect Markets?

Market action on Friday indicated investors believe Warsh's hawkish history makes it less likely that he will aggressively ease monetary policy. If they are right, the Fed would continue to be data driven when making decisions, which would likely be positive for the market.

In the end, 12 voting individuals determine interest rates and QE policy. The chair's role is to build consensus among those members to determine changes. If Warsh becomes chair in May, the employment and inflation picture could certainly be different than it is today, which could affect the decisions the Fed makes between now and the first few meetings he would oversee.

In the short term, markets react to headlines. Over the long term, investors are dependent on data. As fourth-quarter earnings season continues this week, investors will weigh those results to determine where to invest capital.



Report Releases: January 26–30, 2026

Conference Board Consumer Confidence Index
January (Tuesday)

Consumer confidence fell more than expected, dropping the index to its lowest level since 2014. Surveyed consumers cited weakening labor market conditions and high prices.

- Expected/prior month consumer confidence: 91.0/94.2
- Actual consumer confidence: 84.5

Federal Open Market Committee (FOMC) Rate Decision
December (Wednesday)

After its January meeting, the FOMC left rates unchanged, which was widely expected by economists and investors.

- Expected/prior federal funds rate upper limit: 3.75%/3.75%
- Actual federal funds rate upper limit: 3.75%

Producer Price Index (PPI)
December (Friday)

Headline and core producer inflation increased more than expected in December.

- Prior monthly PPI/core PPI growth: +0.2%/+0.0%
- Expected monthly PPI/core PPI growth: +0.2%/+0.2%
- Actual monthly PPI/core PPI growth: +0.5%/+0.7%
- Prior year-over-year PPI/core PPI growth: +3.0%/+3.0%
- Expected year-over-year PPI/core PPI growth: +2.8%/+2.9%
- Actual year-over-year PPI/core PPI growth: +3.0%/+3.3%

>> The Takeaway

- The Fed stood pat, as expected.
- Consumer confidence reached its lowest level in 12 years due to concerns about the weakening job market.
- Producer prices increased more than expected.

Financial Market Data

Equity

U.S. equity markets were mixed. The S&P 500, which topped 7,000 for the first time before drifting lower, closed marginally higher. Other indices were down slightly. More weakness was seen in small-caps; the Russell 2000 Index fell 2 percent, though it was up more than 5 percent for the month. Sectors that performed well were communication services, energy, and utilities. Health care, consumer discretionary, and materials showed the most weakness. International markets continued higher.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.35%	1.44%	1.44%	16.32%
Nasdaq Composite	−0.16%	0.97%	0.97%	20.34%
DJIA	−0.42%	1.80%	1.80%	11.65%
MSCI EAFE	1.57%	5.24%	5.24%	31.99%
MSCI Emerging Markets	1.80%	8.86%	8.86%	43.63%
Russell 2000	−2.07%	5.39%	5.39%	15.84%

Source: Bloomberg, as of January 30, 2026

Fixed Income

Fixed income markets were mostly higher. The Treasury yield curve steepened, though 10-year yields were basically unchanged, rising 1 bp to 4.24 percent. Bond investors reacted to the FOMC meeting on Wednesday and the Fed chair nomination on Friday.

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.03%	0.11%	0.11%
U.S. Treasury	0.00%	−0.09%	−0.09%
U.S. Mortgages	0.19%	0.41%	0.41%
Municipal Bond	0.29%	0.94%	0.94%

Source: Bloomberg, as of January 30, 2026

>> The Takeaway

- Equity markets were mixed. The S&P 500 was the lone bright spot, surpassing 7,000 for the first time on Wednesday.
- The Treasury yield curve steepened, though yields on the bellwether 10-year were basically flat. Bonds were marginally higher.

Looking Ahead

This week's highlights include several high-profile corporate earnings reports and a critical employment report.

- The week kicks off on Monday, when the **Institute for Supply Management (ISM) Manufacturing index** is expected to show slightly higher confidence.
- On Wednesday, the **ISM Services index** is anticipated to reveal a slight pullback in confidence after a very strong December.
- The week wraps on Friday with the **January employment report** and the **University of Michigan consumer sentiment survey** for February. Employment is expected to show a slight increase in jobs from December. Consumer sentiment is anticipated to decline modestly.
- Throughout the week, **fourth-quarter earnings** season continues, highlighted by reports from Alphabet, Amazon, Disney, and Palantir.

Harrington Beach State Park, Country Road D, Belgium, Wisconsin

This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Diversification does not assure a profit or protect against loss in declining markets, and diversification cannot guarantee that any objective or goal will be achieved. Please contact your financial professional for more information specific to your situation.

Bonds are subject to availability and market conditions; some have call features that may affect income. Bond prices and yields are inversely related: when the price goes up, the yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than $50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®.

LifeTime Asset Management

LifeTime Asset Management, LLC

801 Corporate Center Drive,Suite 110 | Raleigh, NC 27607
919.845.5315 | 919.845.5346 fax | www.lifetimeasset.com