CBIZ

On The Margin

02.02.2026 | MONTHLY MARKET UPDATE

CBIZ.COM/INSIGHTS

January 2026 Recap

Joe Nitting, Director of Research, Retirement & Investment Solutions

PRELUDE

Relatively speaking, January was a drama-filled month in the Nitting household due to: 1) a record-breaking snowstorm followed by a week straight of subzero temperatures; 2) my wife, daughters, and I all catching COVID-19 during the aforementioned snowstorm; 3) my wife and I potty training one of our daughters (easily the biggest source of drama); 4) the Dayton Flyers men's basketball team losing four straight games. Like the Nitting household, global markets experienced their own versions of drama during January, including: 1) the U.S. military's capture of Venezuelan president Nicolás Maduro; 2) renewed fears about a global trade war due to disagreements between the U.S. and Europe over potential control of Greenland 3) the announcement of a Federal Reserve Chair. Despite such drama, global markets finished January in mostly positive territory with international stocks leading the way higher, followed by U.S. stocks and fixed income.

GLOBAL EQUITY

U.S. equities experienced a bumpy start to the new year but finished January mostly higher, with performance across multiple major indexes ranging from -1.5% to +5.4%, cumulatively. Within the large cap space, value stocks led the way higher for a third consecutive month, driven partly by positive returns from several energy sector companies, which investors thought could benefit from the governmental regime change in Venezuela. However, financial sector companies in the large cap value space generally

TABLE 1: GLOBAL EQUITY	JAN	QTD	YTD	1 YR
Dow Jones Industrial Average	1.80	1.80	1.80	11.65
S&P 500 Index	1.45	1.45	1.45	16.35
Russell 2000	5.35	5.35	5.35	15.81
Russell 1000 Growth	-1.51	-1.51	-1.51	14.50
Russell 1000 Value	4.56	4.56	4.56	15.83
MSCI ACWI USD	2.96	2.96	2.96	21.87
MSCI EAFE USD	5.22	5.22	5.22	31.18
MSCI EM USD	8.85	8.85	8.85	42.84
MSCI ACWI ex US USD	5.98	5.98	5.98	34.87

Source: Bloomberg, as of 1/31/2025. Past performance does not guarantee future returns.

lagged amid underwhelming earnings results from large banks and concerns about the current administration's proposal of a temporary interest rate cap on credit card payments. Large cap growth stocks declined for a third straight month amid ongoing concerns about near-term business prospects for certain companies involved in the advancement of artificial intelligence technologies. We think it is important for investors to remember that the significant concentration within the large cap growth complex (10 companies representing almost 60% of the Russell 1000 Growth Index) makes it prone to periods of streaky performance. Using the last 10-month period as an example, the Russell 1000 Growth Index moved higher in each of the first seven months but declined in each of the last three months. Small cap stocks rallied sharply during the month, as the Russell 2000 returned +5.4% amid optimism surrounding a potentially accelerating U.S. economy and a relatively more favorable interest environment.

International markets generated broadly positive returns in January as the U.S. dollar weakened relative to several other major currencies. Developed international markets, as represented by the MSCI EAFE Index, returned +5.2% for the month. Japanese stocks were among the better performers in January as Japanese equities rallied following Prime Minister Takaichi's announcement of an early parliamentary election. Investors believe that the election may help consolidate the Prime Minister's power and pave the way for more aggressive fiscal stimulus. However, Japanese Government Bond yields spiked on certain fiscal stimulus proposals, weighing on Japanese fixed income returns. Within Europe, Danish chipmaker ASML was an exceptionally positive performer during January as shares rose +33.6% amid stronger-than-expected earnings. ASML is currently the largest position in the MSCI EAFE Index at a +2.4%

weight. January marked the twelfth straight month of gains for emerging markets, as the MSCI EM Index returned +8.9%. The drivers for such returns were like those of December 2025, as South Korean equities were among the biggest contributors to performance again. Samsung Electronics and SK Hynix returned +34.0% and +39.7%, respectively, amid stronger-than-expected earnings and ongoing optimism surrounding both companies producing large volumes of memory chips for artificial intelligence purposes. Taiwan Semiconductor Manufacturing Co, the largest position in the MSCI EM Index, also performed strongly in January, returning +14.3% due to better-than-expected financial results.

FIXED INCOME

U.S. fixed income returns were relatively muted during January, as the Bloomberg Aggregate returned +0.1%. High yield bonds were among the better performers during the month amid healthy demand for new issuance and modestly tightening spreads. Perhaps most notably during January, President Trump announced that he nominated Kevin Warsh as the next Federal Reserve Chair. If confirmed by the Senate, Warsh will succeed current Chair Jerome Powell when Powell's term expires in May.

TABLE 2: FIXED INCOME	JAN	QTD	YTD	1 YR
Bloomberg US Aggregate	0.11	0.11	0.11	6.85
Bloomberg 1-3 Yr Gov/Credit	0.23	0.23	0.23	5.11
Bloomberg Treasury 5-7 Yr	-0.19	-0.19	-0.19	7.12
Bloomberg Investment Grade Corp	0.16	0.16	0.16	7.40
Bloomberg High Yield Corp	0.51	0.51	0.51	7.70
JPMorgan EMBI Global Diversified	0.68	0.68	0.68	13.45

Source: Bloomberg, as of 12/31/2025. Past performance does not guarantee future returns.

I thought it might be helpful to provide our readers with some additional background on Kevin Warsh, as the discussion surrounding the next Federal Reserve Chair has been a controversial one for a while now. Warsh served as a member of the Federal Reserve Board of Governors from 2006 to 2011, helping the central bank through the Global Financial Crisis. Ironically, he emerged from that era as a critic of excessive monetary stimulus, arguing that such action could distort markets and contribute to additional market risks later. Regarding concerns about his independence, we would argue a presidential nomination for any position (under any administration) could have political considerations behind it. However, regardless of Warsh's political affiliation, the Federal Reserve Chair remains one of 12 voting members on the Federal Open Market Committee and cannot simply adjust interest rates on his or her own. Investors seem neutral on Warsh's nomination, with no major market reactions in either direction, as well as minimal change in expectations for interest rate cuts throughout 2026. In our view, Warsh seems adequately qualified for the role of Fed Chair and we are interested to see his impact on the central bank going forward should the Senate confirm him.

POSTLUDE

According to the Chinese zodiac, 2026 is the Year of the Fire Horse, which occurs once every 60 years. In Chinese culture, such a year combines the speed and ambition of a horse and with the transformative nature of fire, creating a fast-paced year filled with change, opportunity, risk, and heightened emotion. While the Chinese New Year does not begin until February 17, we think global financial markets are already showing signs of change, opportunity, risk, and heightened emotion. We are seeing continued optimism surrounding the development of artificial intelligence and its potential impact globally, exceptionally strong starts for certain asset class returns, and multiple eye-catching and potentially market-moving headlines. While we cannot reasonably predict what the rest of 2026 may bring for investors, we expect the year will be an exciting one regardless. We look forward to assessing new investment opportunities and risks for our clients, as well as sharing our perspectives with you along the way. Happy New Year and we are thrilled to officially begin our journey through 2026 with you.

Joe Nitting serves as the Director of Research for the centralized investment research function of the Retirement & Investment Solutions practice at CBIZ, Inc. Joe conducts investment research in both traditional and alternative asset classes, and he assists in the portfolio construction process for the firm's centralized investment research function. Joe has a B.S. in both Finance and Accounting from the University of Dayton. He began his career in investments at a boutique registered investment advisory firm in the greater Chicago area, focusing on traditional investments. He also served as an analyst for a registered investment advisory firm in the Cleveland area, where he specialized in alternative investments. Joe plays an important role in fostering a culture of collaboration and creativity within CBIZ while offering unique insights based on his experience across a wide spectrum of investment types.

CBIZ