

Outlook: Supreme court ruling on Trump tariffs could issue a ruling this week after passing on such a ruling Friday. Key earnings from market moving stocks with major banks on deck including **JPMorgan Chase (JPM)**, **Goldman Sachs (GS)**, **Morgan Stanley (MS)**, **Wells Fargo (WFC)**. **Taiwan Semiconductor (TSM)**, which makes chips for **Nvidia (NVDA)**, **Advanced Micro Devices (AMD)**, and **Broadcom (AVGO)**, also set to release earnings and its commentary could provide insights on the backlog and capital spending plans from hyperscalers that are spending hundreds of \$ billions on AI.

Elevated Volatility likely: As we have written earlier regarding volatility with geopolitical events such as Valenzuela, Iran protests, Greenland, and now US Federal prosecutors deciding to serve subpoenas on Fed Chair Powell, there is no shortage of reasons for volatility in the days and weeks ahead from a macro perspective, never mind economic data and company earnings reports. Sunday night futures are lower with significant attribution being the subpoenas being served on Fed Chair Powell allegedly for the HQ renovation and whether he lied to Congress about it in June 2024.

Pre-market		Market open		After-hours	
Dow Futures	Change	S&P 500 Futures	Change	NASDAQ Futures	Change
49,514.00	- 212.00 0.43%▼	6,973.00	- 32.00 0.46%▼	25,759.75	- 178.50 0.69%▼
Fair Value	Implied Open	Fair Value	Implied Open	Fair Value	Implied Open
49,715.93	- 201.93	7,004.12	- 31.12	25,928.72	- 168.97

Source: Pre-market Stock Trading | CNN

Key tailwind for 2026 remains the buildout in AI and AI infrastructure. To swing back to the latest Grok search, estimates suggest AI infrastructure investments could reach \$6.4-\$8 trillion by 2030 globally to meet compute demands.

AI infrastructure capex scenarios, 2025–2030

(Global, annual, rough order of magnitude ranges in USD)

Year	Base Ann. (\$T)	Base Tot. (\$T)	Accelerated Ann. (\$T)	Accelerated Tot. (\$T)
2025	\$0.7	\$0.7	\$0.7	\$0.7
2026	\$0.82	\$1.52	\$0.88	\$1.57
2027	\$0.96	\$2.48	\$1.09	\$2.67
2028	\$1.12	\$3.60	\$1.37	\$4.04
2029	\$1.31	\$4.91	\$1.71	\$5.74
2030	\$1.53	\$6.44	\$2.14	\$7.88

Source: xAI's AI Buildout Funding and Plans - Grok

Summary: All of the major averages finished higher with a particularly strong week from small caps as the **Russell 2000 (IWM)** surged +4.6%. More evidence is that the rally is broadening as the equal weighted **S&P500 (RSP)** climbed +2.51% outpacing the market cap-weighted **S&P500** which rose +1.57%. The tech heavy **Nasdaq Composite** advanced +1.88%. The **DJ Industrial Average** pushed higher +1.83%. Notable leaders included the semi equipment makes such as **Lam Research (LRCX, +18.4%)**, data storage disk maker **Sandisk (SNDK, +37.0%)**, memory chip maker, **Micron Technology (MU)** which rose for the 7th consecutive week, +9.6%, trucker **Old Dominion Freight Line (ODFL, +8.9%)**, and large moves by a number of mining companies such as **Southern Copper (SCCO, +15.0%)** and silver producer, **Hecla Mining (HL, +19.0%)** as it dawns on investors that minerals in high demand could be the next shortage area after power and memory chips/memory storage devices. Despite strong earnings outlooks from AI and data center plays, investors appeared to use such companies as a source of cash given huge gains last year. For example, **NRG Energy (NRG)** which surged +76.5% in 2025 sold off -9.8% last week. **Ciena (CIEN)** which soared +175% last year dropped -6.6%, **Lumentum Holdings (LITE)** which rocketed +339% last year got punched down -9.5%. Bellwether stocks, **Taiwan Semiconductor (TSM, +1.2%)** built on 2025 gains of +53.9% and **Nvidia (NVDA)** fell -2.1%.

Sectors were mostly higher but gains diverged sharply. **Retail (XRT)** surges +4.8%, **Semiconductors (SMH)** jumped +4.4%, **Consumer Discretionary (XLY)** climbed +5.2%, **Materials (XLB)** was up +4.7%. But **Utilities (XLU)** fell -1.5%, and **Communication Services (XLC)** were up just +0.9%. Mag 7 stocks (MAGS) rose in line at +1.5%. Risk was

back on as risk proxies Innovator **IBD 50 (FFTY)** surged 5.0% and **ARK Innovation (ARKK)** rose +2.5%.

The S&P500 and Nasdaq both have their moving averages stacked in the proper positions for a power trend to kick into gear.

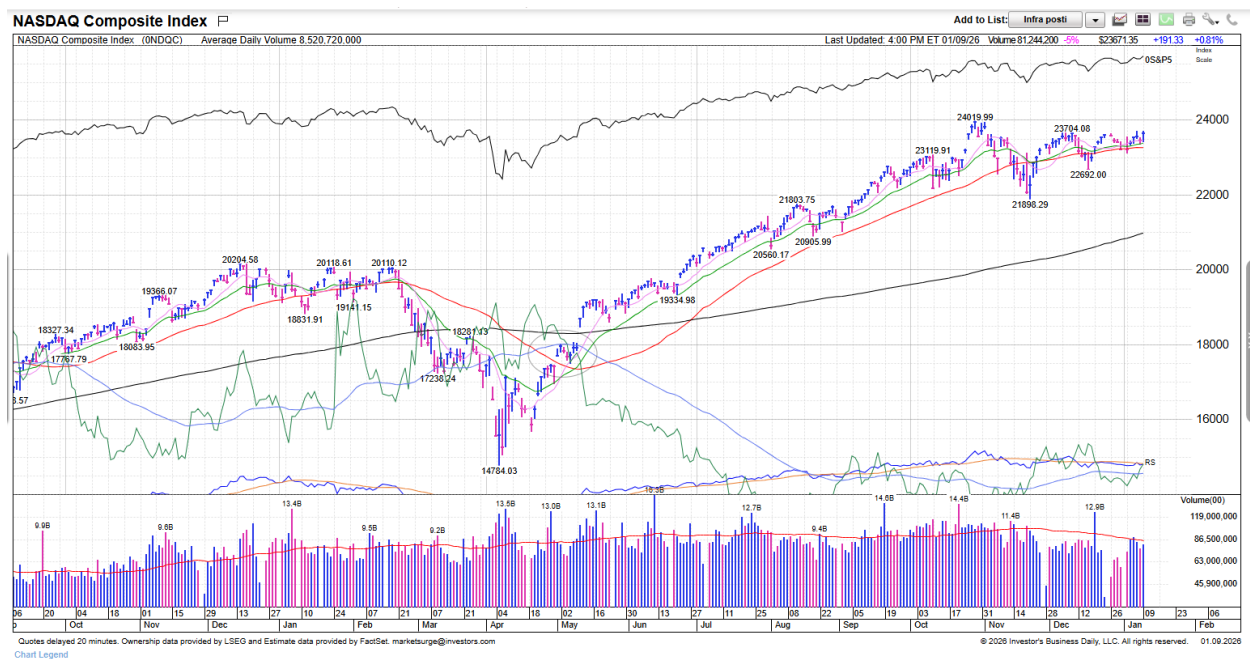
The odds of a Fed rate cut for January 28 remains weaker than ever with odds at just 5% (see FedWatch - CME Group) for a cut. Decisive odds of rate cut remain well out in the future with June 17 meeting (+72% down from 84% the prior week).

The US 10-year interest rate fell 3bp to 4.17%.

Stock Market Today/Week: Jan 9, 2026

Index	Level	Day change	Week Change
S&P 500	6,966.28	+0.65%	+1.57%
Nasdaq Composite	23,671.35	+0.81%	+1.88%
Dow Jones Industrial Avg.	49,504.07	+0.48%	+1.83%
US 10 year	4.17%		-3bps

Source: Factset



Key events for the week ahead:

Earnings season for 4Q25 earnings is beginning. Major banks such as **JPMorgan Chase (JPM)**, **Goldman Sachs (GS)**, **Citigroup (C)**, **Wells Fargo (WFC)** are all due to report with broader market implications. **Taiwan Semiconductor (TSM)** is also due to report. As the best chip manufacturer in the world, its customers include **Nvidia**, **Advanced Micro Devices**, and **Broadcom** among others. Commentary could provide key insights regarding backlogs and updated capital spending plans among from hyperscalers in the coming weeks.

1/12/2026 Fed speeches

1/13/2026 CPI for Dec: +2.7% headline expected. JPM DAL

1/14/2026. IEEPA opinion from Supreme Court expected. PPI, Existing home sales for Dec: 4,175k expected vs 4,130k Nov. WFC

1/15/2026 Jobless claims for w/e Jan10: 215k expected. GS MS TSM JBHT

1/16/2025

Source: Factset

Bullish talking points: Broadening rally as equal weight S&P500 outperformance and Russell 2000 ripping +5.0%. Above average EPS growth expected for S&P500 (mid-teens) and upside earnings risk. Market continues to mostly ignore geopolitical events. Second highest weekly buying levels of retail in nearly 8 months. Upbeat sentiment on AI out of the CES including Nvidia flagging Vera Rubin chip outperformance of 5x on inference and 3.5x on training. Anthropic valuation doubled to \$350B since October. Strong capital raise for xAI. Microchip, which semi's are outside of AI, raised Dec Q guidance for 2nd time in a month on broad-based recovery and strong bookings. Labor market stabilizing with non-farm payrolls (+50k) and ADP private payrolls (+41k) in December. ISM services were the highest since October 2024. US Q3 productivity went up +4.9% while unit labor costs fell -1.9%. Consumer spending up +4.7% y/y last 13 weeks of 2025, Costco comps +6.3%.

Bearish talking points: Ramping geopolitical tensions: Maduro indictment, rhetoric from Trump on Cuba/Mexico/Columbia, Greenland control, Japan-China trade tensions on rare earths, protests in Iran, Ukraine-Russia cease fire skepticism, possible US trade sanctions on Russia. Trump state capitalism such as pushing for defense companies to halt dividend payments and stock buy backs, pushing institutional investors to get out of owning single family homes, Fannie and Freddie to buy \$200B in MBS to lower mortgage rates and housing costs. Vacancies per unemployed worker fell to 0.9, lowest since March 2021, ISM Manufacturing was the lowest since October 2024 and 10th consecutive month of

contraction. Concentration risk: 10 largest stocks now account for 41% of the S&P500 and drove 53% of 2025 returns. Concerns over weakness in Nvidia despite Vera Rubin full production/performance and increased demand/backlog comments at CES. All bull-bear spread sentiment positive for 6th straight week and BoA Bull & Bear indicator at 9.0 a contrarian sell signal.

What to do now: Raising equity exposure gaining more conviction.

Appendix:

What kind of positive technical confirmations for a power trend per IBD (“Webby’s rules”):

1. Follow through day (FTD)
2. Subsequent FTDs.
3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50-day moving average (DMA).
7. Low above 50dma.
8. 3 consecutive days with low above 50dma.
9. Close above 200dma.
10. Low above 200dma.
11. 3 consecutive days low above 200dma.
12. 21ema moves above 50dma.
13. 21ema moves above 200dma.
14. 50dma moves above 200dma.

In the current rally as of 1/9/2026 all conditions met.

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