

**Outlook:** Risks of a Federal Government shutdown have recently increased significantly following another death from confrontations between ICE and activists in Minnesota over the weekend. The Wall Street Journal published an article Time for ICE to Pause in Minneapolis calling for ICE to take a break even as local cooperation has been lacking VP Vance calls for local cooperation in Minnesota. The Fed meets this week to address interest rates with markets discounting 97% odds of no change for this week and low odds of any rate cut until at least July Fed watch tool. President Trump threatened 100% tariffs on Canadian goods if it makes a free trade agreement with China, reversing his position from the prior week. But President Trump would have little legal basis for making such a move. Much of the US has been under assault from severe winter weather over the weekend, likely reducing business activity early this coming week. The Supreme Court has still not ruled on the legality of existing tariffs despite such a ruling previously expected as early as two weeks ago. Not clear what the pace forward will be as far as implementation of the “framework” on Greenland, which at least has resulted in President Trump dropping the Feb 1 tariff threat. Earnings season is cranking up with four of the Mag 7 earnings on deck: **Tesla (TSLA)**, **Microsoft (MSFT)**, **Meta Platforms (META)**, and **Apple (AAPL)** due to report. Other influential companies scheduled to report include **GE Vernova (GEV)**, **Boeing (BA)**, **Caterpillar (CAT)**, and semi equipment makers, **Lam Research (LRCX)** and **ASML (ASML)**. Data storage plays **Western Digital (WDC)**, **Seagate Technology**, and **Sandisk (SNDK)** are also on deck. Earnings are expected to be strong as the final reading on Q3 GDP was +4.4% and the Fed NOW forecast for 4Q2025 at +5.4%. Nonetheless, futures are trading modestly lower Sunday night.

Dow Futures	Change	S&P 500 Futures	Change	NASDAQ Futures	Change
49,138.00	- 125.00 0.25%▼	6,927.75	- 18.00 0.26%▼	25,637.50	- 100.75 0.39%▼
<b>Fair Value</b>	<b>Implied Open</b>	<b>Fair Value</b>	<b>Implied Open</b>	<b>Fair Value</b>	<b>Implied Open</b>
49,243.17	- 105.17	6,944.22	- 16.47	25,728.64	- 91.14

Source: Pre-market Stock Trading | CNN

Key tailwind for 2026 remains the buildout in AI and AI infrastructure. Running an update on estimated buildout for AI infrastructure shows investments slightly lower at the front end taking the base estimate to \$6T from 2025 to 2030 and the higher scenario to \$7.9trillion or back down to where we were two weeks ago to meet global compute demands. However, an additional data point from Gartner projecting \$2.53 trillion in 2026 with \$1.37T in AI infrastructure. S&P Global projecting hyperscaler cap ex of \$437B in 2026 and \$627B in 2027 contributing to \$4trillion in cumulative hyperscaler spending by 2030, which is a subset of the global total.

## AI infrastructure capex scenarios, 2025–2030

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

Year	Base Annual (\$T)	Base Cumulative (\$T)	Accelerated Annual (\$T)	Accelerated Cumulative (\$T)
2025	0.60	0.60	0.70	0.70
2026	0.72	1.32	0.88	1.58
2027	0.86	2.18	1.09	2.67
2028	1.04	3.22	1.37	4.04
2029	1.24	4.46	1.71	5.75
2030	1.49	5.95	2.14	7.89

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

**Summary:** All of the major averages finished lower except the Dow Jones Industrial Average which was flat (+0.05%). The equal weighted **S&P500 (RSP)** outperformed the S&P500 (-0.35%) but the RSP still fell -0.14%. The tech-heavy **Nasdaq Composite** was near flat -0.06%. Notable leaders included **Advanced Micro Devices (AMD)**, which jumped +12.0% which followed a +14.1% leap the previous week. **Micron Technology (MU)** rose for the 9th consecutive week, +10.2%. Semi-equipment makers took a breather including surging names such as **Lam Research (LRCX, -2.2%)** which is still ahead +27% YTD. Fuel cell maker, **Bloom Energy (BE)** gave back -3.1% but 2026 YTD gains still over +66% on top of the +291% in 2025. Gas turbine generator manufacturer GE Vernova (GEV) gave back -3.5% of the 9%+ gain the prior week. Miners of both basic and precious metals continued recent surge as exemplified by **Hecla Mining (HL, +20%)** on top of +18% the prior week and 19% the week before that. Pan American Silver (PAAS) arguably the best precious metals miner in North America joined the mining surge by jumping +16.9% last week. **Southern Copper (SCCO, +1.9%)** slowed down its ascent. E&C firms engaged in construction of power plants and/or infrastructure for Datacenters took a breather **Mastec (MTZ, -0.2%)**. Software providers finally caught a bid and those that include AI in their offerings such as **Service Now (NOW)**, advanced +4.5% and breaking a 5-week losing streak. Investors are worried that despite companies hiking guidance following 3Q results, increasing number of seats being subscribed, increased demand to help companies deploy AI to their specific situations, shares have taken a huge hit over the last year. Nvidia (NVDA) gained +0.8% and is up about 1% 2026 YTD after a +39% advance in 2025. NVDA has some of the strongest

EPS outlooks in the entire stock market with a 99 EPS rating and revenue outlook above +60% in each of the next 4Qs.

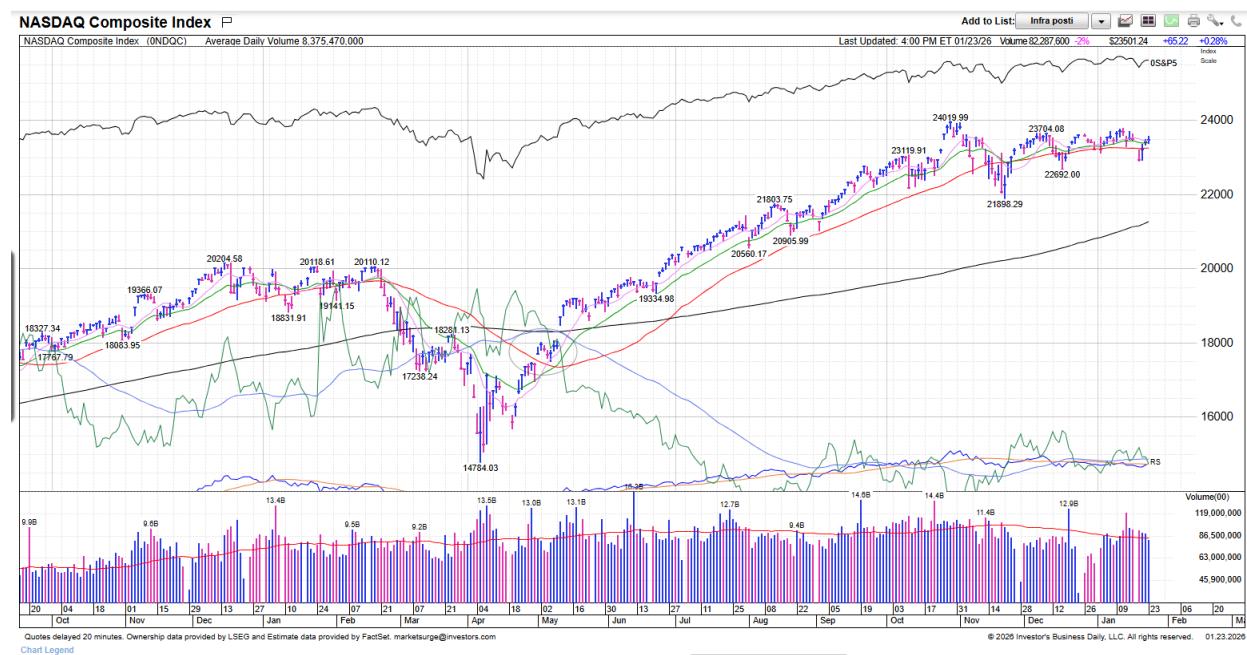
Sectors again diverged. **Software (IGV) slowed losses as it fell -0.6%** during the week. **Metals and Mining (XME, +5.9%) was again the big winner. Financials (XLF, -2.5%) along with Utilities (UTES, -2.5%). Mag 7 (MAGS, +1.1%) gained. Risk proxies diverged as Innovator IBD 50 (FFTY) gained 2.9% but ARK Innovation (ARKK) fell -1.7%.**

The US 10-year interest rate held at 4.23%.

### Stock Market Today/Week: Jan 25, 2026

Index	Level	Day change	Week Change
S&P 500	6,915.61	+0.03%	-0.35%
Nasdaq Composite	23,501.24	+0.28%	-0.06%
Dow Jones Industrial Avg.	49,098.71	-0.58%	+0.05%
US 10 year	4.23%		+0bps

Source: Factset



Source: **MARKETSURGE**  
BY INVESTOR'S BUSINESS DAILY

### **Key events for the week ahead:**

Hyperscalers to report this week: MSFT TSLA AAPL META which should give more data points on AI capital spending. NOW to update AI impacts on Enterprise SW players which have been hammered over the last year on fears of AI squeezing demand for seats and subscription services. **GE Vernova (GEV)** to update on demand for gas turbine generators.

1/26/2026 NUE STLD

1/27/2026 UNP NEE NXT V PAAS

1/28/2026 FOMC meeting. CLS TSLA WM GLW MSFT META NOW CALX APH GEV

1/29/2026 EXP AAPL MA SCCO

1/30/2026 UGI CNI

Source: Factset

**Bullish talking points:** Trump backed off on tariff threats against European countries with framework agreement on Greenland and supported buying the dip on geopolitics pull backs. Rally is broadening out with outperformance from Russell 2000 YTD and longest outperformance stretch (14 sessions) since 1996. Bond market MOVE index (volatility measure for bond market similar to VIX for equities) fell back to lowest levels since September 2021 and IG bond spreads tightened to lowest levels since 1998. Labor market stabilizing per weekly jobless claims figures, particularly initial claims lowest (200k) in two years. Retail investment flows and activity at record high on rolling monthly basis per JP Morgan.

**Bearish talking points:** Ramp in geopolitical tensions over Greenland until “framework” reached. Japanese Government bond yields as 40-year bonds traded above 4% for first time in over 30 years. Amazon CEO said starting to see some impact on prices from tariffs on its platform. New study showing that Americans are absorbing 96% of Trump tariffs either on consumers directly or importers. High profile earnings reports (Intel, GE Aerospace, Netflix, Abbot, Capital One, 3M) underwhelmed. AI productivity skepticism: AI usage jumped from 13% to 45% regular use but confidence in using AI technology fell by 18% and 85% of enterprise employees lack an AI use case that delivers value.

**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 1/23/2026 all conditions met.

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