

Week In Review

OLLI-GMU Investment Forum

January 28, 2026

Today: Davos, Greenland: Now what?

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Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

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Economic Commentary

- Message from Davos: brace for a less stable world order
- US vs EU/NATO regarding Greenland calms down: framework?
 - Markets are perplexed
- Dollar continues dropping; Gold hitting records now over \$5K/oz
- **Japan's bond market cratered, causing global alarm**
 - Japan debt is over 200% of GDP, vs US debt is at 122%
 - US Treasury may step in to back up Japan's currency
- Natural gas prices jumped 63% last week in view of cold weather
- Consumer spending up 2.6% in December; wages up only 1%
- U Michigan consumer sentiment survey rises to 56 from 52
- Unemployment steady at 4.4% in December (BLS)
- Inflation moderated to 3.3% in December (BLS)
- Affordability remains #1 concern among consumers and investors
 - Housing shortage and pricing should ease in 2026 (Bloomberg)
 - Fannie May and Freddie Mac are buying mortgage bonds
- **Bond market becomes the world's moderating force (Barrons)**
 - Long bonds' part of \$55T in world debt is a force unrecognized
 - When the bond market speaks, politicians listen

Market commentary

- Stock market in “wait and see” mode – earnings is starting
 - Awaiting tariff decision by SCOTUS
- Investors have poured almost \$6 billion this month (January) into BlackRock’s \$134 billion emerging-market stock ETF. (EEM) Up 10% YTD (Bloomberg)
- Intel stock crashed: Very poor quarterly report
- United Healthcare down 20% yesterday: Medicare rates
- UPS: Good quarter; higher profits; restructuring in progress
 - Eliminating 30,000 jobs
- GM up 9% on good results; share buybacks
- AI-bubble talk has calmed down
- RV shipments were up 2.5% YoY for 2025. A good figure.
- VIX: declined to 15: neutral
- CNN fear gauge: 58: mildly greedy
- AAI investor sentiment: 42% bullish; 30% bearish
- Junk bond spreads: 2.5%; VERY bullish (FRED)
- Materials going ballistic: gold, silver, copper, tin

Now what?

- Expect one or two Fed interest rate cuts in 2026
- Emerging market stocks expected to perform best this year
- **US economy is strong but....with some uncertainty**
 - Strong stimulants in place
 - AI bubble talk is off the table
 - Affordability remains a concern
 - Consumer spending is strong but with low confidence, nervousness
 - K-shaped consumer profile
 - Strong holiday season sales
- Labor market is clearly cooling off
- Tariff effects minimal and sector-dependent
 - Supreme Court to rule on tariff legality soon
- Stock market is very expensive
 - Diversify!
 - Protect yourself with automated stop loss orders; or put options as insurance

Quote of the Day: Warren Buffet: [It's good to learn from your mistakes.](#)
[It's better to learn from other people's mistakes.](#)