Your Weekly Investment

Insights

January 26, 2026

VERDENCE CAPITAL ADVISORS

Key **Takeaways:**

- Trump celebrates one year in office.
- Trump experiencing above average equity returns.
- Economy on an above average pace for a President's first year.
- Job growth has lagged other Presidents but unemployment rate below average.
- Confidence in line with historical Presidents.

A Look at Trump's First Year in Office

Last week marked a full year since Donald Trump took office as the 47th U.S. President (Jan. 20). Trump has enjoyed solid equity returns and a strong economy in his first year. In fact, going back to 1929, in the first year of a President's term, the S&P 500 rises, on average, 10%. This compares to the 13% Trump has seen in his first year. In addition, for those Presidents that served two terms, the S&P 500 has historically only increased ~7%, on average, in the first year of their second term. In this weekly insights, we take a look at the first year of Trump's presidency and compare it to historical Presidents.

- **Job (dis) approval rating:** President Trump ended his first year with the worst approval rating (36% in December 2025) since Richard Nixon's approval rating in the first year of his second term (29%).[1] In addition, his approval rating is well below the historical average seen in the first year of a Presidential term (57%). The complete upheaval of global trade, ongoing geopolitical tensions, immigration changes and growing political divisiveness have contributed to Trump's poor approval rating.
- **Temporary economic pain:** The U.S. economy declined for the first time in three years (-0.6% in 1Q25) in Trump's first year. One of the worst declines in net exports on record (due to tariffs) and the first decline in government spending in three years (due to DOGE cuts) led to a decline in GDP. However, the pain was short lived and the U.S. economy has seen three strong quarters of GDP. Going back to 1947, the U.S. economy rises the most in 1Q of a President's term (~3.6% on average), then grows 2.8% (2Q), 3.4% (3Q) and 2.0% (4Q), on average. However, in Trump's first year, growth is outpacing prior President's first year (2Q=3.8%, 3Q=4.4%, 4Q=5% estimate by Atlanta Fed GDPNow).
- **Slower job market**: The U.S. economy added 584K jobs in 2025, the worst year since 2020. In addition, Trump's first year of job creation lags the historical average seen in the first year of prior Presidents (1.4 million). However, the unemployment rate at 4.4%, is below the historical average seen in the other first years of a Presidential term (5.8%).
- **Consumer confidence not as bad as approval rating shows:** According to the Conference Board, consumer confidence in Trump's first year is inline with the historical average seen in prior first years of a Presidential term. The consumer confidence that we have data for (1969 to present) shows that President Obama had the worst first year in both terms.

The Bottom Line:

President Trump has signed over 225 executive orders in his first year (more than some sign in their entire term), he has reordered global trade, been involved with international disputes and seen the worst year for the U.S. dollar since 2003. As a result, investors have seen an uptick in volatility in equity markets and we expect it to continue. We remind investors that a successful long term investment plan lasts much longer than any Presidential term. There are many pro growth policies that Trump has outlined that should support growth long term. We will continue to prioritize valuations and fundamentals over politics when making asset allcoation decisions.

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Past performance is not indicative of future returns.

Key Takeaways:

- Home sales drop the most since the pandemic.
- Inflation comes in as expected; still above target.
- U.S. annual job growth falls to lowest since 2020.
- Global equities drop led by U.S. markets.
- Bonds rise led by inflation protected securities.
- Geopolitical tensions drive commodities higher.

Weekly Economic Recap –

Economy Continues to Defy Expectations

Pending home sales in December saw the biggest one month drop since April 2020. All four regions (northeast, midwest, south, west) declined for the month but It was the midwest that led the decline (-15% MoM).

The third reading on 3Q25 GDP showed that the U.S. economy grew slightly better than originally reported (4.4% vs. 4.3% QoQ). The modest revision was due to better capex spending and exports. Growth at 4.4% is much better than the prior three year average (2.8%).

The Fed's preferred inflation indicator (PCE Core) came in as expected in October (2.7% YoY). In addition, personal spending rose more than income which caused the personal savings rate to drop to 3.5%, the lowest level since October 2022.

The final reading on University of Michigan Consumer Sentiment showed that confidence rose more than originally reported in January. The composite reading rose to a five month high as confidence on current conditions and expectations for the economy rose. Sentiment rose across political parties and income levels which may be due to the expectation for higher tax refunds in the coming months. Inflation expectations for the next 12 months dipped to 4%, better than originally reported (4.2%).

Weekly Market Recap –

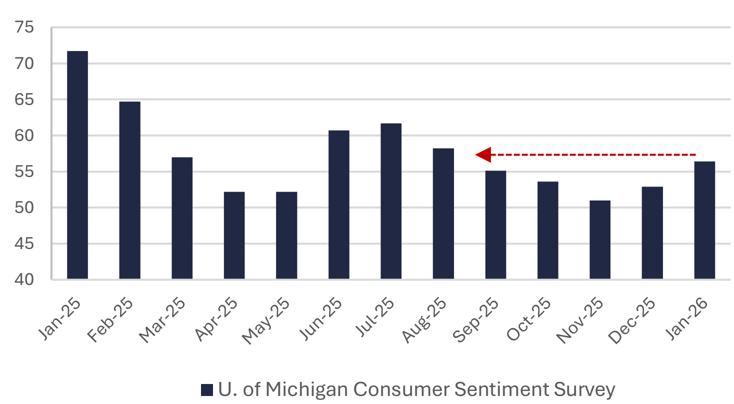
Global Equities Higher Despite Increasing Geopolitical Tensions

Equities: The MSCI AC World Index fell for the second week in 2026 led by a decline in U.S. and Japanese equities. U.S. equities fell led by large cap growth stocks, especially the Magnificient 7 stocks. The fear of renewed trade wars due to the White House's comments about Greenland sparked a sell off in the most expensive U.S. stocks. Japanese equities dropped sharply as long term bond yields surged on fiscal concerns.

Fixed Income: The Bloomberg Aggregate Index was higher last week as inflation data showed continued moderation. However, strong 3Q GDP data and increasing consumer confidence caused inflation protected securities (i.e., TIPS) to outperform nominal Treasuries. Municipal bonds fell for the first time in six weeks as supply concerns and geopolitical risks drove bonds lower.

Commodities/FX: The Bloomberg Commodity Index posted its best one week gain since March 2022 led by gains in precious metals. Gold and silver prices made new record highs as the White House increased its rhetoric about the desire to have an ownership stake in Greenland.

U.S. Consumer Confidence Rebounds



Footnotes: Data is as of January 2025.
Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

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Global Equities Fall on Weak U.S. Markets

		Current	1WK	1MO	3MO	1YR	YTD
U.S. Equities	Dow Jones Industrial Average	49,099	-0.5%	1.4%	5.5%	12.1%	2.2%
	S&P 500	6,916	-0.3%	0.2%	2.9%	14.5%	1.1%
	Russell 1000 Growth	4,714	-0.5%	-2.3%	-0.8%	12.8%	-1.0%
	Russell 1000 Value	2,150	-0.2%	3.2%	7.1%	14.9%	3.9%
	Russell 2500	4,594	-0.3%	4.6%	7.7%	14.1%	6.8%
	Russell 2000	2,669	-0.3%	5.2%	7.9%	16.9%	7.6%
	Nasdaq	23,501	-0.1%	-0.2%	2.6%	18.0%	1.1%

		Current	1WK	1MO	3MO	1YR	YTD
International Equities	MSCI AC World (USD)	1,038	-0.1%	1.8%	4.5%	20.7%	2.3%
	MSCI EAFE (USD)	2,996	0.1%	3.5%	7.2%	31.4%	3.6%
	MSCI Europe ex UK (USD)	3,349	0.3%	3.1%	6.9%	31.8%	2.7%
	MSCI Japan (USD)	5,069	-1.0%	4.9%	7.8%	32.0%	5.6%
	MSCI UK (USD)	1,635	0.4%	3.3%	8.5%	35.0%	3.0%
	MSCI EM (USD)	1,501	1.1%	8.3%	9.1%	41.9%	6.9%
	MSCI Asia ex Japan (USD)	968	0.3%	7.6%	7.6%	40.6%	6.0%

		Current Yield	1WK	1MO	3MO	1YR	YTD
Fixed Income	U.S. Aggregate	4.4%	0.1%	0.3%	0.1%	7.5%	0.1%
	U.S. Govt/Credit	4.3%	0.1%	0.3%	-0.2%	7.0%	0.0%
	U.S. 10 Year Treasury	4.2%	0.0%	-0.1%	-0.7%	8.0%	-0.4%
	U.S. TIPS (1-10YR)	4.0%	0.2%	0.4%	-0.2%	7.0%	0.1%
	U.S. High Yield	6.6%	0.1%	0.9%	1.9%	8.2%	0.7%
	EM Bonds (USD)	5.7%	0.2%	0.4%	1.7%	11.0%	0.3%
	Municipal Bonds	3.5%	-0.3%	0.8%	0.9%	5.0%	0.6%

		Current	1WK	1MO	3MO	1YR	YTD
Commodities	Bloomberg Commodity Index	302	5.3%	7.9%	12.0%	20.4%	9.3%
	Crude Oil (USD/bbl)	$61.1	3.2%	2.7%	-0.7%	-13.6%	3.7%
	Gold ($/oz)	$4,987.5	8.5%	11.2%	20.9%	81.0%	15.5%
	Copper	$594.8	-0.7%	8.6%	16.4%	37.4%	4.7%
	Wheat	$529.5	3.7%	2.4%	0.2%	-15.6%	4.4%
	U.S. Dollar	98	-1.7%	-0.4%	-1.4%	-9.7%	-0.7%
	VIX Index	16.1	1.5%	14.9%	-7.0%	7.1%	7.6%

Footnotes: Data is as of January 23, 2026.
Source: Bloomberg Finance LP, Verdence Capital Advisors.

[1]: https://www.presidency.ucsb.edu/statistics/data/presidential-job-approval-all-data

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Disclaimer:

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