



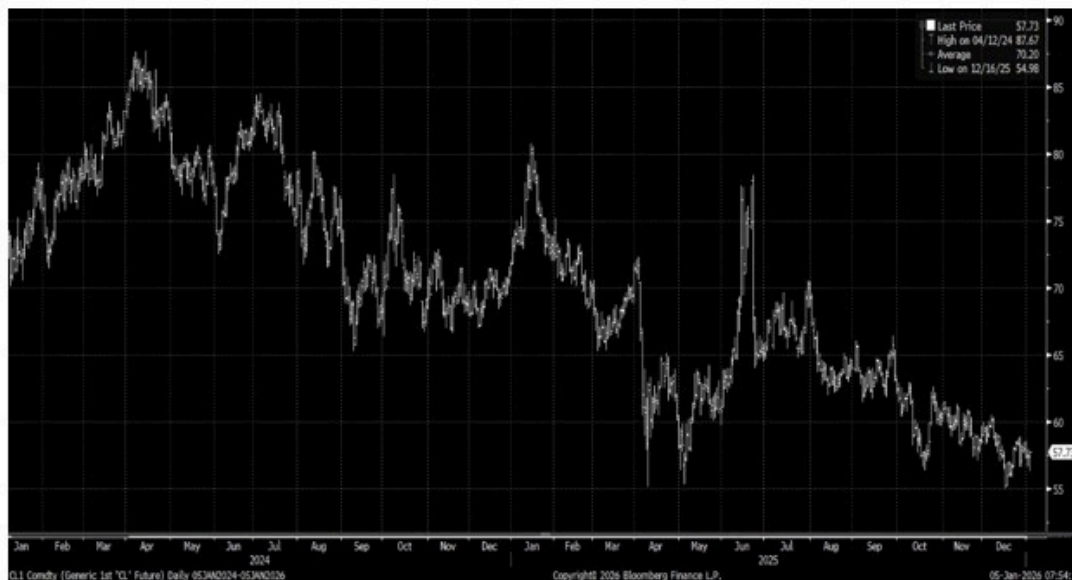
January 5, 2026

The Year Of The Fire Horse Brings Strength, Power, Speed & Energy

In Chinese astrology, 2026 is the year of the Fire Horse, which formally begins on February 17, but it feels like the energy and intensity of the Fire Horse is already upon us.

In Chinese astrology, 2026 is the year of the Fire Horse, which formally begins on February 17, but it feels like the energy and intensity of the Fire Horse is already upon us. The New Year opened with President Donald Trump authorizing the overnight invasion of Venezuela to capture the country's president, Nicolás Maduro, and his wife, Cilia Flores. On January 3, U.S. Special Forces led the surprise military operation, which included large-scale strikes on Venezuelan military bases. Maduro and Flores face criminal charges in New York, where they had been indicted in 2020 for drug trafficking, terrorism, and corruption. In announcing the military action, Trump vowed that the U.S. would manage Venezuela's transition to democracy, leading to more questions than answers. What a way to open a year! So many investors have been asking: how does this impact markets – especially the energy market? Our approach to analyzing geopolitical events is to consider the impact on S&P 500 company earnings. What has taken place in Venezuela and its foreseeable immediate ramifications are not likely to have a negative impact on corporate earnings, in our view, and therefore should not have a significant negative impact on stock prices. As for oil prices, specifically, we believe there could be a short-term rise, but the longer-term outlook remains for oil prices to stay low as there is excess supply still on the market – and now investors may expect more oil to come from Venezuela over time. Oil prices could go back down and test the level of \$55. The major oil companies Chevron (CVX) and Exxon Mobile (XOM) are responding positively to the events taking place in Venezuela, however our concern is that if oil prices remain depressed it will be challenging for the energy stocks to sustain a rally or leadership in the market.

WTI Oil Prices Remain In A Downtrend: Risk \$55 Gets Tested Again



 January 5, 2026

Stocks Open The Year With Weak Price Momentum

As we enter the new year, the S&P 500 has weakening price momentum. Because the index was not able to reach and sustain a new high at the end of 2025, the price momentum indicators of the 14-day stochastic and moving average-convergence divergence (MACD) are weakening. This suggests that stock prices may struggle in January. We are expecting a challenging market environment this year. This midterm election year will be mired in volatility, in our view, but we expect the year to end with a gain averaging 6%. We believe the S&P could reach 7500 by year-end or a 10% gain from current levels. The theme of our Year Ahead Outlook was for investors to remain Fearless as we believe the secular bull market will charge ahead, taking the S&P 500 to a level of 10,000-13,000 by the end of the decade.

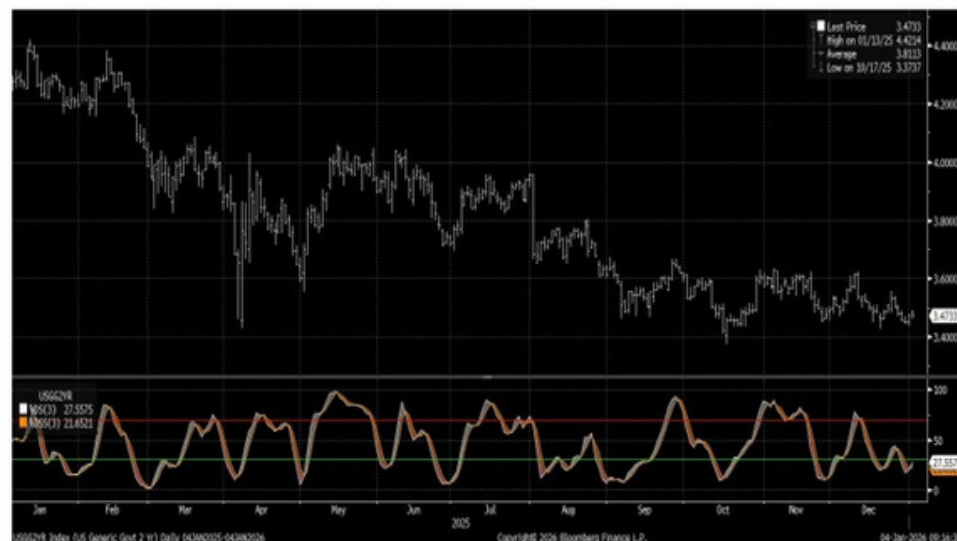
S&P 500 With 14-Day Stochastic And MACD: Price Momentum Is Weakening



Interest Rates Show January Upward Pressure

Seasonally, interest rates have a bias to rise in 1Q of a new year. The Federal Reserve (Fed) is working to ensure sufficient liquidity – particularly to meet capital demands tied to tax payments in December and April – but we appear to be seeing a near-term uptick in both the 2-year and 10-year Treasury yields, even as the broader trend in rates remains downward. Higher interest rates could cause some volatility for the equity market. The 2-year yield could push up toward 3.6%, while the key level to watch for the 10-year yield is 4.2%. A break above this level could see rates rise up toward 4.4%-4.6%.

2-Year Treasury Yield With 14-Day Stochastic: 2-Year Rates Positioned To Push Higher



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10-Year Treasury Yield With 14-Day Stochastic: 10-Year Rates Positioned To Push Up

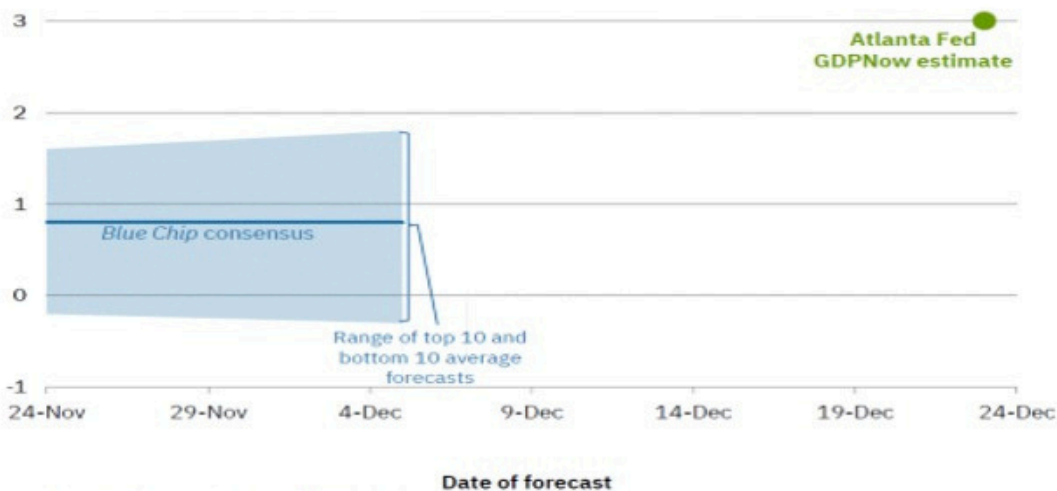


Source: Bloomberg With Annotations by Sanctuary Wealth

Atlanta GDPNow Tracker Showing Strong Economic Growth

It could be that the U.S. economy has already been following the Fire element as economic growth for 4Q 2025 is estimated to be 3% by the Atlanta GDPNow Tracker. Stronger economic growth can lead to higher interest rates. We will be watching this data closely.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q4 Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

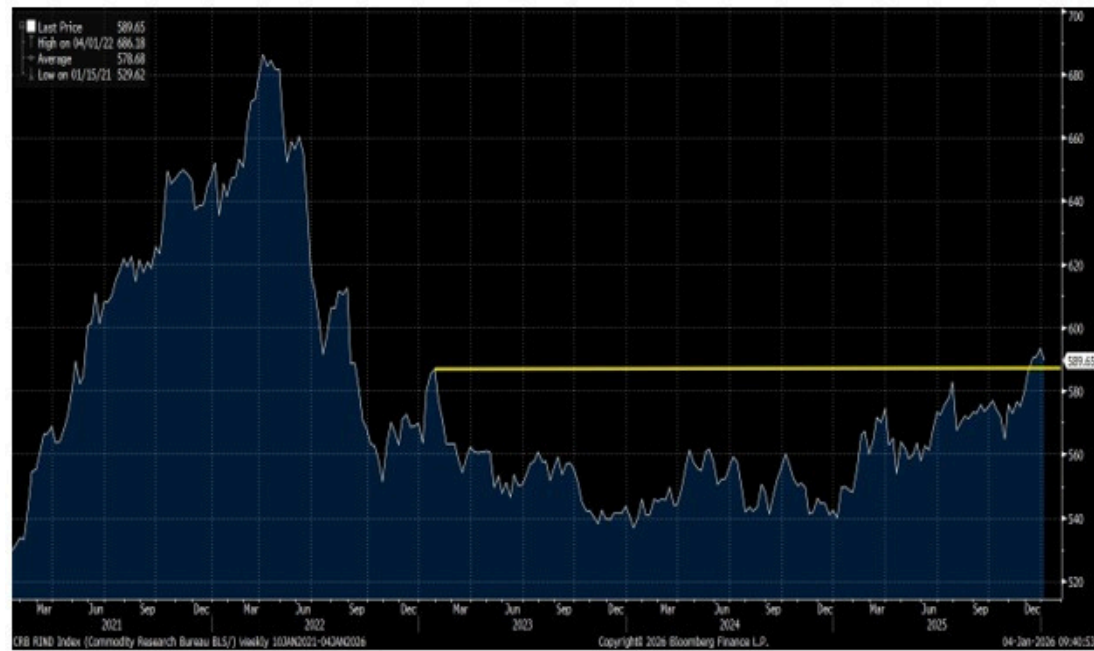
Source: Atlanta Federal Reserve, December 23, 2025 Estimate

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Spot Raw Industrial Prices Breaking Out – Prices Likely To Go Higher

Metal prices such as Gold, Silver and Copper have all reached all-time highs. The prices now on the move are spot raw industrial prices, which have broken out of a three-year trading range. We expect these prices to rise over time and to test the previous high from April 2022. This could point to producer prices remaining firm to higher.

Spot Raw Industrial Prices Breaking A Three-Year Trading Range



Source: Bloomberg With Annotations by Sanctuary Wealth



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Dogs Of The Dow: 2026 Opportunity

Dogs of the Dow is a long-standing investment strategy popularized by Michael O'Higgins in his 1991 book *Dogs of the Dow*. The approach focuses on the ten highest-yielding stocks in the Dow Jones Industrial Average (DJIA) at year-end. While the strategy struggled in performance the past few years, it rebounded in 2025, posting a 19% total return. In a year where we expect volatility to persist, the Dogs of the Dow may offer a measure of stability within an equity portfolio.

Dogs of the Dow Rules:

Selection Timing—After the stock market closes on the last trading day of the year (typically December 31), review the 30 stocks in the DJIA.

Criteria — Rank them by dividend yield (annual dividend per share divided by the stock's closing price). Select the 10 stocks with the highest dividend yields. These are the "Dogs" for the upcoming year.

Investment — Invest an equal dollar amount in each of the 10 selected stocks (e.g., 10% of your portfolio in each).

Holding Period — Hold the portfolio for the full calendar year.

Rebalancing — At the end of the year, repeat the process: sell the old positions and reallocate equally to the new top 10 high-yield stocks.

Dogs Of The Dow Stocks For 2026

	Issue	Ticker	Yield
1	Verizon Communications	VZ	6.78%
2	Chevron	CVX	4.49%
3	Merck & Co.	MRK	3.23%
4	Amgen	AMGN	3.08%
5	Procter & Gamble	PG	2.95%
6	Coca-Cola	KO	2.92%
7	UnitedHealth Group	UNH	2.68%
8	Home Depot	HD	2.67%
9	Nike	NKE	2.57%
10	Johnson & Johnson	JNJ	2.51%



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Sector Readings: Communication Services Strongest, Consumer Staples Weakest

Communication Services was strongest last week, followed by Information Technology. These two sectors have swapped the top two positions for the past 6 months. Consumer Staples is in last place, followed by Real Estate.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-11 with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Jan 2	Dec 26	Dec 19	Dec 12	Dec 5	Nov 28	Nov 21	Nov 14
Consumer Discretionary	5	3	3	3	4	6	7	7
Consumer Staples	11	10	9	10	11	11	10	11
Energy	8	9	10	8	7	7	6	5
Financials	6	6	6	6	8	8	8	8
Health Care	3	4	4	4	3	3	3	3
Industrials	4	5	5	5	5	5	5	6
Information Technology	2	2	2	1	2	2	2	1
Materials	7	7	7	9	9	9	11	10
Communication Services	1	1	1	2	1	1	1	2
Utilities	9	8	8	7	6	4	4	4
Real Estate	10	11	11	11	10	10	9	9

Source: Bloomberg, Sanctuary Wealth, January 2, 2026

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OBOS List: Communication Services And Healthcare Near Overbought; Real Estate Near Oversold

Communication Services and Health Care are near overbought this week. Real Estate is near oversold. There are no outright overbought or oversold sectors.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 2 January 2026

rank	S&P Sector	normalized Oscillator
1	Communication Services	0.9229
2	Health Care	0.8060 <i>Near Overbought</i>
3	Energy	0.1386 <i>Neutral</i>
4	Industrials	0.0910
5	Materials	0.0815
6	Financials	0.0245
7	Consumer Staples	-0.3691
8	Information Technology	-0.3857
9	Consumer Discretionary	-0.4164
10	Utilities	-0.5718 <i>Neutral</i>
11	Real Estate	-0.6911 <i>Near Oversold</i>

Source: Bloomberg, Sanctuary Wealth, January 2, 2026

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2025 Year-End Market Performance: Silver Was The Best Performing Asset (More Than Doubling Gold's Return), Communications Services The Best Performing Sector

	Last 12/31/2025	Month End 11/28/2025	Month to Date	Quarter End 9/30/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 12/31/2024	Year To Year
S&P 500	6845.50	6849.09	-0.1%	6688.46	2.3%	5881.63	16.4%	5881.63	16.4%
NASDAQ Composite	23241.99	23365.69	-0.5%	22660.01	2.6%	19310.79	20.4%	19310.79	20.4%
NASDAQ 100	614.31	619.25	-0.8%	600.37	2.3%	511.23	20.2%	511.23	20.2%
Russell 2000	2481.91	2500.43	-0.7%	2436.48	1.9%	2230.16	11.3%	2230.16	11.3%
S&P Consumer Discretionary Sector	1928.43	1915.26	0.7%	1917.97	0.5%	1831.16	5.3%	1831.16	5.3%
S&P Consumer Staples Sector	864.89	882.17	-2.0%	871.10	-0.7%	853.65	1.3%	853.65	1.3%
S&P Energy Sector	687.34	686.63	0.1%	682.82	0.7%	654.85	5.0%	654.85	5.0%
S&P Financial Sector	911.60	885.58	2.9%	896.86	1.6%	804.44	13.3%	804.44	13.3%
S&P Health Care Sector	1805.89	1833.52	-1.5%	1623.95	11.2%	1604.75	12.5%	1604.75	12.5%
S&P Industrials Sector	1313.14	1298.52	1.1%	1306.11	0.5%	1115.65	17.7%	1115.65	17.7%
S&P Information Technology Sector	5684.00	5700.38	-0.3%	5612.00	1.3%	4609.52	23.3%	4609.52	23.3%
S&P Materials Sector	574.41	563.10	2.0%	570.71	0.6%	529.77	8.4%	529.77	8.4%
S&P Real Estate Sector	255.03	262.34	-2.8%	264.79	-3.7%	255.92	-0.3%	255.92	-0.3%
S&P Communications Sector	452.39	457.25	-1.1%	422.60	7.0%	341.66	32.4%	341.66	32.4%
S&P Utilities Sector	433.81	458.15	-5.3%	443.18	-2.1%	384.95	12.7%	384.95	12.7%
S&P 500 Total Return	15220.46	15211.14	0.1%	14826.80	2.7%	12911.82	17.9%	12911.82	17.9%
3 month Treasury Bill Price	99.09	99.05	0.0%	99.01	0.1%	98.92	0.2%	98.92	0.2%
3 month Treasury Bill Total Return	268.01	267.08	0.3%	265.32	1.0%	256.97	4.3%	256.97	4.3%
10 Year Treasury Bond Future	112.44	113.34	-0.8%	112.50	-0.1%	108.75	3.4%	108.75	3.4%
10 Year Treasury Note Total Return	316.61	318.10	-0.5%	313.63	1.0%	293.94	7.7%	293.94	7.7%
iShares 20+ Year Treasury Bond ETF	87.16	90.21	-3.4%	89.37	-2.5%	87.33	-0.2%	87.33	-0.2%
S&P Municipal Bond Total Return	290.00	289.46	0.2%	285.56	1.6%	278.14	4.3%	278.14	4.3%
iShares S&P National Municipal Bond NAV	106.85	107.22	-0.3%	106.35	0.5%	106.40	0.4%	106.40	0.4%
S&P 500 Investment Grade Corporate Bond Total Return	499.46	500.63	-0.2%	495.91	0.7%	465.24	7.4%	465.24	7.4%
S&P Investment Grade Corporate Bond	92.75	93.25	-0.5%	93.02	-0.3%	90.28	2.7%	90.28	2.7%
S&P Investment Grade Corporate Bond Total Return	532.99	533.78	-0.1%	528.51	0.8%	495.89	7.5%	495.89	7.5%
SPDR Bloomberg High Yield Bond ETF	97.21	97.65	-0.5%	97.99	-0.8%	95.47	1.8%	95.47	1.8%
iShares iBoxx High Yield Corporate Bond ETF	80.63	80.99	-0.4%	81.19	-0.7%	78.65	2.5%	78.65	2.5%
Gold	4319.37	4239.43	1.9%	3858.96	11.9%	2624.50	64.6%	2624.50	64.6%
Bitcoin	87647.54	90914.64	-3.6%	114640.81	-23.5%	93714.04	-6.5%	93714.04	-6.5%
Silver	71.66	56.50	26.8%	46.65	53.6%	28.90	148.0%	28.90	148.0%

Source: Bloomberg, Sanctuary Wealth, December 31, 2025

It Is A Fiery Week Of Data

This week will bring a torrent of data and headlines – offering clarity with the first and perhaps uncertainty with the latter.

This first full week of the new year will be data heavy with the potential to move markets day by day. Key releases span the health of the economy and labor market, culminating in the Federal Reserve's preferred inflation measure, Core Personal Consumption Expenditures (PCE). Even modest surprises in this week's data could reset near-term expectations for policy, yields, and risk assets. And against this backdrop, investors will continue to digest global economic events as it appears the world is shedding the old skins of 2025 (Wood Snake) and must prepare for the bold action of 2026 (Fire Horse).



Calendar

Mon.

8:00 am Minneapolis Fed President Neel Kashkari TV appearance
10:00 am ISM manufacturing index
tbd Auto sales

Tue.

8:00 am Richmond Fed President Tom Barkin speaks
9:45 am S&P final U.S. services PMI

Wed.

8:30 am ADP employment ISM services index Job openings U.S.
10:00 am factory orders Fed Vice Chair for Supervision Michelle
10:00 am Bowman speaks Constellation Brands*
4:10 pm Earnings

Thu.

8:30 am Initial jobless claims
8:30 am U.S. trade deficit U.S.
8:30 am productivity U.S.
3:00 pm consumer credit
Earnings Greenbrier

Fri.

8:30 am U.S. employment report
9:45 am U.S. unemployment rate
9:45 am U.S. hourly wages
9:45 am U.S. hourly wages year over year
9:45 am U.S. housing starts
9:45 am UMich consumer sentiment
1:35 pm Richmond Fed President Tom Barkin speaks

*Earnings reflect highlights
Source: MarketWatch/Kiplinger's/CNBC

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