

## Macro

- President Trump announced Kevin Warsh as his nominee to be the next chair of the Federal Reserve.
- The Federal Reserve left the fed funds rate unchanged at a target range of 3.50%–3.75%, adopting a wait-and-see approach to whether further cuts are needed.
- The December Employment Situation report showed 50k jobs were added and the unemployment rate fell to 4.4%.
- According to the Atlanta Fed's GDPNow model, fourth-quarter GDP growth is tracking to an annualized 4.2%.
- Oil prices rose 13.6%, as rising geopolitical risks and solid economic data reduced supply glut concerns.
- The supply squeeze in silver continued, finishing the month up 19% despite a major pullback to finish the month. Gold's multi-year uptrend continued as well, with the precious metal finishing the month up 14%.
- The U.S. Dollar depreciated 1.4% against a basket of major currencies, the biggest decline since August.

## Equities

- Energy stocks returned 14.4% in January, their best month since October 2022.
- Buoyed by U.S. Dollar weakness and a strong month for commodities, emerging market stocks rose 8.9% and beat the S&P 500 by 7.4 percentage points. That's the best relative performance since November 2022.
- Already one of the best performing factors in 2025, the Momentum factor (i.e. the top performing stocks of the last 12 months minus the bottom stocks) was on top of the leaderboards in January, with a return of 2.5%. Meanwhile, Low Volatility stocks fell 7.3%.
- Value stocks beat growth stocks by 5.9 percentage points and small-cap stocks beat large-cap stocks by 4.0 percentage points.

## Fixed Income

- 10-year breakeven inflation expectations rose nearly 10 basis points.
- Japan's bond market saw intense volatility, with its 30-year government yield rising from 3.39% to as high as 3.86% on Jan. 20, before ending the month at 3.63%.

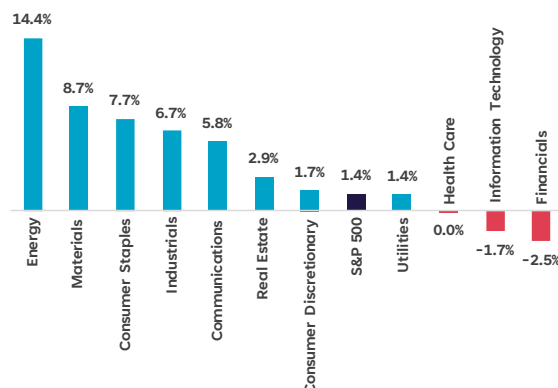
	Level		Month	QTD	YTD	1-Yr	3-Yr
			Return	Return	Return	Return	Return
Equities	S&P 500	6,939	1.4%	4.1%	19.6%	16.3%	88.7%
	Nasdaq	23,462	1.0%	3.7%	22.3%	20.3%	129.4%
	Dow Jones	48,892	1.8%	5.9%	17.0%	11.7%	56.3%
	Russell 1000 Value	2,163	4.5%	8.5%	21.1%	15.8%	54.3%
	Russell 1000 Growth	4,691	-1.5%	-0.4%	16.8%	14.5%	122.1%
	Russell 2000 Value	2,902	7.0%	10.4%	20.4%	18.0%	49.0%
	Russell 2000 Growth	1,717	4.0%	5.2%	17.5%	13.9%	60.5%
	MSCI EAFE	3,043	5.2%	10.4%	38.9%	32.0%	72.8%
	MSCI EM	1,528	8.9%	14.1%	46.2%	43.6%	74.1%

	Yield		Month	QTD	YTD	1-Yr	3-Yr
			Return	Return	Return	Return	Return
Fixed Income	US Treasurys	3.97%	-0.1%	0.8%	6.2%	5.7%	11.2%
	US IG Corporates	4.84%	0.2%	1.0%	8.0%	7.4%	19.7%
	US HY Corporates	6.58%	0.5%	1.8%	9.2%	7.7%	34.0%

	Level		Month	QTD	YTD	1-Yr	3-Yr
			Return	Return	Return	Return	Return
Commodities	Oil (\$/barrel)	\$65	13.6%	4.6%	-9.1%	-10.1%	-18.8%
	Gold (\$/oz)	\$4,894	13.3%	26.8%	86.5%	74.9%	168.3%
	Copper (\$/mt)	\$13,068	4.9%	27.8%	51.0%	46.4%	56.2%

	Level		Prior Month	Prior Quarter	Prior Year	1-Yr Ago	3-Yr Ago
Currencies	EUR (\$/€)	\$1.19	\$1.17	\$1.17	\$1.04	\$1.04	\$1.07
	JPY (¥/\$)	¥155	¥157	¥148	¥157	¥155	¥131
	GBP (£/\$)	\$1.37	\$1.35	\$1.34	\$1.25	\$1.24	\$1.21

January S&P 500 Sector Total Returns



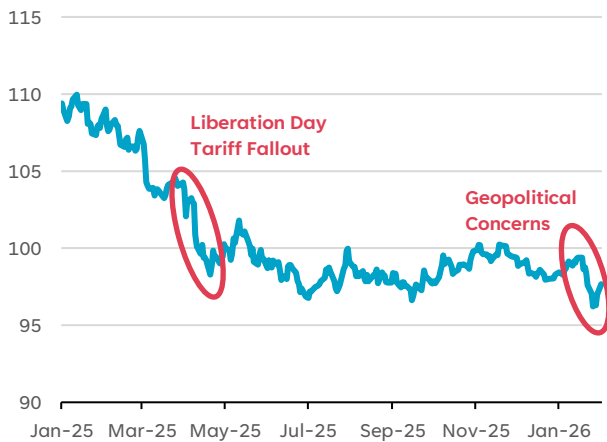
## Political Fuel Meets Fire

The firewall between the executive branch and the central bank was breached in January. Markets were rattled by the unprecedented Justice Department investigation into the Fed's \$2.5 billion renovation of its headquarters as well as the high-stakes Supreme Court case triggered by President Trump's attempt to remove Fed Governor Lisa Cook.

The political fallout is even complicating the president's recent nomination of Kevin Warsh as the next Fed Chair. Sen. Thom Tillis, a Republican from North Carolina who is on the Senate Banking Committee that must vote on Fed nominations, said he would block any vote until the Fed investigation is resolved.

Abroad, the "Sell America" trade gained traction amid U.S. military action in Venezuela, the Trump administration's interest in acquiring Greenland, and escalating conflict involving Iran. This global rotation away from U.S. assets hasn't been hard to spot: After falling 9% in 2025, the Dollar Index (DXY) dipped more than 1% in January.

### U.S. Dollar Index



Source: SoFi, Bloomberg

Though it's hard to say for sure, this year's developments thus far don't appear to be just short-term gyrations, but instead a symptom of longer-term, structural shifts in the global order.

## Tangible Asset Boom

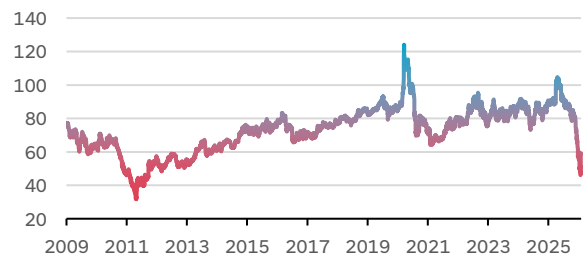
The politicization of the Fed and the geopolitical fracturing are manifesting themselves in the flow of capital to hard assets.

Gold, for instance, rose to as high as \$5,595/oz on Jan. 29, before ending the month at \$4,894/oz, up 13%. For years, the precious metal has benefited from foreign central banks and governments looking to diversify their reserves in response to geopolitical uncertainty. More recently, however, it has been buoyed by the emergence of new strategic buyers such as Tether and increased popularity of metals among retail traders.

For as good a month as Gold had, Silver had an even better one. It began the month at \$71/oz, rose as high as \$121/oz on Jan. 29, and then finished at \$85/oz, up 19%. The jump was catalyzed by a perfect storm of industrial demand, resource nationalism and, of course, retail interest. China, which controls more than half of global silver refining, implemented strict export licenses to protect its own supply chain. Because silver is used in AI server nodes and other high-tech goods, this kicked off a supply squeeze in the global commodity market.

In fact, because Silver prices rose faster than Gold prices, the Gold to Silver ratio fell to as low as 46, its lowest level since 2011. The long-term average is roughly 70.

### Gold/Silver Ratio



Source: SoFi, Bloomberg

Some might argue a lower Gold/Silver ratio is justified by a fundamental change in the supply and demand dynamic, but the size and speed of Silver's increase suggests that any pullbacks could be quite significant — and unsurprising.

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