

Furstenau Wealth Update

January 20, 2025

The Markets

Investor appetite broadens.

For a long time, investors have craved artificial intelligence (AI) related investments. Early in 2026, that's begun to change. Paul R. La Monica of Barron's reported:

"Everywhere you look, stocks of all stripes are hitting new highs. That should be great news for investors as the market broadens out to start 2026...The broadening of the rally is picking up steam. You wouldn't know it from looking at the major indexes...While the declines were small and the indexes remain near all-time highs, the fact that they are underperforming small-caps, international stocks, and the equal-weighted S&P 500 is another sign that investors are looking beyond the usual suspects for stocks to buy."

Here's what we saw last week:

- **Smaller companies taking the lead.** The Russell 2000 Index, which tracks the performance of small company stocks, performed better than the Standard & Poor (S&P) 500 Index last week for the 11th trading session in a row, reported Joel Leon of Bloomberg.
- **A Treasury market shake-up.** The yield on benchmark 10-year U.S. Treasuries rose to 4.24 percent after President Trump appeared to change his mind about who might replace Federal Reserve Chair Jerome Powell later this year, reported Michael MacKenzie, Elizabeth Stanton, and Alex Harris of Bloomberg.

The current frontrunner for the position is former Fed governor Kevin Warsh, who "has more credibility in the world of central banking and is perceived as someone who will keep the central bank narrowly focused on its mandate, with a willingness to move toward a less dominant central bank footprint in markets."

- **Good news on prices.** The rate of inflation didn't fall to the Federal Reserve's target level of two percent in December, but it also didn't move higher. Prices rose 2.7 percent annualized last month. When volatile food and energy prices were excluded, inflation was 2.6 percent annualized, according to the Consumer Price Index (CPI).

While inflation overall was steady, prices for housing, groceries, clothes, recreation, and airfare moved higher. These price increases were balanced by price declines for household furnishings, used cars and trucks, and gasoline.

While they remained near all-time highs at the end of last week, the Standard & Poor's 500 Index, Nasdaq Composite, and Dow Jones Industrial Average finished lower. The yield on the benchmark 10-year U.S. Treasury was higher.

Data as of 1/16/26	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-0.4%	1.4%	16.9%	20.3%	12.8%	13.9%
Dow Jones Global ex-U.S. Index	1.7	4.0	33.3	13.2	5.3	7.3
10-year Treasury Note (yield only)	4.2	N/A	4.6	3.5	1.1	2.

S&P GSCI Gold Index	2.6	6.6	66.7	33.9	20.2	15.6
Bloomberg Commodity Index	1.3	3.6	9.0	0.5	7.3	4.4

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

LET'S TALK MONEY! Everywhere you look, money and economics influence the world. The language of money has its roots in medieval Spanish literature, according to Cornell Professor Simone Pinet. As the merchant economy developed there, the language of money and trade spread throughout society. Over the centuries and around the world, people have coined colorful terms for currency and wealth. See what you know about the language of money by taking this brief quiz.

1. What is “net worth”?
 - a. The amount of money you earn each year
 - b. The value of everything you own minus money owed
 - c. The amount of cash in your bank account
 - d. The amount you can borrow based on your credit score

2. When a news story says a company is raising “capital”, what is it trying to do?
 - a. Raise money to expand its business
 - b. Sell stocks to finance new product development
 - c. Borrow money to build a new research facility
 - d. Any of the above

3. Which of the following is slang meaning “one dollar”?
 - a. Sawbuck
 - b. Simoleon
 - c. Benjamin
 - d. C-note

4. Which of the following slang terms does NOT imply wealth, refinement, or upper-class status?
 - a. Silk stocking
 - b. Croesus
 - c. Moolah
 - d. Plutocrat

Weekly Focus – Think About It

“When you plant lettuce, if it does not grow well, you don't blame the lettuce. You look for reasons it is not doing well. It may need fertilizer, or more water, or less sun. You never blame the lettuce. Yet if we have problems with our friends or family, we blame the other person. But if we know how to take care of them, they will grow well, like the lettuce. Blaming has no positive effect at all, nor does trying to persuade using reason and argument. That is my experience. No blame, no reasoning, no argument, just understanding. If you understand, and you show that you understand, you can love, and the situation will change”

— Thich Nhat Hanh, Author

Answers:

- 1.) b; 2.) d; 3.) b; 4) c



Best regards,

Ryan D. Furstenau

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

* Asset allocation does not ensure a profit or protect against a loss.

* Consult your financial professional before making any investment decision.

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Sources:

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