

Monthly Market Update: Geopolitics, the Fed, and Precious Metals



Paul Culbreth, CFP® | Principal

February 23, 2026

January proved to be a positive month for both stocks and bonds, extending the rally seen in recent years. This may come as a surprise to some, given the periods of volatility triggered by geopolitical developments and Federal Reserve policy decisions. Despite headlines causing short-term swings—including the S&P 500's worst single-day decline since last October—markets bounced back swiftly. Within days, major indices climbed to new all-time highs, supported in part by solid corporate earnings that underpinned portfolio performance.

For long-term investors, January offers an important lesson: headlines can move markets in unpredictable ways, but fundamentals and a sound long-term plan matter most. Geopolitical events and policy uncertainty will likely continue to generate volatility throughout 2026, but the most effective approach remains maintaining a balanced portfolio aligned with your long-term financial goals.

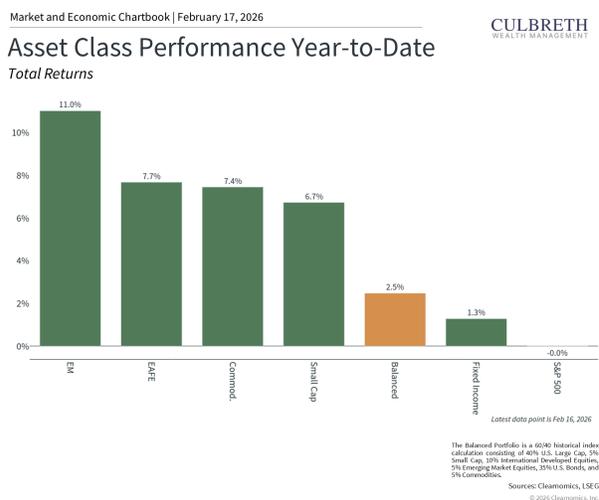
Key Market and Economic Drivers in January

- The S&P 500 gained 1.4% in January and briefly crossed 7,000 for the first time on an intra-day basis. The Nasdaq Composite rose 0.9% and the Dow Jones Industrial Average gained 1.7%.
- The CBOE VIX volatility index ended the month at 17.44 after rising above 20 due to geopolitical tensions.
- The Bloomberg U.S. Aggregate Bond Index climbed 0.1% over the month as long-term interest rates rose. The 10-year Treasury yield ended the month at 4.24%, the highest level since last September.
- International developed markets jumped 5.2% in U.S. dollar terms based on the MSCI EAFE Index, while emerging markets gained 8.8% based on the MSCI EM Index.
- President Trump announced the nomination of Kevin Warsh as the next Fed Chair. If confirmed by the Senate, he would take office in mid-May.
- Gold surged to a record close of \$5,417 per ounce before plunging nearly 10% on January 30.
- Similarly, silver closed as high as \$116.70 before tumbling to finish the month at \$85.20.
- The U.S. dollar index fell further to about 97.0, reaching its weakest level in nearly four years,

before rebounding slightly following the Fed Chair news.

- The Federal Reserve held its policy rate at 3.50 to 3.75% at its January meeting, following three consecutive quarter-point cuts in the second half of 2025.
- Consumer Price Index inflation remained at 2.7% year-over-year in December, still above the Fed's 2% target. The Producer Price Index accelerated to 3.0%.
- Washington ended the month with a partial government shutdown.
- Severe winter weather across much of the Eastern and Southern United States caused natural gas and electricity prices to spike.

Geopolitical tensions edged market volatility higher



Early in the month, a U.S. operation in Venezuela resulted in the capture of Nicolás Maduro. While the operation focused on narco-terrorism, attention quickly shifted to oil. Venezuela holds the world's largest proven oil reserves but produces less than 1% of global crude output due to its deteriorating infrastructure. For investors, commodity prices remain the primary channel through which geopolitical events ripple into financial markets, with oil continuing to play a central role in the global economy.

Geopolitical concerns escalated further following U.S. statements about acquiring Greenland, citing its strategic value to

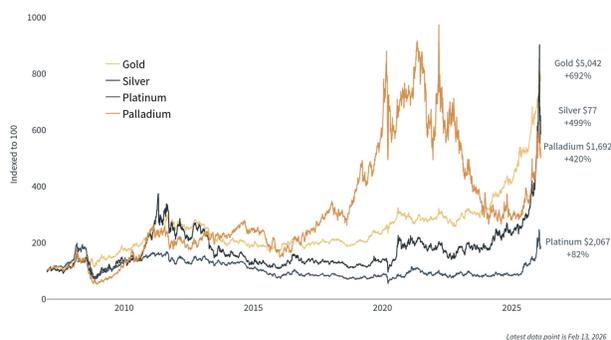
defense and commodities. This triggered diplomatic disputes with NATO allies involving tariffs, contributing to the S&P 500's worst day since last October. The situation de-escalated relatively quickly after President Trump met with the NATO secretary general and established a "framework of a future deal," prompting a market rebound.

For long-term investors, history suggests that geopolitical events may fuel short-term uncertainty, but their impact on markets and the broader economy is often overstated. Markets have generally recovered once the initial shock fades. Rather than reacting to headlines, investors are best served by staying focused on their long-term financial objectives.

Fed concerns affected gold, silver, and the dollar

Precious Metals

Gold, silver, platinum, and palladium spot prices and returns since 2007



Sources: Clearnomics,
Bloomberg
© 2026 Clearnomics, Inc.

Precious metals continued their rally before experiencing a sharp reversal on the final day of January. Gold climbed to nearly \$5,600 on an intra-day basis while silver's spot price exceeded \$120 per ounce before both metals sold off significantly. These moves have been driven by a combination of factors, including geopolitical risk, central bank purchasing activity, and concerns surrounding Federal Reserve independence.

The forces behind gold and silver's rise have been described as the "debasement trade"—the notion that fiscal and monetary policies that weaken the dollar,

widen deficits, and stoke inflation tend to boost precious metals. Uncertainty around the Fed, particularly whether a new Fed chair might lower interest rates, has been a key driver of these gains.

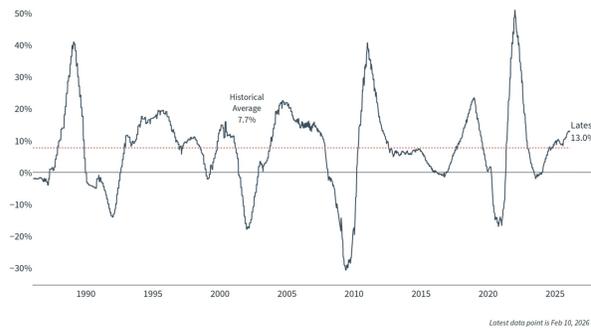
On January 30, however, President Trump announced his intention to nominate Kevin Warsh as the next Fed Chair upon the expiration of Jerome Powell's term in mid-May. Warsh, a former Fed governor, has recently expressed a preference for lower interest rates, though he has historically taken a hawkish stance, advocating for keeping rates elevated to curb inflation. For investors, this development shifted expectations by suggesting a smoother leadership transition at the Fed. The announcement triggered a sharp drop in both gold and silver, while the dollar edged slightly higher.

This reversal highlights two key points: precious metals are susceptible to significant boom-and-bust cycles, and markets can shift rapidly in response to policy developments. While precious metals can play a role in a diversified portfolio, January's volatility underscores why they should complement—rather than replace—core holdings in stocks and bonds.

Corporate earnings remained healthy despite uncertainty

S&P 500 Earnings Growth Rate

Trailing 12 month earnings per share



Latest data point is Feb 10, 2026

Sources: Clearnomics,
S&P
© 2026 Clearnomics, Inc.

Beyond the major global headlines, fourth quarter earnings results continued to reflect solid company performance. According to FactSet, 33% of S&P 500 companies have reported results and 75% have surpassed expectations. Should these trends persist, large public companies may be on track to achieve an earnings growth rate of 11.9% for the quarter—marking the 5th consecutive quarter of double-digit earnings growth. On a trailing 12-month basis, earnings growth has accelerated to 12.8% according to consensus estimates.

Many investors remain focused on AI and technology earnings, given these stocks' outsized contribution to market returns

over recent years. Market reactions to results from these companies have been mixed, even when expectations were exceeded, reflecting lofty valuations and questions about the long-term sustainability of capital spending. Meanwhile, a broad range of other sectors have also benefited from healthy economic growth and have delivered strong earnings gains of their own.

For long-term investors, the overarching message from earnings season is encouraging. Corporate profitability remains robust across a wide range of sectors, providing fundamental support for stock valuations. This underlying strength is a key reason major indices ended the month in positive territory despite meaningful volatility along the way.

Severe weather affected much of the country

January's harsh winter conditions, brought on by Winter Storm Fern, impacted at least 21 states and more than half of the U.S. population. The storm prompted state emergency declarations and disrupted economic activity, causing widespread power outages and thousands of flight cancellations.

While the well-being of those affected remains the foremost concern, historical experience shows that weather-related disruptions—such as hurricanes and blizzards—tend to have minimal lasting effects on the national economy. The critical distinction lies in whether such events damage productive capacity—including factories, equipment, and businesses—or simply delay activity. In this instance, temporary setbacks in sectors like retail and construction are likely to shift economic activity forward rather than eliminate it.

The bottom line? January experienced market volatility due to geopolitics, the Fed, and more. However, markets were resilient and healthy corporate earnings have helped major indices reach new all-time highs, even as precious metals stumbled. For long-term investors, this underscores the importance of maintaining a proper asset allocation that is aligned to financial goals.

Culbreth Wealth Management, LLC (Culbreth) is an investment advisor registered with the Georgia state securities regulators. Such registration does not imply endorsement, or a certain level of skill or training, and no inference to the contrary should be made. Culbreth, its strategies, and further disclosures are described in more detail in Part 2 of Culbreth's current Form ADV, which is available upon request.

Information contained in this report (including but not limited to, values and other data, observations, projections, conditions and impacts, and performance or practice) is from sources believed to be reliable. We cannot guarantee the accuracy or completeness of such information and we assume no liability for damages resulting from or arising out of the use of such information. For more information please visit our website at www.culbrethwm.com.

Copyright (c) 2026 Clearnomics, Inc. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on or via www.clearnomics.com or any affiliated websites, applications, or services are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed in this report are proprietary to Clearnomics, Inc. and constitute valuable intellectual property. All unauthorized reproduction or other use of material from Clearnomics, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Clearnomics, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Clearnomics, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

CULBRETH
WEALTH MANAGEMENT