

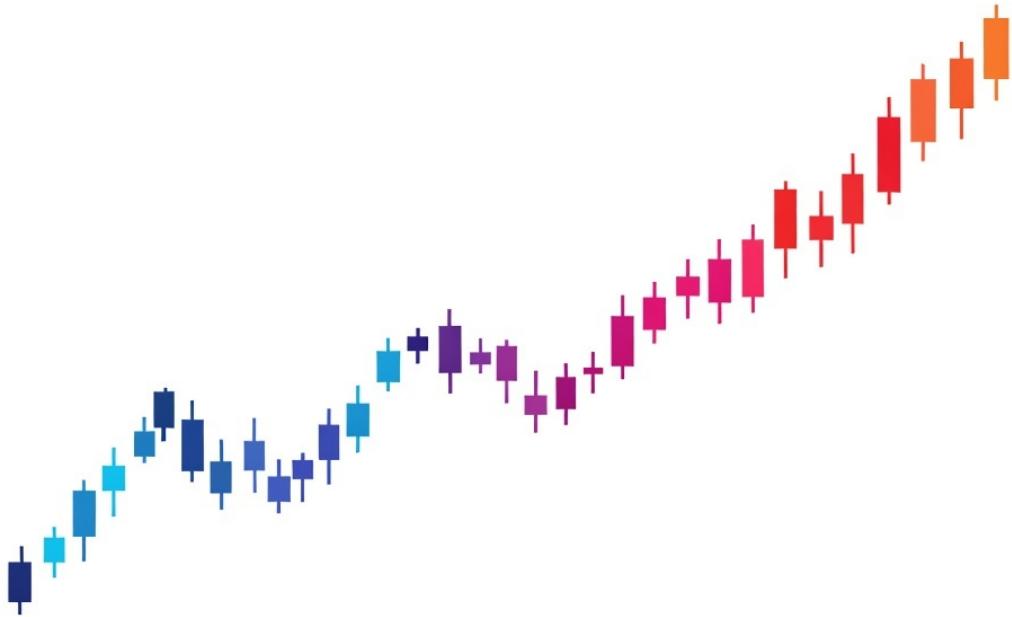
# AVANTAS Research

## Weekly Market Newsletter

Week of February 1, 2026

### EXECUTIVE SUMMARY

Markets were mixed this week: gold surged 10.1% while bitcoin slid -11.9%, and equities were uneven with the Hang Seng up 2.4% and the S&P 500 near 0.3%. The Fed held rates steady in late January, while recent breadth data (Capital Group/FactSet) show non Mag 7 stocks driving a larger share of 2025 returns, supporting a cautious but improving risk backdrop.



## PERFORMANCE TABLE

Instrument	1W Perf	1M Perf	6M Perf	1Y Perf	1Y %ile
Gold (USD/oz)	+10.1%	+23.2%	+61.5%	+90.4%	97
Hang Seng Index (Hong Kong)	+2.4%	+6.8%	+10.6%	+35.4%	99
S&P 500	+0.3%	+1.2%	+11.2%	+14.9%	96
US 10Y Treasury Yield	+0.1%	+1.6%	+0.5%	-6.6%	27
STOXX Europe 50	-0.0%	+3.4%	+12.1%	+13.7%	98
CSI 300 (China)	-0.0%	+1.7%	+16.2%	+29.7%	90
iShares IG Corp Bond (LQD)	-0.1%	-0.6%	+1.4%	+8.0%	69
Nasdaq 100	-0.2%	+1.2%	+12.3%	+19.3%	88
Nikkei 225 (Japan)	-1.0%	+5.9%	+31.2%	+35.0%	99
Bitcoin (BTC-USD)	-11.9%	-12.2%	-31.1%	-22.5%	1

Note: Performance calculations use the closest available historical data points.

# TOP CATALYSTS

## 1. Fed Holds Rates; Policy Path Still Data Dependent

The Federal Reserve kept rates unchanged at its late January meeting, reinforcing a patient stance while monitoring inflation and labor market data. Markets remain focused on the timing of any mid year cuts.

### Market Impact:

Keeps rate sensitive equities and duration assets in a wait and see regime; supports tactical positioning around upcoming data.

### Further Reading:

- [Fed decision coverage](#)
- [FedWatch probabilities](#)

## 2. Breadth Improving Beyond Mega Caps

Market breadth has widened compared with 2023 extremes. Non Mag 7 stocks accounted for the majority of 2025 returns and a larger share of names are outperforming the megacap median on rolling six month windows.

### Market Impact:

Supports a more balanced risk backdrop and improves the case for equal weight and quality cyclicals.

### Further Reading:

- [Capital Group breadth analysis](#)

## 3. Concentration Still Elevated in the Mag 7

Despite some broadening, concentration remains historically high, with the Magnificent Seven previously reaching a record share of the S&P 500 in late 2025.

### Market Impact:

Raises index level concentration risk and keeps stock level dispersion elevated.

### Further Reading:

- [MarketWatch concentration update](#)

## 4. Gold Strength vs. Crypto Drawdown

The week featured a sharp divergence across alternative assets, with gold up strongly while bitcoin sold off. The split highlights ongoing demand for defensive hedges versus high beta risk.

### Market Impact:

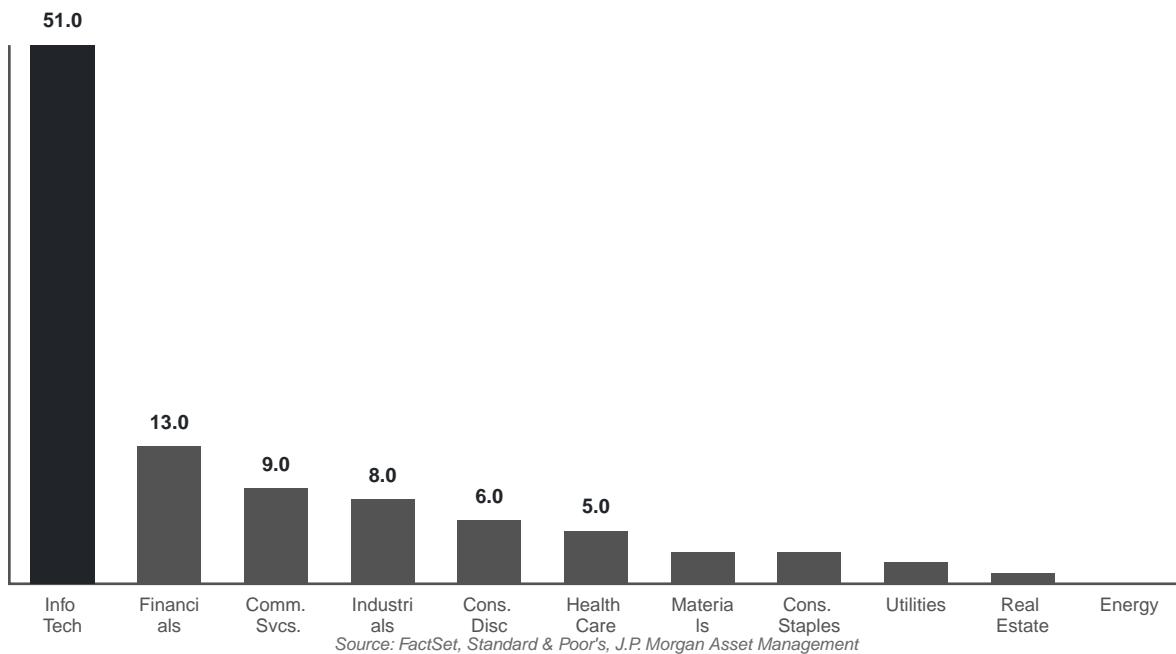
Favors precious metals exposure and risk control; keeps crypto positioning tactical.

### Further Reading:

- [Markets overview](#)
- [Gold market coverage](#)

# CHART OF THE WEEK

## S&P 500 sector contribution to 2026 EPS growth (YoY)



This week's chart highlights that S&P 500 gains are increasingly driven by earnings growth, with technology expected to supply roughly 60% of 2026 EPS growth. The concentration underscores the importance of breadth and sector rotation for a more durable advance.

Source: AVANTAS Research Analysis

## MARKET OUTLOOK

### Near-Term Outlook (3-6 months):

Leadership has shifted toward value and cyclicals as rate expectations stabilize and earnings momentum broadens beyond mega-cap tech. A softer AI capex narrative and tighter liquidity keep upside capped, while defensives remain supported by macro uncertainty.

### Medium-Term Outlook (6-12 months):

If growth holds into mid 2026, value sectors should continue to benefit from earnings durability and lower starting valuations. The key swing factor is the Fed's path: fewer cuts than priced would keep financials and energy in favor, while rapid easing would revive long duration growth.

### Long-Term Outlook (12+ months):

Structural themes remain intact: AI adoption, energy transition investment, and re-shoring of supply chains. However, regime volatility is higher, suggesting a more balanced allocation across growth and value with an emphasis on quality balance sheets.

## Asset Class Impact of the Week

■ Underweight

Neutral

■ Overweight

Asset	View	Commentary
US Equities	<span style="background-color: #ccc; display: inline-block; width: 150px; height: 15px;"></span>	Neutral. US equities showing balanced performance with mixed signals from earnings and policy, requiring careful stock selection.
International Equities	<span style="background-color: #ccc; display: inline-block; width: 150px; height: 15px;"></span>	Neutral. International equities showing mixed performance with selective opportunities across regions.
Fixed Income	<span style="background-color: #ccc; display: inline-block; width: 150px; height: 15px;"></span>	Neutral. Fixed income showing balanced performance with policy uncertainty creating selective opportunities.
Commodities	<span style="background-color: #ccc; display: inline-block; width: 150px; height: 15px;"></span> <span style="color: orange;">■</span> <span>+1</span>	Overweight. Commodities benefiting from inflation hedging demand and supply constraints, supporting portfolio diversification.
Cryptocurrency	<span style="background-color: #ccc; display: inline-block; width: 150px; height: 15px;"></span> <span style="color: red;">■</span> <span>-1</span>	Underweight. Cryptocurrency facing headwinds from regulatory concerns and risk-off sentiment, requiring caution.

Source: AVANTAS Research Analysis

## LATEST AVANTAS RESEARCH ARTICLES

### 1. US Earnings Breadth vs. Index Concentration

Index leadership remains narrow as a small group of mega caps drives a large share of returns. This report details breadth signals, equal weight performance, and the catalysts required for broader earnings participation.

Read article: <https://avantasresearch.com/research.html#latest-articles>

### 2. De-Dollarization Reality Check: Erosion, Not Regime Change

The dollar remains dominant in trade, reserves, and funding, but diversification is accelerating at the margins. This report maps what is changing and where investors should focus.

Read article: <https://avantasresearch.com/research.html#latest-articles>

### 3. Small Caps vs. Mega Caps: Valuation Gap and Catalysts

Small caps trade at a wide discount after years of lagging mega caps. The report reviews rate sensitivity, credit conditions, and earnings breadth as the catalyst set for a re-rating.

Read article: <https://avantasresearch.com/research.html#latest-articles>

## ECONOMIC CALENDAR

Stay informed of key upcoming economic events and data releases that may impact global markets.

Date	Time (GMT+8)	Event	Country	Forecast	Previous	Impact
Mon 2nd	22:45	S&P Global Manufacturing PMI (Jan)	USD	51.9	51.9	High
Mon 2nd	23:00	ISM Manufacturing Prices (Jan)	USD	59.3	58.5	High
Mon 2nd	23:00	ISM Manufacturing PMI (Jan)	USD	48.5	47.9	High
Tue 3rd	23:00	JOLTS Job Openings (Dec)	USD	7.210M	7.146M	High
Wed 4th	18:00	CPI (YoY) (Jan)	EUR	1.8%	1.9%	High

Date	Time (GMT+8)	Event	Country	Forecast	Previous	Impact
Wed 4th	21:15	ADP Nonfarm Employment Change (Jan)	USD	48K	41K	High
Wed 4th	22:45	S&P Global Services PMI (Jan)	USD	52.5	52.5	High
Wed 4th	23:00	ISM Non-Manufacturing Prices (Jan)	USD	-	-	High
Wed 4th	23:00	ISM Non-Manufacturing PMI (Jan)	USD	53.8	53.8	High
Wed 4th	23:30	Crude Oil Inventories	USD	-	-2.295M	High
Thu 5th	21:15	Deposit Facility Rate (Feb)	EUR	2.00%	2.00%	High
Thu 5th	21:15	ECB Interest Rate Decision (Feb)	EUR	2.15%	2.15%	High
Thu 5th	21:30	Initial Jobless Claims	USD	213K	209K	High
Thu 5th	21:45	ECB Press Conference	EUR	-	-	High
Fri 6th	21:30	Average Hourly Earnings (MoM) (Jan)	USD	0.3%	0.3%	High
Fri 6th	21:30	Nonfarm Payrolls (Jan)	USD	67K	50K	High
Fri 6th	21:30	Unemployment Rate (Jan)	USD	4.4%	4.4%	High

#### NEXT WEEK EXPECTATIONS

Next week's focus is January PMIs and labor signals, with ISM manufacturing/services, JOLTS, and ADP ahead of Friday payrolls. Eurozone CPI and the ECB decision/press conference add rate path sensitivity, while jobless claims and earnings data frame near term risk sentiment.