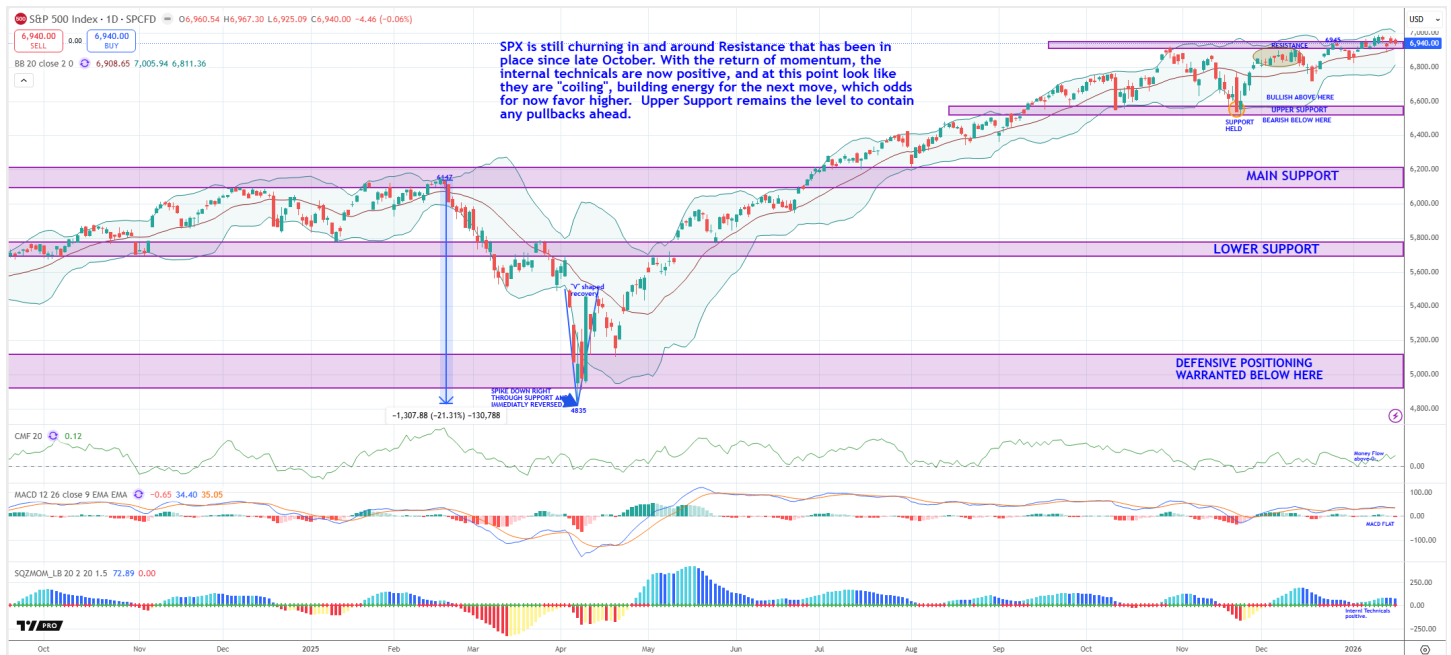


Capital Market Commentary: January 20, 2026

Expanding breadth fuels global rally.

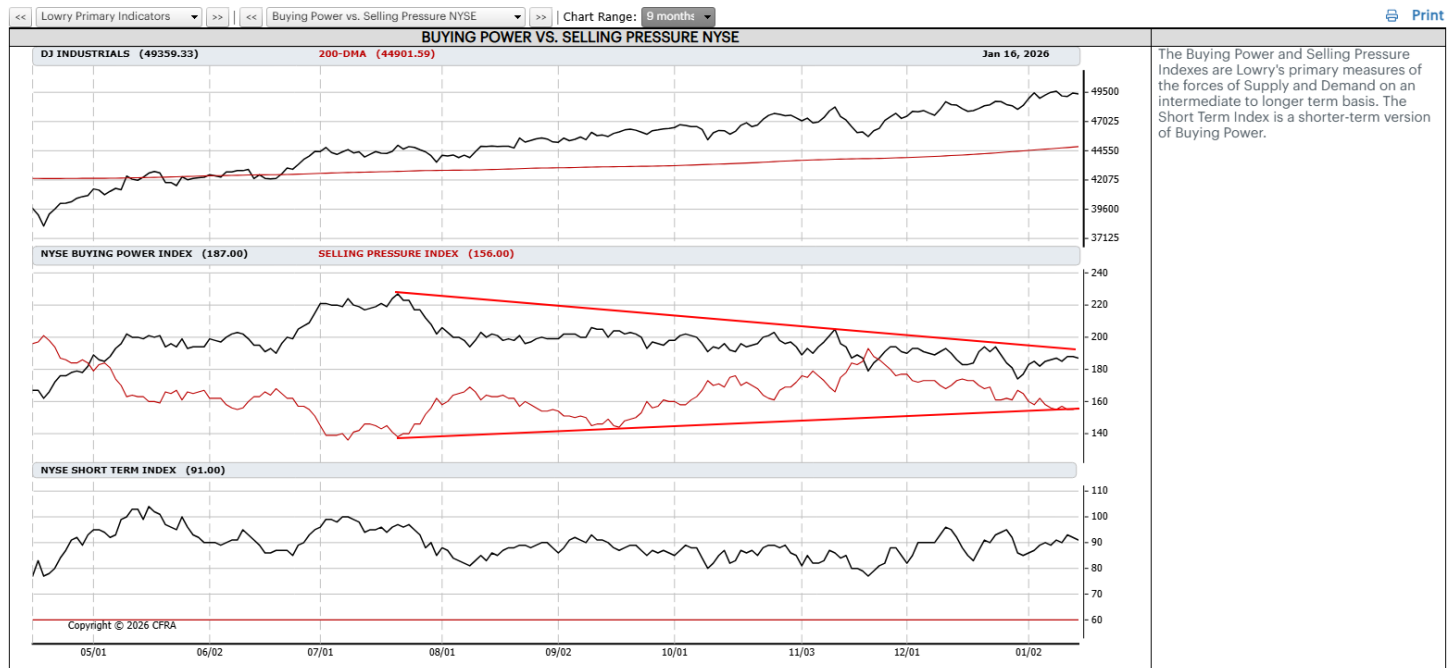
The S&P 500 (SPX) just booked its third consecutive year of double-digit gains and, while momentum stalled to finish out 2025, has picked back up in January, helping push SPX up +1.381% YTD.

Below is my running support and resistance chart and currently SPX is still trying to break out of resistance that has held the index in check since late October. The internal technicals that had been struggling in December are now positive and are building energy for SPX's next move.



(Source: Tradingview)

While momentum has come back, demand is still muted. Lowry Research's Buying Power(BP)/Selling Pressure(SP) indicator tracks supply and demand in the marketplace and, as you can see in the chart below, BP and SP are still mired in a wedge that is getting tight and eventually will be broken.



(Source: Lowry Research – Note: Reproduction or distribution of information without specific permission of Lowry Research Corporation is prohibited.)

Market breadth has been the backbone of the current bullish primary trend and continues to expand into 2026. Market breadth measures the number of stocks participating in a price move, providing insight on the underlying health and strength of the primary market trend. Broad and expanding participation signals a robust and sustainable trend, while narrow breadth is a warning of a trend that is weakening or potentially close to reversing.

The US equity market has been the breadth and relative strength leader for years now. In fact, the last time I owned any dedicated international assets was back in 2018. However, breadth and relative strength has been meaningfully expanding in global equity markets, so much so that last week I had a buy signal trigger on emerging markets, with the strongest relative strength residing in Latin American equities. Thus, a new position was taken in this asset class.

Emerging markets typically have a higher level of volatility, so I will keep this position on a “shorter leash”; however, if more parts of global equity markets begin to show relative strength over US markets, I will add additional exposure internationally.

I also trimmed our positions in precious metals as overbought conditions just got to extreme levels. It has been an amazing run for this asset class, and taking some profits here is prudent. At some point, the bullish trend in commodities overall will come to an end, but for now, exposure to this asset class is still warranted.

The bullish primary trends we are participating in can end at any time, but for now, odds favor continuation higher. But as always, I will be open to all outcomes for any asset class we happen to own.

Thanks, and have a great week.

-Dan

PS: Meet Ace, the newest member of our family. He is a Basenji, an old African breed in the hound group.



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S&P SmallCap 600 Index is an unmanaged index representing the aggregate market value of the common equity of 600 small company stocks.

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