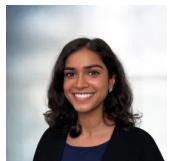


FSI Snapshot

January 18, 2026

## Stocks Slide As Investors Digest A Flurry of White House Policies

**Hardika Singh**

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Stocks took a breather this week, **dragged down by rapidly changing policies** in the White House catching Wall Street off guard.

The S&P 500 tumbled 0.4% this week, **putting its annual gains at 1.4%** – which still marks its best start to a year since 2023 when AI unleashed a monster rally in tech stocks.

What's different this time is that **last year's laggards are leading the way this year**, instead of the typical tech stocks. Cyclical sectors like industrials, energy, and materials are the top performers in 2026 so far, up 7.6%, 6.8%, and 7.2%, respectively. That has led some **investors to question whether the market can extend its gains** without the likes of tech stalwarts.

"The ones that had been showing really good strength over the last few months, meaning healthcare, technology, have all been lagging," said Fundstrat Head of Technical Strategy Mark Newton during our weekly huddle. "I would say there's an increasing amount of **bifurcation right now between large-cap technology** and the broader market."

Newton expects that stocks will have a "pretty decent performance" over the next month, but his work calls for markets to start to turn down in the spring. He added that it's "**possible if tech can't really manage a very strong rebound** off these levels."

Investors were **laser-focused this week on a flurry of news** coming out of the White House. Head of Research Tom Lee identified four losers from White House-related news so far: (1) credit card companies, from a proposal to cap interest rates charged on credit cards at 10% (2) the Federal Reserve from a criminal investigation into the Fed Chair Jerome Powell (3) institutional buyers of residential homes from a proposed ban on them from buying single-family homes (4) mortgage rates from an announcement that Fannie Mae and Freddie Mac would buy \$200 billion of mortgage bonds.

**"Washington is picking the winners and losers,"** Lee said. "It's tough to buy things that Washington decides are losers."

Lee encouraged investors to look at how **earnings growth is accelerating**. Analysts surveyed by FactSet expect earnings for companies in the S&P 500 to rise 8.2% in the fourth quarter from a year earlier, the **tenth consecutive quarter of year-over-year earnings growth** for the index.

**Blockbuster earnings from Taiwan Semiconductor Manufacturing Co.** reinforced the AI boom even for U.S. stocks, allowing chip makers to recover some. Advanced Micro Devices shares rallied 8.2%, Intel added 27%, and Broadcom increased 1.6%.

"TSMC is the first of the AI-related names to report earnings this season and it's been so good, honestly," said Head of Data Science "Tireless" Ken Xuan. **"It almost looks like it's too good to be true."**

Lee believes stocks have **a lot of upside left before hitting his year-end price target of 7,700**, especially because stocks inched higher during the first five days of the year, which is typically a positive omen for future performance.

► Live Webinar and Q&A

# Crypto Market Update

Tuesday, January 27 @ 2pm ET



Mark Newton  
Head of Technical Strategy



Sean Farrell  
Head of Digital Assets

Register Now

## Chart of the Week

## CPI: Core CPI 3M Annualized Far Below Core CPI %YoY

Core CPI 3M %MoM Annualized Vs. Core CPI % YoY  
Past 15M



Source: Fundstrat, Bloomberg

For Exclusive Use of Fundstrat Clients Only

**fundstrat**

*In economic data, the consumer-price index report showed that prices in December rose 2.7% from the prior year, while core prices rose 2.6%. Fundstrat Head of Research Tom Lee said “that’s really soft.” Meanwhile, the December producer-price index report showed that inflation rose 3% from the year before. Head of Data Science “Tireless” Ken Xuan believes that means “there’s almost no chance for a cut” because “nothing has changed to the picture for the next FOMC meeting.” Traders in the futures markets are pricing in a 95% chance that the Fed keeps rates steady next week.*

## Recent FlashInsights

[fsi-flash-insights]

## FS Insight Video: Weekly Highlight



### Key incoming data

- 1/13 6:00 AM ET. Dec Small Business Optimism Survey **Tame**
- 1/13 8:30 AM ET. Dec Core CPI MoM **Tame**
- 1/13 10:00 AM ET. Oct New Home Sales **Tame**
- 1/14 8:30 AM ET. Nov Retail Sales **Tame**
- 1/14 8:30 AM ET. Nov Core PPI MoM **Tame**
- 1/14 10:00 AM ET. Dec Existing Home Sales **Tame**
- 1/15 8:30 AM ET. Jan Philly Fed Business Outlook **Tame**
- 1/15 8:30 AM ET. Jan Empire Manufacturing Survey **Tame**



- 1/15 4:00 PM ET: Nov Net TIC Flows **Tame**
- 1/16 10:00 AM ET: Jan NAHB Housing Market Index **Tame**
- 1/22 8:30 AM ET: 3Q T GDP QoQ
- 1/22 11:00 AM ET: Jan Kansas City Fed Manufacturing Survey
- 1/23 9:45 AM ET: Jan P S&P Global Services PMI
- 1/23 9:45 AM ET: Jan P S&P Global Manufacturing PMI
- 1/23 10:00 AM ET: Jan F U. Mich. 1yr Inf Exp

► Live Webinar with Q&A

## Macro Update & Top Ideas Webinar

Friday, January 9 @ 2pm ET



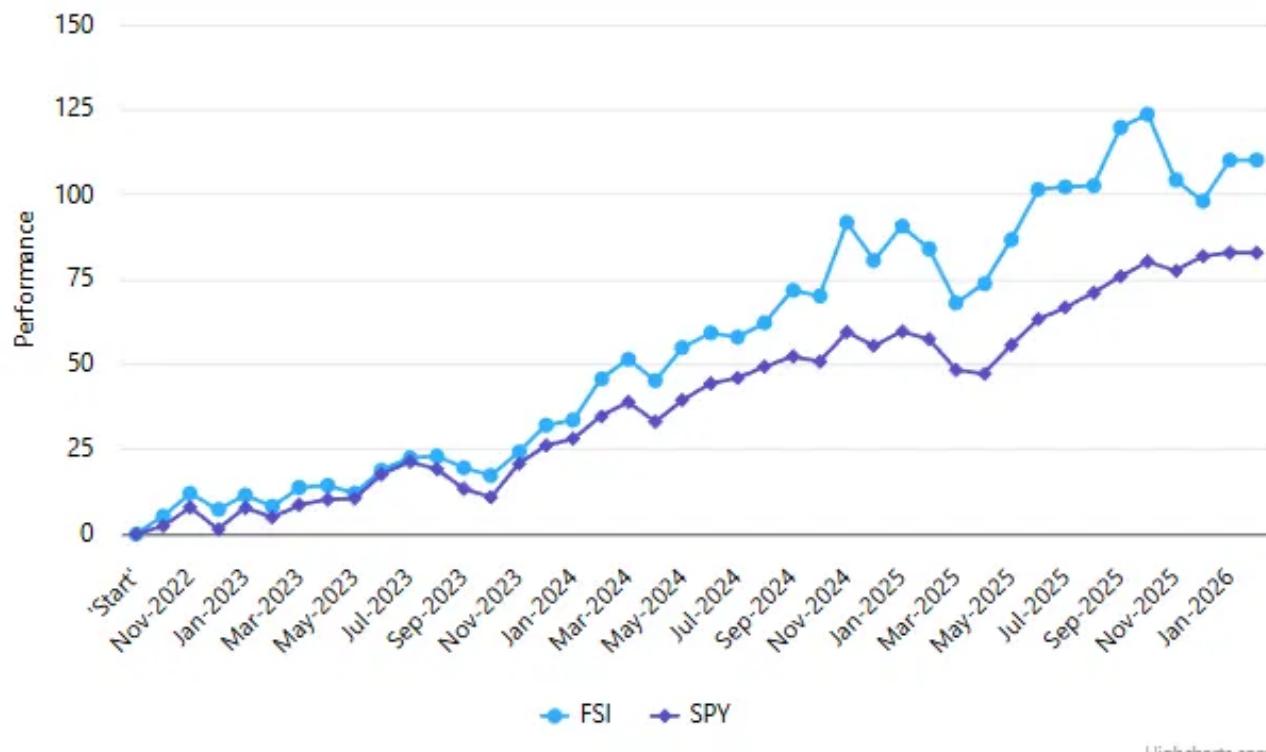
**Tom Lee, CFA**  
Head of Research



**Mark Newton, CMT**  
Head of Technical Strategy

### Stock List Performance

## Upticks vs SPY ( Inception to Date )



Performance period: October 5, 2022 through January 16, 2026

## In the News

[fsi-in-the-news]



## Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at [fsinsight.com](http://fsinsight.com).

### Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

### General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, and (2) does not manage any investment funds.

This communication is issued by FS Insight and/or affiliates of FS Insight. This is not a personal recommendation, nor an offer to buy or sell nor a solicitation to buy or sell any securities, investment products or other financial instruments or services. This material is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject



to any prohibition on dealing ahead of the dissemination or publication of investment research. Intended for recipient only and not for further distribution without the consent of FS Insight.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, [fsinsight.com](http://fsinsight.com). Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2026 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.