

INVESTMENT PERSPECTIVES

FEBRUARY 2026

Key Takeaways —

- Exploring gold's potential.
- Drivers in the bond market.
- A tough stretch for tech.



SHINING DAWN ■

Mark Luschini, Chief Investment Strategist

Gold, Atomic number 79, and the element whose periodic table symbol, Au, derived from the Latin *aurum* meaning “shining dawn,” has long been considered a store of

value. Its utility as a financial instrument has not always gone without challenge, however. In 1924, the notable British economist John Maynard Keynes referred to it as the “barbarous relic,” believing it had dubious merit as a choice for monetary arrangements based on the gold standard. More recently, famed investor Warren Buffett said it would be “just about the last thing he would own” when asked about gold during a 2005 Berkshire Hathaway annual meeting. Despite the views of these luminaries, gold has retained its value as a means of exchange for thousands of years. Today, gold continues to draw significant interest from individual and institutional investors alike, as evidenced by its price surge over the last several years.

The true value of gold comes from the network effect, the almost ubiquitous view that it is an “insurance policy” used to guard against risk, in a fiat, or paper currency, monetary regime. Some view the track record for investing in gold as underwhelming, given its extended periods of rather dull performance. Yet, gold has outperformed the S&P 500 index on a price-only basis since the U.S. left the gold standard following the Bretton Woods system in August 1971. To be sure, many S&P 500 companies deliver an income stream via dividends, which, when included, improve the index’s return above that of gold by almost 2% annually. More recently, though, gold’s annualized returns over the last five- and ten-year periods ending 2025 exceed the return on the S&P 500, including dividends, indicating its prowess as an investment over various time frames.

Unlike silver, copper, platinum, and palladium, which have meaningful industrial usage, the demand for gold largely rests on a buyer’s outlook for the risks associated with geopolitics, financial market conditions, and interest rates. That’s not to say, beyond jewelry and investment, gold has no use cases, but its industrial applications are far more limited than those of the other precious metals. Historically, gold has tended to do well during periods of heightened geopolitical or stock market angst, or when inflation-adjusted yields are low or negative, since the cost of carrying a non-interest-paying instrument isn’t competing with the alternatives, such as money markets or bonds.

Triggered by Russia’s invasion of Ukraine in 2022, the U.S. imposed sanctions that limited major Russian banks’ access to the global messaging exchange system known as SWIFT (Society for Worldwide Interbank Financial Telecommunication), effectively locking them out of using the portal to transfer money for trade and other financial transactions. The economic blowback was severe for Russia, but other countries took notice. Worried that the same fate could be applied to them by the U.S. for some form of wrongdoing, many foreign countries’ central banks began to purchase copious amounts of gold to be held in reserve in lieu of other safe-haven instruments, including U.S. Treasury securities, a practice which continues now and is expected to grow. That has boosted demand from a source that has been dormant for many years.

Indeed, the demand for gold goes beyond that. In a fiat monetary regime, investors often seek an “insurance asset” that protects their wealth against monetary debasement. Fiscal profligacy leading to large deficits, loose monetary policies that could invite rampant inflation, and a loss of trust in the government that raises geopolitical uncertainty are among the variables

that influence the appetite for gold. Gold's scarcity as a precious metal also lends itself to a store of wealth, which is why investors, if they become fearful of paper assets, turn to a hard asset such as gold and allocate a larger portion of their wealth to it. Other precious metals do not benefit from the same network effect, and while their prices have recently spiked in concert with gold, their returns are often quite disparate from those of gold, depending on the circumstances. Investors seeking a hedge might consider gold as a tactical or structural part of a diversified portfolio. Its volatility and opportunity cost as a non-income-paying instrument should be considered in the context of one's risk budget and objectives to determine its suitability. ■



4 KEY ISSUES FOR 2026

Guy LeBas, Chief Fixed Income Strategist

Continuing our longstanding tradition, we are dedicating this second fixed-income discussion of the new year to outlining a handful of major issues that will likely determine the trajectory

of the bond markets. In 2025, we identified the following as the four most significant forces: upside inflation risk from policy (i.e., tariffs), corporate profit growth, mean-reversion in interest rates, and the maturation of private credit. With the benefit of hindsight, each of these factors did have a material impact. Tariffs were arguably the biggest driver of markets, particularly in spring; corporate profits powered credit markets; mean reversion caused trend-following funds to deliver poor returns; and private credit matured into a moody teenager of an industry.

For 2026, we anticipate the influence of politics at the Federal Reserve (Fed), unilateral attempts at fiscal stimulus, AI data center bond issuance, and the risk of a jobless boom will be among the most dominant market themes.

Table 1: Key Themes 2025 vs. 2026

Key Themes for 2025	Key Themes for 2026
Upside Inflation Risk from Policy	Political Influence at the Fed
Corporate Profit Growth	Unilateral Stimulus
CTAs Get Chopped Up	AI Data Center Bond Issuance
Private Credit Matures	Jobless Boom

Politics at the Federal Reserve

In mid-2025, the Trump Administration replaced a Fed Board Member with a loyalist who then advocated for just the type of rate cuts President Trump had advocated. Shortly thereafter, the Solicitor General advocated before the Supreme Court a line of reasoning that would allow presidents to fire Fed officials. In mid-January, the Dept. of Justice leaked an [investigation into Fed Chair Jay Powell](#). At the end of January, the administration announced a Fed Chair with longstanding family ties to President Trump. While many past presidents have sought to influence monetary policy, that influence was private and more subtle than overt. In 2026, it seems clear the administration will pressure the Fed to lower interest rates, possibly further than the markets deem appropriate. It is too soon to tell whether that political pressure will succeed, but the direction of travel is clear. If that pressure is successful, the yield curve could steepen considerably with long-term interest rates rising.

Unilateral Fiscal Stimulus

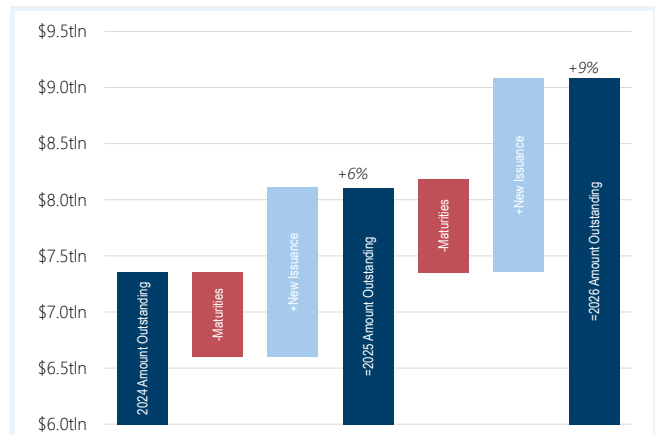
News alert: 2026 is a midterm election year. There is a long road to travel between now and November, but it seems the Administration is working on ways to unilaterally issue

fiscal stimulus. Examples run the gamut from unprecedented measures such as “tariff checks” and credit card rate caps to more subtle moves, like FHFA regulators pushing Government Sponsored Enterprises to buy up \$200 billion in mortgage bonds to lower mortgage rates. Most of these efforts will likely go nowhere or require a divided Congress to participate, but the White House has an awfully loud bully pulpit. Generally, this attempted stimulus seems to be an effort to provide consumer benefits and to lower interest costs.

AI Data Center Bond Issuance

We have written extensively on this topic, including in our [Outlook 2026](#). We anticipate as much as \$200 billion in incremental corporate bond issuance in 2026 from companies building out AI-related data centers. Just four weeks into the year, the total is already up to \$25 billion. While there’s plentiful demand for corporate bonds, if issuance grows as much as we anticipate, credit spreads will have to widen to accommodate the issuance, and corporate bonds could underperform US Treasuries as a result.

Chart 1: US Corporate Bond Market to Grow Faster in 2026



Source: Janney ISG; Bloomberg

Jobless Economic Boom

Our outlook for economic growth in 2026 is constructive. Our outlook for job growth is positive, though fragile. Nowhere is that more obvious than in the comparison between roaring 4.2% est. GDP growth, with net job losses of -67,000 in 4Q 2025. Everyone from firms to households is trying to do more with less, and it shows in the contrast between growth and jobs. Technology is a big piece of the puzzle. This scenario is virtually unprecedented, but it is potentially deflationary—meaning a jobless boom could, oddly enough, result in lower interest rates. This fourth item represents an obvious tension today but a possible theme for many years to come.



A MAALOX MOMENT IN TECHNOLOGY

Gregory M. Drahuschak, Market Strategist

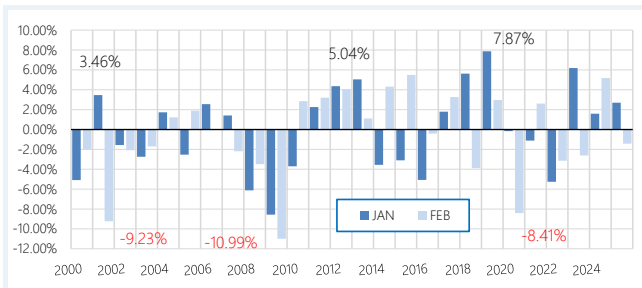
The January issue of Investment Perspectives concluded that corporate earnings appeared to be on track to provide a solid base for stocks. Although the path was bumpy last month,

earnings continued on that track, as the S&P 500 2026 estimate edged up to \$309.74, with the Technology and Materials Sectors leading the group, expected to show earnings gains of 31.3% and 20.3%, respectively.

The S&P 500, Dow Jones Industrial Average, and the Nasdaq Composite Index posted gains of 1.37%, 1.73%, and 0.96%, respectively. However, like the path for earnings, these gains came amid choppy trading, largely achieved in the first three days of the month.

Focusing on 26 years, from 2000 through 2025, rather than the axiom that as January goes, so goes the year, switching February for January might be more accurate. During this period, the S&P 500 ended January with higher returns 13 times, and February with 18 gains. February's market result correctly predicted the full-year S&P 500 result 20 times in 26 years.

Chart 2: January–February S&P 500 Results — 2000–2025



Source: LSEG TI; Janney Investment Strategy Group

Choppy trading in January was the result of concern about Federal Reserve leadership, the inconsistent path of 2026 earnings expectations, and persistent geopolitical tensions. Late in January, the exodus from major technology stocks into “value” stocks was a major disruption—a process that could continue, which is likely to keep volatility elevated. Extreme volatility in precious metals and a sharp correction at the end of the month were also factors, as gold fell nearly 10% and silver sank 30% on January 30. The fact that this has not happened for an extended period made the recent activity appear to be unusual, but shifting sector emphasis, even as sharp as it was at times last month, is not a sign of overall market weakness. Nonetheless, trading last month kept market participants on edge at times.

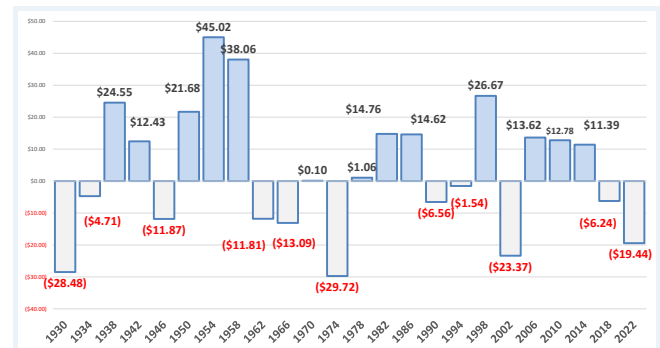
Numerous factors support maintaining a positive view of the equity market. Fourth-quarter earnings are on track for their fifth straight quarter of double-digit growth for the S&P 500 earnings surprising to the upside by more than 9%, versus the one-year average positive surprise rate of 7.4%.

Substantial capital spending remains a key factor in technology. For example, Meta Platforms guided 2026 capital spending above already elevated expectations. Microsoft’s capital spending plans appeared to be 9% above prior expectations.

Comments from Visa and Mastercard reinforced the premise that consumer spending remains strong. Travel firms like major airlines and cruise lines added to the positive consumer spending news, as did Apple, which characterized iPhone demand as “staggering.” Consumer spending also could get a boost from their tax refunds that are expected to be substantially greater than last year.

The Federal Reserve Open Market Committee’s decision to hold the Fed funds target range at 3-1/2% – 3-3/4% was initially met with disappointment, but a solid majority of Open Market Committee members believe the economy does not need additional stimulus. As stated in the opening line of the Fed’s policy statement, “economic activity has been expanding at a solid pace.”

Chart 3: S&P 500 % Change 2nd Year of the Presidential Election Cycle



Source: LSEG TI; Janney Investment Strategy Group

As noted last month, the second year of the presidential election cycle tends to exhibit greater volatility, which is why being alert for periodic bouts of weakness is wise. However, we think the S&P remains positioned to post a fourth consecutive annual gain that exceeds its intraday all-time high set on January 28, 2026. ■

DISCLAIMER ■

The information herein is for informative purposes only and in no event should be construed as a representation by us or as an offer to sell, or solicitation of an offer to buy any securities. The factual information given herein is taken from sources that we believe to be reliable, but is not guaranteed by us as to accuracy or completeness. Charts and graphs are provided for illustrative purposes. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors.

The concepts illustrated here have legal, accounting, and tax implications. Neither Janney Montgomery Scott LLC nor its Financial Advisors give tax, legal, or accounting advice. Please consult with the appropriate professional for advice concerning your particular circumstances. Past performance is not an indication or guarantee of future results. There are no guarantees that any investment or investment strategy will meet its objectives or that an investment can avoid losses. It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. A client's investment results are reduced by advisory fees and transaction costs and other expenses.

Employees of Janney Montgomery Scott LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. From time to time, Janney Montgomery Scott LLC and/or one or more of its employees may have a position in the securities discussed herein.