



# AB FINANCIAL NEWS

## JANUARY 2026 NEWS OVERVIEW

*Political & Economic Issues Driving Markets*  
*Directional Projections & Immigrant Guidance*  
 Saturday, January 31, 2026 • For Educational Purposes Only

## Major Political & Economic News in January 2026

### 1. U.S. Monetary Policy & the Federal Reserve

**What happened:** *The Fed held rates steady at its late-January meeting, adopting a "wait and see" stance after earlier cuts in late 2025. Most forecasters now expect only about three rate cuts in 2026, starting around mid-year — not the aggressive easing many had hoped for.*

#### Market Impact & Projection

- **Equities:** A cautious, slower cutting cycle supports large-cap stocks but caps speculative growth names. Rate-sensitive sectors — financials and real estate — will watch every Fed signal closely.
- **Bonds:** Yields likely stay elevated in early 2026, with gradual softening only if cuts actually materialize later in the year.
- **Commodities:** A "higher for longer" bias supports the dollar, which pressures dollar-priced commodities short-term — but may ease later if growth picks up and cuts arrive.

### 2. U.S. Fiscal Policy — The "Big, Beautiful Bill"

**What happened:** *The Trump administration and Congress passed a large tax and spending package with major tax cuts and changes to health and social spending, effective January 2026. Officials project 5–6% real GDP growth; most private economists expect closer to 2–2.5%, citing tariffs and policy uncertainty.*

#### Market Impact & Projection

- **Equities:** Pro-growth fiscal measures and expected tax rebates boost consumer-facing sectors. However, markets remain wary of renewed inflation and long-run deficit concerns.
- **Commodities:** Stimulus-driven demand can support industrial commodities (energy, metals) if global growth holds, but stronger inflation would keep the Fed cautious.
- **Risk Watch:** If inflation flares again, markets may reprice for tighter policy or fewer cuts — typically negative for richly valued stocks and emerging market assets.

### 3. Tariffs, Trade Tensions & Global Growth

**What happened:** *U.S. tariffs, expanded throughout 2025, are expected to peak in early 2026. Legal challenges and potential revisions may follow later in the year. Trade uncertainty has already weighed on hiring, investment, and contributed to market volatility.*

## Market Impact & Projection

- **Equities:** Export-oriented manufacturers and global supply chain names remain sensitive to tariff headlines. Any hints of de-escalation tend to lift cyclicals and emerging market equities.
- **Commodities:** Tariffs and slower trade can cap demand for industrial metals and energy — but supply-side constraints or geopolitical shocks can still keep prices elevated.
- **Projection:** Analysts expect some easing of tariff pressure later in 2026, but trade frictions will remain higher than pre-2020 levels. Expect choppy, not smooth, upside for risk assets.

## 4. Global Political Risks — Elections, Geopolitics & Energy

***What's in focus:** Markets are watching U.S. midterm election risk later in the year, the new Fed chair appointment under President Trump, and broader geopolitical tensions — particularly whether the new Fed leadership will be dovish or hawkish.*

### Market Impact & Projection

- **Equities:** Political uncertainty raises volatility premiums, especially in defense, tech, and heavily regulated sectors.
- **Commodities:** Any flare-ups in major producing regions (Russia, Middle East, Latin America) can push oil and gas prices higher, feeding back into inflation expectations.

## 5. Greenland & Venezuela — Resource & Territorial Politics

### Greenland: Arctic Resources & Strategic Tensions

***Key issues:** Greenland is strategically important for rare earths, critical minerals, and Arctic shipping routes. Discussions about mining projects, foreign investment, and security arrangements raise long-term questions about critical material supply.*

- **Market Angle:** Mining and renewable tech supply chains could be affected if large rare earth or critical mineral projects move forward or are restricted. This is a gradual, multi-year story — not a single-event shock.

### Venezuela: Oil Production, Sanctions & Risk Premium

***Key issues:** Venezuela holds some of the world's largest proven oil reserves. After the U.S. operation that removed Venezuela's Maduro in early January 2026, oil initially spiked (WTI ~\$58.3/bbl, Brent ~\$61.8/bbl) before fading. Research notes now see Venezuelan regime change as a bearish medium-term risk for oil, as production could recover from ~1 million bpd to 1.2–1.4 million bpd if investment flows.*

- **Short-Term:** Energy stocks can pop 3–10% around major headlines while oil moves a few percent per day — but markets often fade spikes if global supply adjusts.
- **Medium-Term:** If Venezuelan barrels return and Iran is contained to sanctions, banks project Brent averaging the high \$50s to low \$60s/bbl for 2026–2027 — not a boom scenario for oil equities.
- **Iran Factor:** Iran adds an upside "war premium." Markets are pricing the risk of supply disruption or sanctions escalation, which could spike prices temporarily if Gulf flows or shipping lanes are threatened.

## 6. Putting It Together — Stocks & Commodities Outlook

- **U.S. Stocks:** Supported by fiscal stimulus and positive growth expectations, but capped by policy uncertainty (tariffs, Fed leadership, elections) and lingering inflation risk.

- **Non-U.S. Stocks:** Sensitive to U.S. trade and tariff policy, Fed decisions, and global political shocks. Emerging markets benefit from stable rates and growth but are vulnerable to dollar strength and geopolitical stress.
- **Energy Commodities:** Driven by OPEC+ policy, U.S. demand, sanctions regimes (including Venezuela), and geopolitical risk premiums.
- **Metals & Industrials:** Key drivers are Chinese and global growth, trade rules, and large-scale resource developments (including Arctic regions).

## 2026 Projection: Fed Policy Impact by Sector

*Fed policy hits rate-sensitive, highly leveraged, and long-duration sectors hardest. Tax refunds tend to boost consumer-oriented names, especially lower- and middle-income spending.*

### Sectors Most Vulnerable to Fed Policy

- **Financials (banks, lenders, consumer finance):** Funding costs, net interest margins, and loan demand move directly with rates. Aggressive hikes or "higher for longer" compress margins and raise credit risk; cuts can squeeze spreads if loan growth is weak.
- **Real Estate (REITs, homebuilders):** Highly sensitive to mortgage and cap rate moves. Higher rates pressure property values, transaction volumes, and refinancing. Cuts or credible lower-yield expectations are strongly positive.
- **Utilities & Bond-Like Defensives:** Trade partly as income substitutes. Rising yields make their dividends less attractive and valuations de-rate; sustainably lower rate expectations support them.
- **High-Growth Tech & Long-Duration "Story" Stocks:** Valuations rely on far-future cash flows. Higher discount rates hit multiples hard; falling yields and dovish signals support them.
- **Small Caps & Highly Leveraged Cyclical:** Very exposed to financing costs and credit conditions. Tightening cycles or slowdown fears hurt them; easing cycles and stable growth help.

### Tax Refunds & Consumer Stocks

*When households receive sizable refunds or rebates, lower- to middle-income consumers tend to spend on discretionary purchases, pay down debt, and cover delayed big-ticket items.*

- **Consumer Discretionary:** Mass-market retailers, apparel, quick-service restaurants, online commerce, leisure/travel, and autos/used cars can see a short-term volume lift.
- **Consumer Staples:** Benefits are more modest — refunds can help consumers "trade up" to premium brands or larger pack sizes and reduce grocery budget stress.
- **Credit-Exposed Names:** Card issuers and installment lenders may see lower delinquencies as refunds pay down balances, tightening spreads and supporting earnings.

### Positioning Guidance

- **If the Fed stays "higher for longer":** Lean away from the most rate-sensitive names (leveraged REITs, long-duration growth at extreme valuations). Emphasize quality balance sheets, shorter duration, and sectors with strong pricing power.
- **If further cuts come with stable growth:** Overweight cyclicals (industrials, small caps, parts of financials and consumer discretionary). Selectively add duration-sensitive areas like real estate and quality growth.
- **Around refund season:** Overweight broad consumer discretionary tied to mass-market spending rather than luxury — refunds disproportionately support lower- and middle-income cohorts.

## Rate Hike Sensitivity & Geopolitical Volatility

Rate-sensitive sectors like small-cap growth, speculative tech, real estate, and highly leveraged cyclicals get hit hardest by rate hikes. Current Venezuela–Iran risks add volatility to energy and some metals but have not yet crushed broad tech.

### Stocks Hit Hardest by Rate Hikes (Historical Reference)

Area (US)	Approx. peak-to-trough fall vs highs	Why so sensitive
Small-cap growth (e.g., Russell 2000 Growth)	Around -35% to -40% during the 2022 bear market, worse than broad S&P 500 (about -25%).	High dependence on future earnings, expensive valuations, higher funding costs.
Unprofitable/speculative tech (ARKK-type)	Often -60% to -70% from 2021 peaks to 2022 lows in many names/ETFs.	Cash flows far in the future, valuations highly sensitive to discount rates.
Office and highly levered REITs	Commonly -30% to -50% from pre-hike levels in troubled segments.	Rising cap rates, refinancing risk, weak demand (office).
Regional banks	Individual names down -30% to -60% in 2023–2024 stress episodes.	Funding costs, deposit flight risk, credit losses when growth slows.

### Venezuela & Iran: Current Impact on Energy, Tech & Metals

#### Energy Prices & Stocks

- Oil initially spiked after the Venezuela operation but gave back gains. Research notes see Venezuelan regime change as bearish medium-term for oil — production could recover to 1.2–1.4 million bpd.
- Iran adds an upside war premium: markets price the risk of supply disruption or sanctions escalation, especially if Gulf shipping lanes are threatened.
- Short-term energy stock pops of 3–10% around headlines are common, but spikes often fade if the market believes global supply will adjust.

#### Tech Stocks vs. War Risk

- Large-cap U.S. tech (AI, cloud, semis) has traded primarily on rates, earnings, and AI enthusiasm — not Venezuela/Iran headlines. Major indices hit or neared records in early 2026 even as geopolitics heated up.
- Geopolitical shocks can trigger short-term risk-off moves in Nasdaq-type names, but tech tends to recover faster than cyclicals unless a massive Gulf supply disruption causes a deep recession.

#### Metals & Minerals

- Base metals (copper, aluminum) mainly react to global growth, Chinese demand, and green transition capex — not directly to Venezuela or Iran, though higher energy costs can squeeze miners' margins.
- Precious metals (gold) benefit from a "fear trade" when Middle East tensions spike — common to see gold jump a few percent around strikes or threats, then partially retrace if full war is avoided.

## Who Is Most Exposed Right Now?

- **Most Fed-Sensitive:** Small-cap and high-growth tech; long-duration software/AI names; REITs (especially office and highly levered); regional and mid-size banks; consumer lenders.
- **Most Venezuela/Iran-Sensitive:** Oil & gas producers, refiners, oil service companies, and shipping. Select metals/mining (via energy input costs and risk sentiment). EM and frontier markets tied to oil exports/imports.
- *Key insight: Tech is more sensitive to rates and earnings multiples than to Venezuela/Iran headlines. Energy is influenced by both rates (through global growth) and these specific geopolitical events.*

## Implications for Immigrant Investors

*For immigrant investors — often balancing remittances, family obligations abroad, and sometimes uncertain immigration status — the key is avoiding over-concentration in the most volatile corners of the market while building long-term wealth.*

- 1. Avoid Over-Concentration in Rate- & War-Sensitive Sectors.** Overweighting speculative tech or single-country oil names can create drawdowns of -50% or worse when the Fed surprises or war headlines reverse.
- 2. Favor Quality & Diversification.** Broad index funds (diversified U.S. or global ETFs) blend Fed-sensitive and defensive sectors, reducing the risk that one shock wipes out your portfolio. Mix sectors: some tech/growth, some defensives (healthcare, consumer staples), and moderate energy/materials exposure.
- 3. Think in Currencies & Home-Country Risk.** If your family's costs are in another currency, oil spikes or metals moves can hurt or help their local economy and exchange rates. Diversifying with some global stock exposure and gold can hedge shocks that hit your home region.
- 4. Match Risk to Your Immigration Horizon.** If your status or job is still uncertain, avoid leverage and very volatile single-name bets — you may need emergency cash for legal fees, relocation, or family support. Use liquid, lower-volatility instruments (large diversified funds) so you are not forced to sell after a -40% swing.
- 5. Use Volatility Spikes as a Planning Moment, Not a Gambling Moment.** Venezuela/Iran news and Fed surprises will keep creating short-term swings. Instead of day-trading them, rebalance: trim what has run too far, and add modestly to quality sectors that sold off but still have solid earnings prospects.



**Maraki Finance**  
**Building Financial Freedom for Immigrant Communities**

*This report is for educational purposes only and does not constitute investment advice. All investments carry risk. Consult a licensed financial advisor before making decisions.*