MILLER TABAK + CO., LLC

The Weekly Top 10

Saturday, January 10, 2026

The Trump Administration is Pulling out all the Stops for 2026.

As usual, we spend time on several different issues this weekend. Some are on the bullish side of the ledger…while others are on the bearish side. We just like to reiterate every once in a while, that one of our goals is to present issues from both sides of that ledger…while still letting you know which side of it was stand at any given time. The other two goals are to be correct with our conclusions…but to also help you think about the markets in a way that you would normally not think of them……Thank you and enjoy the rest of your weekend!

Table of Contents:

---1) President Trump certainly seems to get most things that he wants. However, he doesn't get everything he wants…as we have learned with the tariffs on China. However, the Administration is pulling out all the stops to create a situation where the economy is booming, and the stock market is rallying…when the midterm elections take place later this year. There is no guarantee that they'll get what they want, but it won't be from a lack of trying. So, a further rally in the stock market over the coming months (and maybe even a significant one) is not out of the question.

Several weeks ago, we touched on the idea that one of the items that the stock market has going for it is the fact that President Trump wants to win the midterm elections…and he wants it very badly. Therefore, he is going to do whatever he can to keep the economy humming along this year…and the stock market elevated. As we have been saying, if he losses either one of the Houses of Congress, the odds that he will be impeached again will go through the roof.

Just because this is what he wants…does not mean it is what he will get. However, this is much different than the goal has been for most administrations for the second year of their term. Most administrations don't care about the first and second years. They usually take care of the tough stuff first…and back-end load their stimulative policies for the third and fourth years. That way, they can win re-election (if it's the first term)…or help their legacy (if it's the second term).

This has not been the case with the Trump Administration. Yes, the DID try to start off with the tougher stuff…with cost cutting and very vigorous tariffs. However, the push back on the cost cutting was too strong…and when our trading partners played hard ball in the bond market in late-March/early-April…they backed off on that issue in a material way. (Yes, MANY tariffs remain in place…at least until or unless the Supreme Court rules otherwise…but they DID back off in a big way last April…ESPECIALLY when it came to China.)

Since then, their actions have shifted dramatically. To be honest, we now believe that they were always going to shift to a much more stimulative in year

two…but it looks like they decided to make the shift much earlier…once they became hamstrung by the action in the Treasury market in April. **Either way, there is little question that the Administration is making moves so that the overall conditions for the market and economy will be extremely accommodative THIS year.**

The first example of this is quite unmistakable. The President is pushing for lower interest rates…and he seems to be making that issue a pre-requisite for who he nominates to be the next Fed Chair. Then there are the tax refunds that will take place this year…as well as the incentives the Administration is providing for companies to invest in plant and equipment.

More recently…in the past week…he directed Fannie Mae & Freddie Mac to purchase $200bn in mortgage bonds…in an effort to bring down housing costs. He also called for a one-year cap on credit card interest rates at 10%……Of course, the moves on Venezuela could also be seen as one that is accommodative for economy. Although we believe that this is part of a much larger strategy to re-establish the Monroe Doctrine, it's something that could push oil prices lower between now and the midterm election. (Lower oil prices due to these developments are probably harder to achieve than some people are thinking…but it's something which could still help with their goal of lower gasoline prices going forward.)

We also have a situation where the Administration is trying to change the narrative on the "affordability" issue. Yes, many of these initiatives are meant to actually help the affordability issue die down. However, they are also trying to change the "narrative" (or the thinking) on this issue. In other words, they are trying hard to convince people that things are much more affordable than they are thinking right now…with words…as well.

When you combine all of these developments…it's shows that the Trump Administration is VERY sensitive to what is going on in the markets…and that they want 2026 to be a very strong one. Again, this is much different than most administration…who don't care about the second year. (Remember the 25% drop in the S&P 500 in 2022…and the 35% decline in the NDX that year???) However, the Trump Administration is taking a very different

tact…because they don't want to go through another two years like they did in 2019 and 2022 after the 2018 midterm elections.

They understand that (to a large degree) the stock market IS the economy. Therefore, they are going to push hard to keep the markets rising this year. This does not mean that they will push for a strong rally throughout the entire year. They realize that trying to push markets higher for 10 straight months is extremely difficult. Trying to do that…could actually create problems at exactly the wrong time (next summer/fall). So, we could see a material pullback at any time. (Last spring's 17% drop was completely forgotten by this past October…when the markets were flying and everybody was happy.) However, there is little question in our minds that the goal for the Administration is to see a very nice rally in the markets in the months leading up to November's election.

Whether they can meet that goal or not is still unknown. Just because this is what the want…does not mean it is what they'll get. In fact, we believe that even if they ARE able to induce a strong rally in the months leading up to the election, there will be a correction along the way (just like we got last year). The AI bubble could burst at any time…and long-term interest rates could rise in a material way (even if short-term rates are being cut). That said, there is no question that the bulls have something that they usually don't have on their side in a midterm election year. The Administration wants to win the midterms very badly…and they're going to do what they can so that the markets help them in this goal.

---2) The stock market could/should face some meaningful headwinds at some point this year. However, there are some developments which we are seeing right now which could take the market higher to start the new year...after a very flat Q4 in 2025. Liquidity is a very powerful force...and it can keep assets well above levels that are justified by the fundamentals for a very long time.

Well, the stock market got off to a good start for the year. That's great, but it doesn't really tell us a lot yet. As much some people like to quote statistics about how the things go in the early part of the year...tends to tell us how the rest of the year is going to go...that's really more coincidence than anything else. Put another way, although it IS true that positive move early in the year tend to be followed by nice years for the stock market, that's just trivia. It's not a cause-and-effect situation.

Besides, it tells us absolutely nothing about what will happen as we move through the year. The first three weeks of 2020 were strong, but they were followed by a 35% decline. The first few weeks of 2018 were very good, but we saw a drop of 19% at one point that year. In 2008, the first few days were

bullish…and we know what happened after that…and the first few weeks of 2001 were quite positive as well…with similar results to 2008.

HAVING SAID ALL THIS, there are definitely reasons to think that the market could see some nice upside follow-through over the next month or so. First of all, the issue of FOMO and "performance fear" can be even more important at the beginning of the year…than it is at the end of a year. For institutional players, they do not want to fall behind the market early in the year. If they do, they end up spending the rest of the year playing catch up. Therefore, if the market sees a nice advance at the beginning of the year, they jump on board very quickly……We'd also note that new money tends to come into the marketplace at the beginning of the year…so the whole thing can feed on itself.

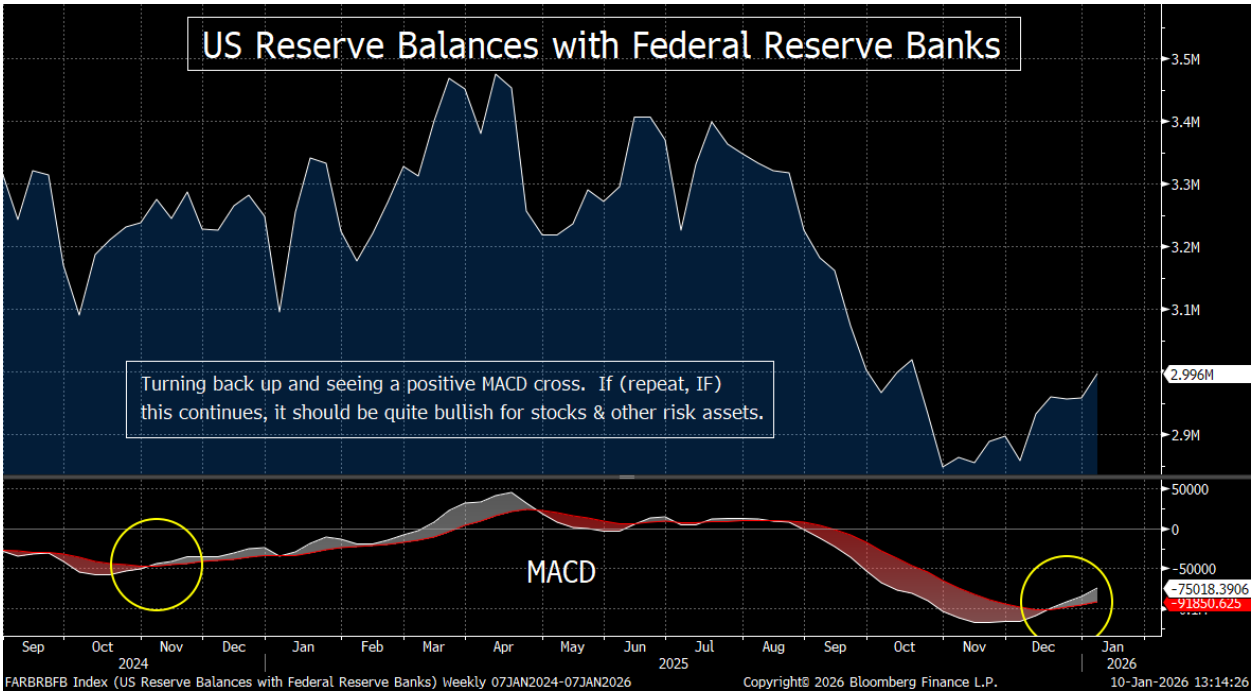
Second, and maybe most importantly, the liquidity equation looks good right now. The "QE Lite" program has begun…and that the "carry trade" is alive and well. The Fed's program of buying $40 billion in Treasury bills each month has already begun…and even though it is not as large as other massive QE programs of the past, it has helped the level of reserve balances with Federal Reserve Banks push higher in recent weeks. **This is a clear sign that liquidity has become plentiful again…so if these reserves continue to grow, it should be a bullish sign for risk assets.**

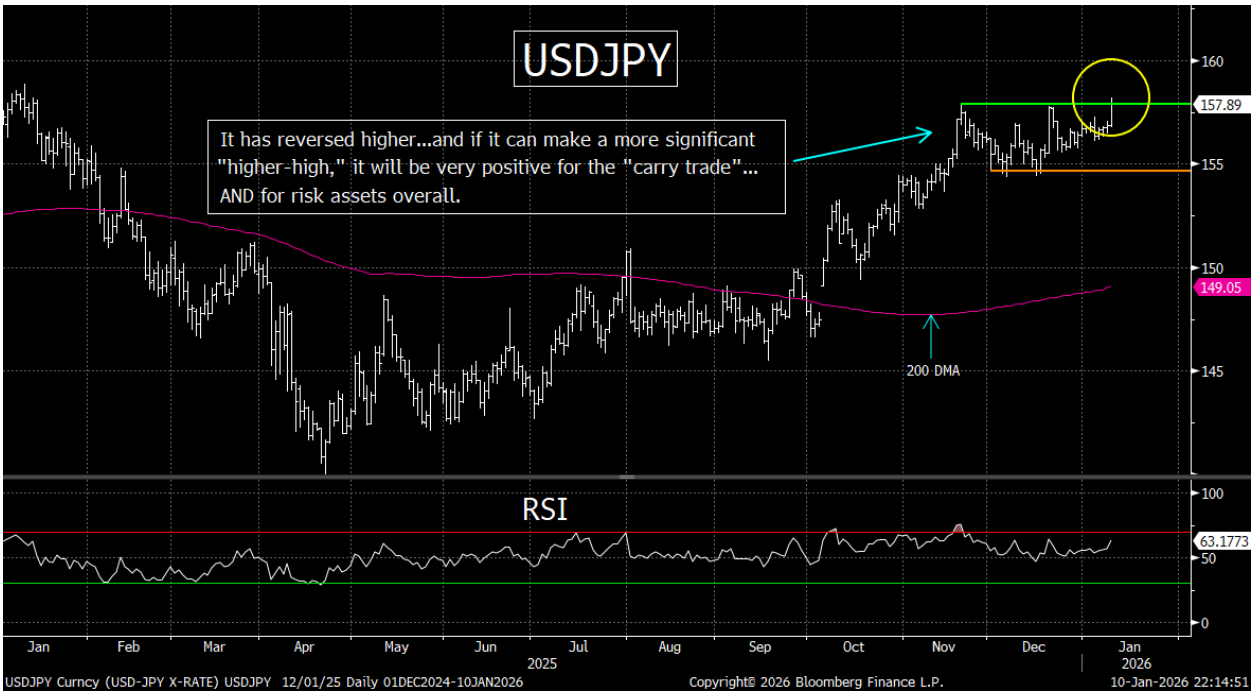
We'd also note that the yen has begun to weaken once again. **In fact, the USDJPY has pushed higher over the past few weeks…and has moved slightly above its highs from both November and December!** So, the "carry trade" is still a bullish force…and this is helping those reserves push higher as well……Yes, we still worry about the level of long-term interest rates in Japan…and we believe it should create some real problems for the USDJPY (and thus the carry trade) eventually…but for now, the situation seems quite good. (Second chart below.)

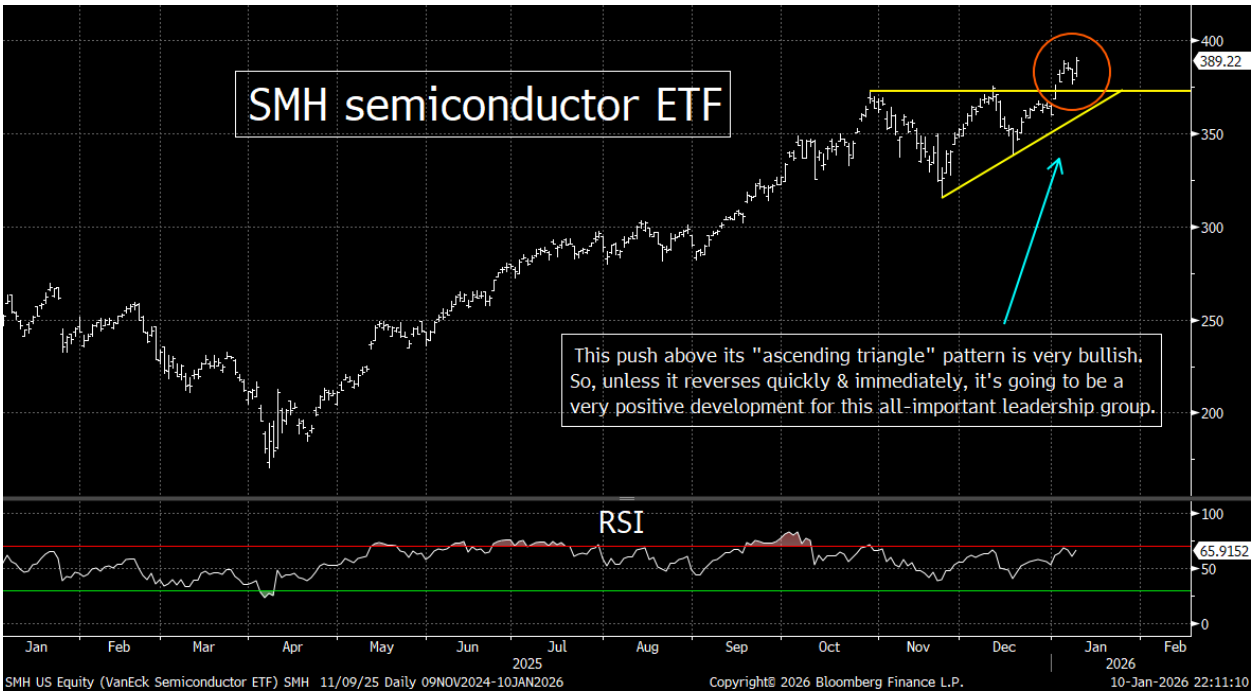
Finally, the most important leadership group in the stock market…the semiconductor stocks…are breaking out to the upside. So, this is a very bullish development on the technical side of things. If you look at the third chart below, you can see that the SMH semiconductor ETF has pushed well above the "ascending triangle" pattern we've been harping on

recently. **Remember, the chip stocks have been the most important leadership group in the stock market for decades (not just since the AI phenomenon appeared).** Thus, unless this group reverses lower in a significant way…almost immediately…the recent action in the chip group…the tech sector…and the broad stock market…should continue as we move through January.

As you will see from some other comments we make this weekend, we still believe that the market will face some meaningful headwinds before the first half is over. However, given our comments about the Administration's efforts that we mentioned in point #1…along with "performance fear," the action in the chip stocks, and (especially) the level of net liquidity in the system…there are certainly some reasons to think that the sideways move we've been experiencing over the past few months could be resolved with an upside breakout…….Therefore, if (repeat, IF) this earnings season can beat <u>the extremely high expectations which exist today</u>…any first half headwinds for stocks might not hit us for a while.







---3) Earnings season begins next week...and it cannot come too soon. The stock market needs some real guidance to help investors know which companies are going to do well in 2026 and beyond. Over the first

six trading days of the year, the market has merely been led by the nose by these algos……Of course, the algos have become extremely important in recent years, but it has moved to an extreme more recently…….This does not mean that the recent moves have been false ones. It just means that investors will need to remain open-minded and nimble over the next few weeks.

There have been some very interesting moves in the stock market so far this year…and they could very well be instructive for how the rest of the year is going to go. However, since many of these moves have been much more extreme than any new-news would justify…and given that some of them have been completely reversed the very next day…it shows that we need to be careful about drawing too many conclusions from the first six trading days of the year.

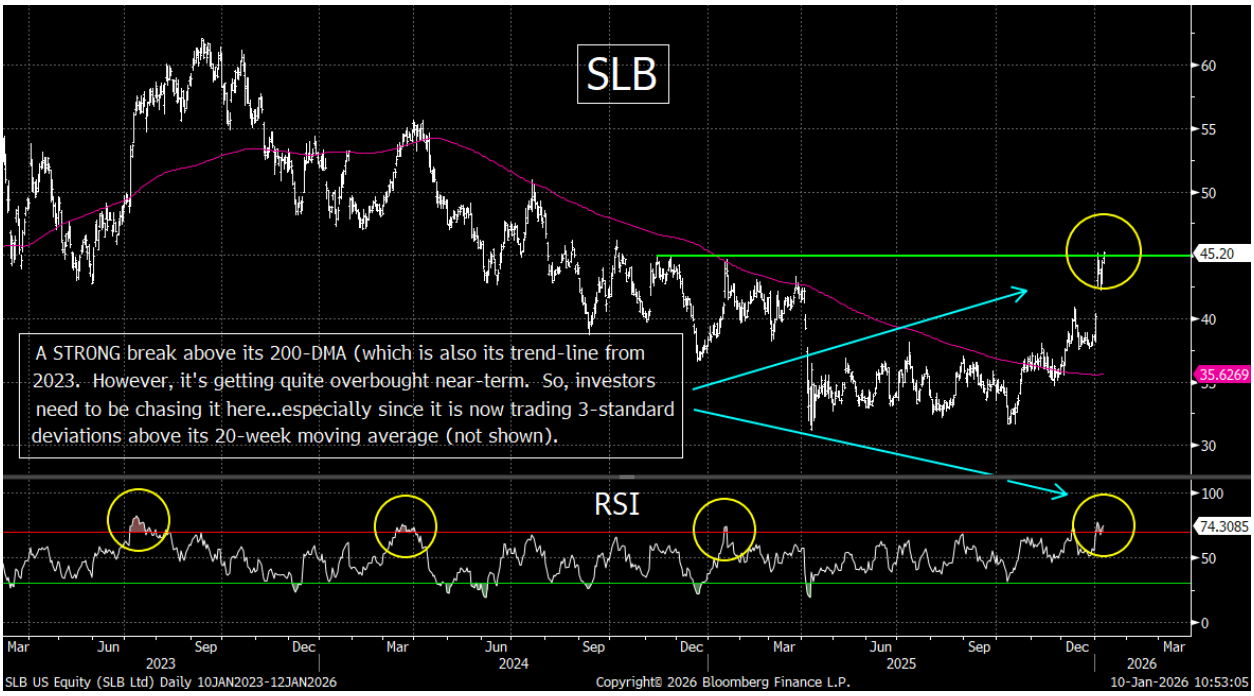
This is not to say that the moves we've seen to begin the year are not the correct ones. However, when you see the stock of a mature company like Sandisk (SNDK) jump 27%…merely on the news that Jensen Huang declared that memory and storage are major unserved markets…was the kind of outsized move that shows that the momentum-based algos are running the show even more than they had in 2025. Again, we're not saying that SNDK did not deserve to rally nicely on this news…and we certainly understand that Mr. Huang's words have a lot of influence. However, this move…and the move in several other related stocks that day…were exaggerated by these momentum-based strategies.

There is no question that the tech sector can be a very volatile one (in both directions)…so if the moves in SNDK and the other related stocks…had been the only example of these kinds of exaggerated move, we wouldn't be highlighting this issue right now. However, when you see stocks like SLB Ltd (SLB) rally 14% in just two days on the developments out of Venezuela, it emboldens our view on this subject. The details about how the new situation in Venezuela will playout for these energy companies is extremely vague right now. So, for the stock of such a mature company to rise as much as it has to these developments, tells us that these momentum-based strategies could reverse rather quickly…if there is are any developments which are less bullish than the recent news.

Heck, we've been bullish on the energy stocks…and we've liked SLB in particular. So, we're not trying to say that these stocks should not be rallying on this news. We just think the moves (in some energy stocks, tech stocks, and some other momentum based stocks recently) are much stronger than they should be…if they were only reacting to these new developments. In our opinion, the algos are having an even bigger impact than usual to begin the year.

With all of this in mind, investors will want to remain very nimble during this upcoming earnings season. Many of the recent moves in certain stocks are pricing-in some very definitive outcomes…which may not come to fruition for quite some time (or maybe not at all). Therefore, they could be reversed rather quickly if these companies say something that is not quite as bullish as their stocks are pricing-in when they report earnings and give their guidance. This is especially true given that many of these names have pushed even higher over the past day or two…….Of course, the opposite could be true for some of the stocks that have been knocked down due to these recent developments. They could see some nice bounces if their earnings/guidance is better than what the algos have been pricing-in recently**.**

This is a long-winded way of saying that although we DO believe that the stock market will very likely see some meaningful "rotation" as we move through the first quarter…we also believe that investors should be careful about extrapolating out the recent moves too aggressively…until we get some more insight from the upcoming earning season.



---4) The industrial stock sector has been one that many people have been talking about as one that could/should outperform in 2026. In other words, it should be one which benefits from any "rotational" moves which might take place this year.....There are some fundamental reasons why this could take place. On the technical side of things, it's looking particularly good right now.....We also believe that Boeing could be one of the specific stocks which finally starts to play a serious game of catch up this year in this sector.

Investors are increasingly optimistic about the U.S. industrial stock sector in 2026...due to a combination of resilient macroeconomic fundamentals, constructive earnings expectations, and supportive fiscal and monetary policy tailwinds. **Let's face it, despite geopolitical uncertainties and uneven sector data, the broader U.S. economy continues to demonstrate durable growth and resilience**.....The consensus estimates for real GDP growth in the U.S. above 2% in 2026...reflecting sustained consumer spending and business investment even after elevated global headwinds. Labor markets are expected to remain relatively tight, with forecasts suggesting a rebound in job gains and lower unemployment by year-end, further reinforcing economic momentum.

Within the industrials space, structural drivers are emerging that favor long-term growth. Key segments…such as electrical power equipment and commercial aerospace…are benefiting from supply constraints and long project backlogs. **This is creating pricing power and revenue visibility for manufacturers and equipment suppliers…..**Additionally, investment demand for AI-related infrastructure (such as data centers, power systems, and logistics) is increasingly contributing to industrial capex, extending beyond pure technology firms and into industrial supply chains.

Corporate earnings expectations for 2026 remain constructive. **Industrial firms…particularly those tied to infrastructure and advanced manufacturing…are projected to capture a meaningful share of this earnings expansion as business investment accelerates.** Strong order books in aerospace, defense, and energy transmission segments further support forward earnings momentum.

Fiscal policy continues to act as a catalyst. Ongoing implementation of **infrastructure spending…and investment programs**…from traditional public works to targeted technology incentives such as the CHIPS and Science Act…boost long-term industrial demand and job growth. On the monetary side, expectations for **rate cuts by the Federal Reserve in 2026** are creating a lower cost of capital environment, conducive to expanded corporate borrowing and capital investment.

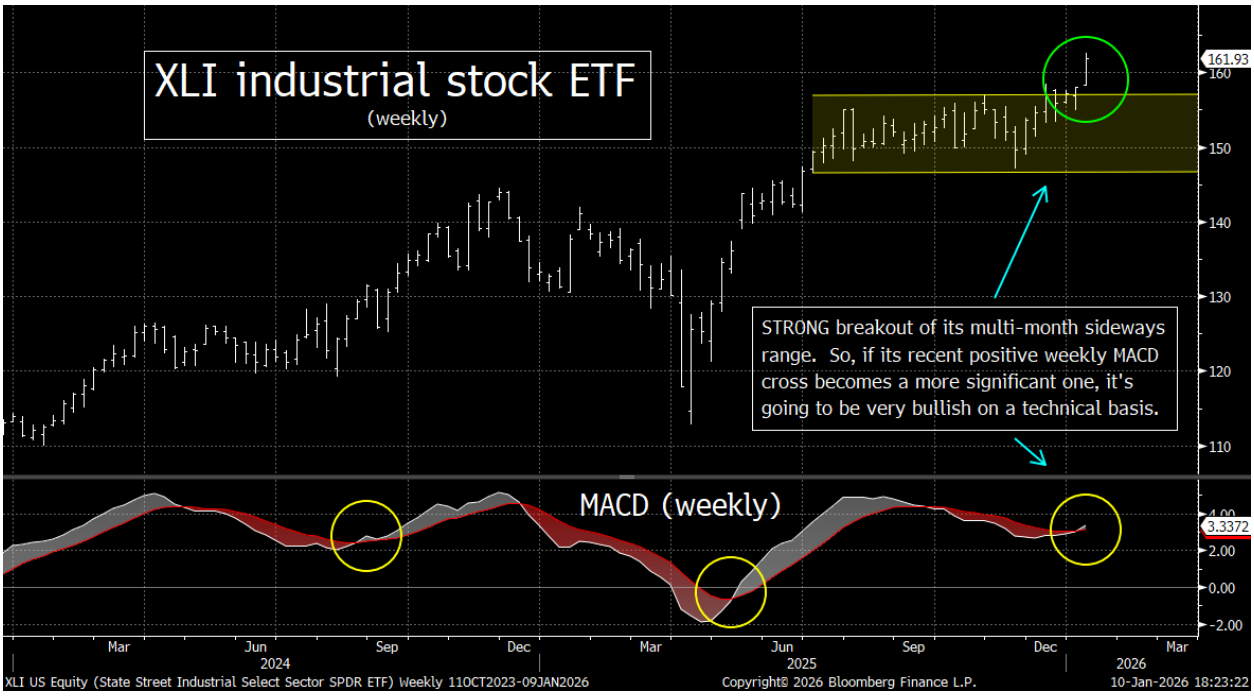
On the technical side of things, the XLI industrial stock ETF has broken strongly above the sideways range we had highlighted a few weeks ago. It has now seen a slightly positive MACD cross on its weekly chart. The last two times a positive weekly MACD cross has become a significant one, it has been followed by a much further advance for the sector. Therefore, since it has already broken out of its sideways range in a meaningful way, it won't take much more upside follow-through to raise a major green flag on the industrial stock group. (First chart below.)

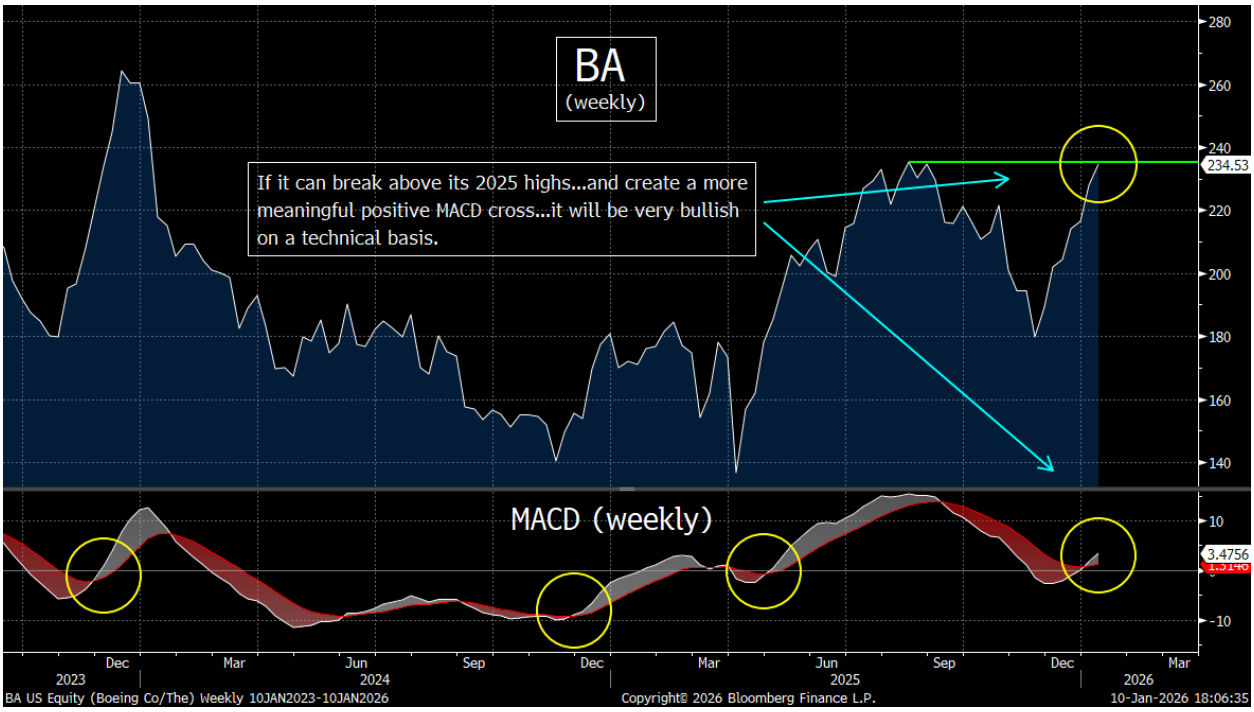
We must admit that several of the key individual stocks in the XLI are becoming overbought on a short-term basis. This includes Boeing (BA). However, we believe that BA is positioned for some very nice upside movement in 2026…as operational improvements, strong backlog growth…and macro-tailwinds in defense spending…underpin a constructive

investment thesis. Commercial aircraft deliveries are accelerating, with MAX production on track to increase in early 2026…while analysts at Jefferies and UBS highlight improving free cash flow and normalized operations as key upside catalysts.

On the commercial front, **Boeing secured a major vote of confidence from Alaska Airlines, which announced its largest aircraft order ever**…105 Boeing 737-10s and five 787 Dreamliners, with options for 35 more jets to support network expansion. This deal meaningfully expands Boeing's 737 MAX presence and signals durable airline demand……..**We'd also note that BA's Defense, Space & Security unit also opened 2026 strongly, winning $12.8 billion in Pentagon contracts**…including logistics support for E-4B aircraft and an order for up to 50 F-15IA fighters through 2035. These awards boost backlog and strengthen long-term revenue visibility…..Therefore, even if the stock sees some sort of near-term pullback soon, we see plenty of upside potential for BA. (President Trump's new proposal for an approximately 50 % increase in the U.S. defense budget to $1.5 trillion for fiscal 2027 doesn't hurt this narrative either.)

On the technical side of things, BA is seeing a positive MACD cross on its weekly charts…which is a bit more material than the one for the XLI. It's also testing its 2025 highs. Thus, if it can make a "higher-high"…above those 2025 highs…while also seeing an even stronger positive weekly MACD cross…it should be VERY bullish for the stock……Again, this stock is getting overbought on its daily RSI chart (not shown on the weekly chart below), but the intermediate and longer-term potential for this stock should be quite bullish. (Second chart below.)





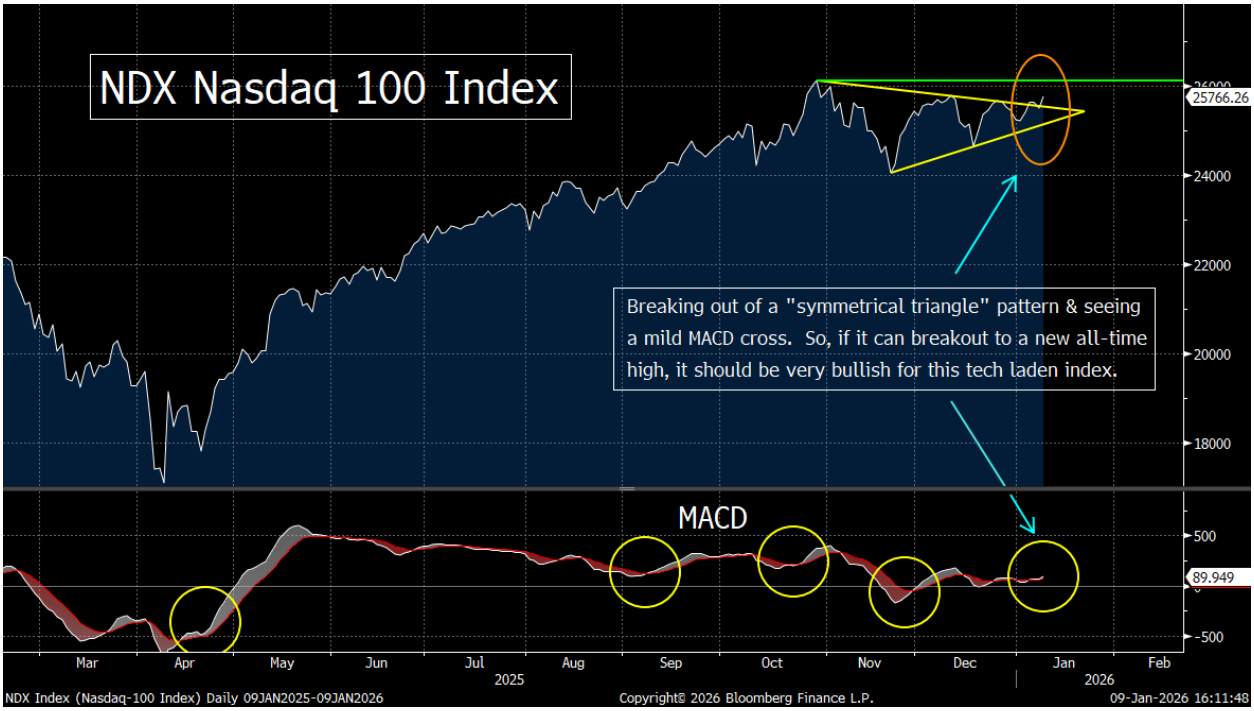
---5) Last week's gains in the major averages was quite positive for their outlook as we move into the new year. The S&P 500 closed the week with a slight new all-time high...and the Russell 2000 made a more material

one. The NDX Nasdaq 100 still has some work to do, but still advanced. These will need to see some more upside follow-through…which could/should be determined by the upcoming earnings season…but it has been a good start to 2026.

The first full week of 2026 was a good one for the stock market…as the S&P 500, the NDX Nasdaq 100, and the Russell 2000, all pushed higher. This left the SPX and Russell at record highs…and the NDX within 1.3% of its old record from October. So, it was definitely a good week for the equity market…..Each one of the charts on these three indices look a little bit different, so we'll take them one at a time. It is worth noting, however, that they all have two things in common: They need to see more upside follow-through to confirm a breakout of the multi-month sideways ranges, BUT they are all headed in the right direction for the bulls.

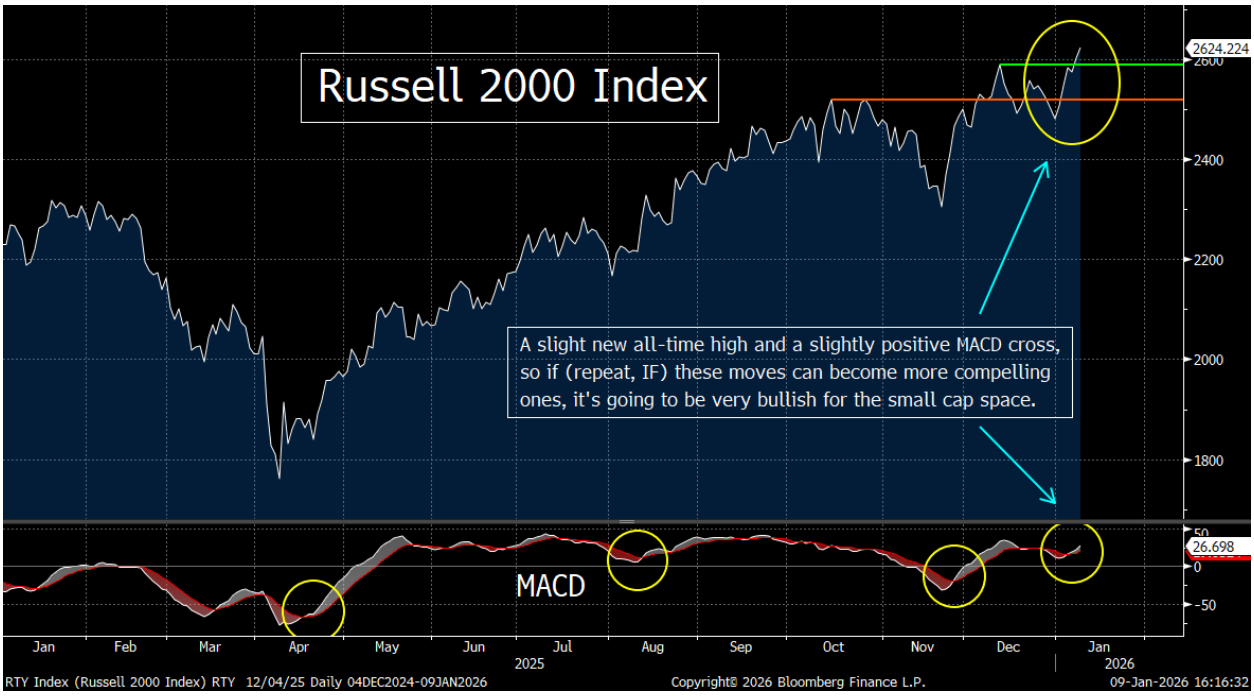
Starting with the chart on the S&P 500, it broke slightly above the top end of its three-month sideways range. That's right, despite the fact that the market seemed like it rallied strongly right into the end of the year…the rally actually stalled out in Q4. However, last week's mild push above the top end of that range was a bullish development. Since it has been range-bound for some time now, this key index is not overbought, so there is plenty of room for it to run…if (repeat, IF) it can break further out of its multi-month range…….With earnings season set to begin on Tuesday, the reactions to these reports should be extremely important.

On the tech laden NDX Nasdaq 100 Index, the "rotation" we've seen WITHIN the tech sector has kept this index from rising to the same degree that we've seen from the SPX. That said, last week's gain was still enough to take it above the upper line of its "symmetrical triangle" pattern. Yes, it will need to push materially above its October all-time high of 26,120 (635.77 on QQQ) to confirm any breakout move, but this is still a good start.....Of course, if the upcoming earnings season is remotely disappointing for the Mag 7 stocks in general, this situation could deteriorate very quickly. Those stocks are SO highly weighted in the NDX, that broad decline for the group would completely shift this situation. However, right now, the outlook to start the year is promising.



Finally, for the Russell 2000 small-cap stock Index, its break above its all-time high has been a rather meaningful one so far. It definitely needs to see some more upside follow-through, but it won't take a lot more to give us the confirmation we need. In fact, the Russell has already broken WLL above its October highs…and the move above the December highs last week was more than just a very slight one. Thus, it won't take a lot more upside movement to do the trick.

There is little question that even though the Russell is making a new high, it has badly underperformed both the SPX and the NDX since the 2022 bear market lows. Let's face it, the Russell is only 7% above its 2024 highs…while the SPX and NDX have pushed 14% and 16% above their own 2024 highs (respectively). However, if this early-year move can become any more prominent at all, it should send a signal that this part of the market is finally going to play some real "catch up."



---6) Gold and other precious metals saw another good week last week. There is still the "index rebalancing" to get through, but we still see the yellow metal as being on the cusp of another strong rally leg to its multi-year bull market.....Also, it won't take much more upside follow-through give metals like platinum and palladium some renewed strong upside momentum

The precious metals bounced back last week, so the outlook for this asset class remains positive. There has been a lot made of the annual rebalancing of the Blomberg Commodity Index and the impact that will have on several different commodities. This rebalancing process will last into the first couple of days of next week...and a lot was made about the level of outsized selling that would be involved for the precious metals. However, they bounced quite strongly on Friday (the second day of the rebalance)...so we'll have to see how they fare early next week.

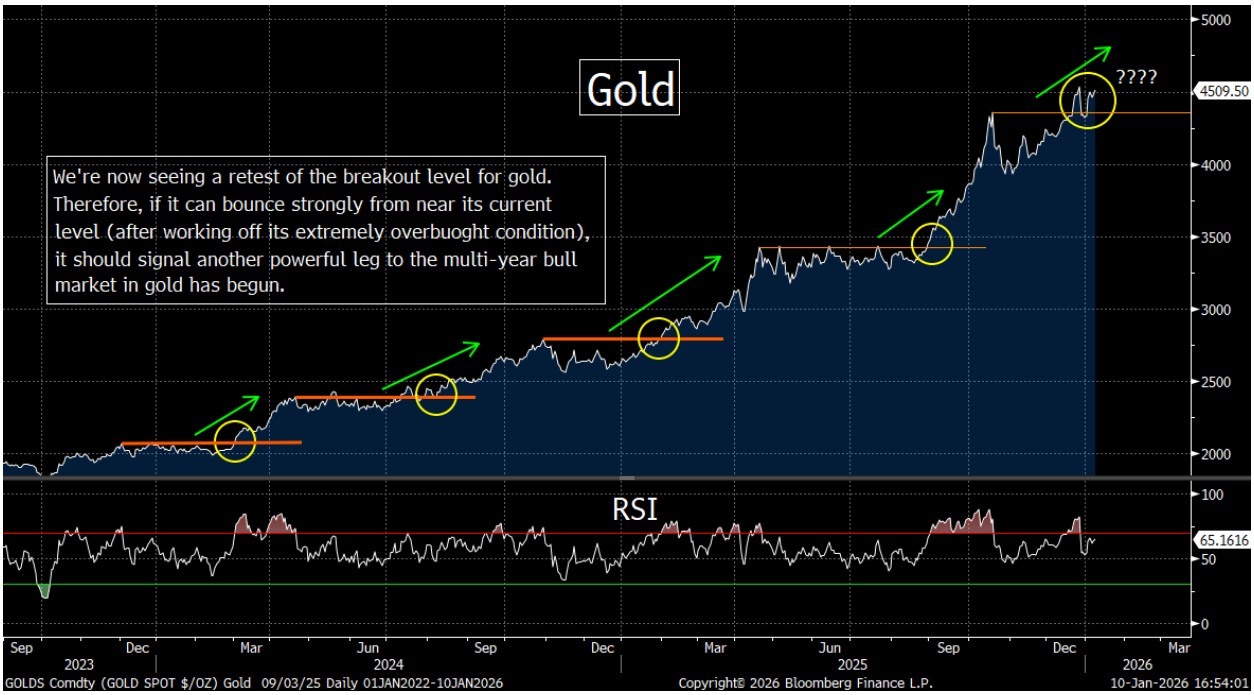
Be that as it may, the charts still look quite good on gold, silver, platinum, and palladium. <u>This is particularly true for gold</u>. The yellow metal was able to bounce off its "old resistance/new support" level last week...and it close

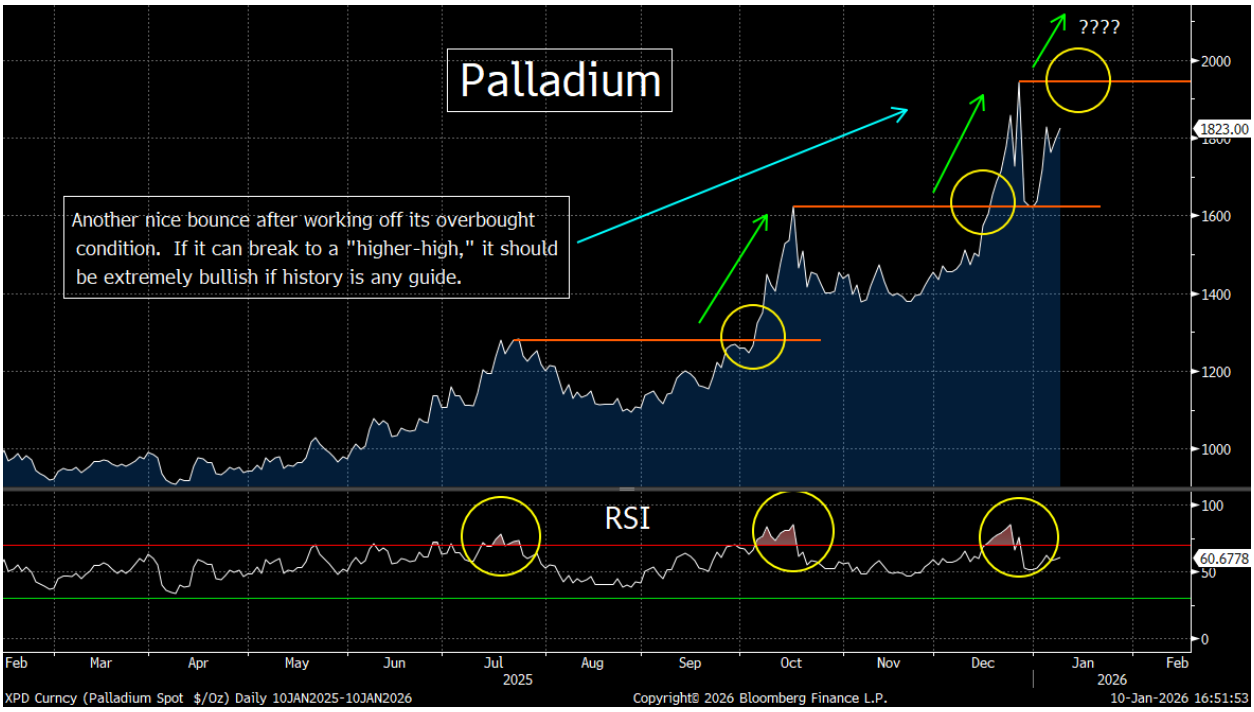
above $4,500 again. This left it just 0.52% from its December all time high. **Therefore, if it can break above that level at some point soon…whether its immediately, or after the "rebalance" is over…it should be extremely bullish for this commodity. Whenever gold confirms a push to a new high…after a multi-month breather…it has been followed by a very strong rally leg in the yellow metal. Thus, if the positive test of the old resistance/new support level…if followed by another "higher-high"…it should be very bullish on a technical basis.**

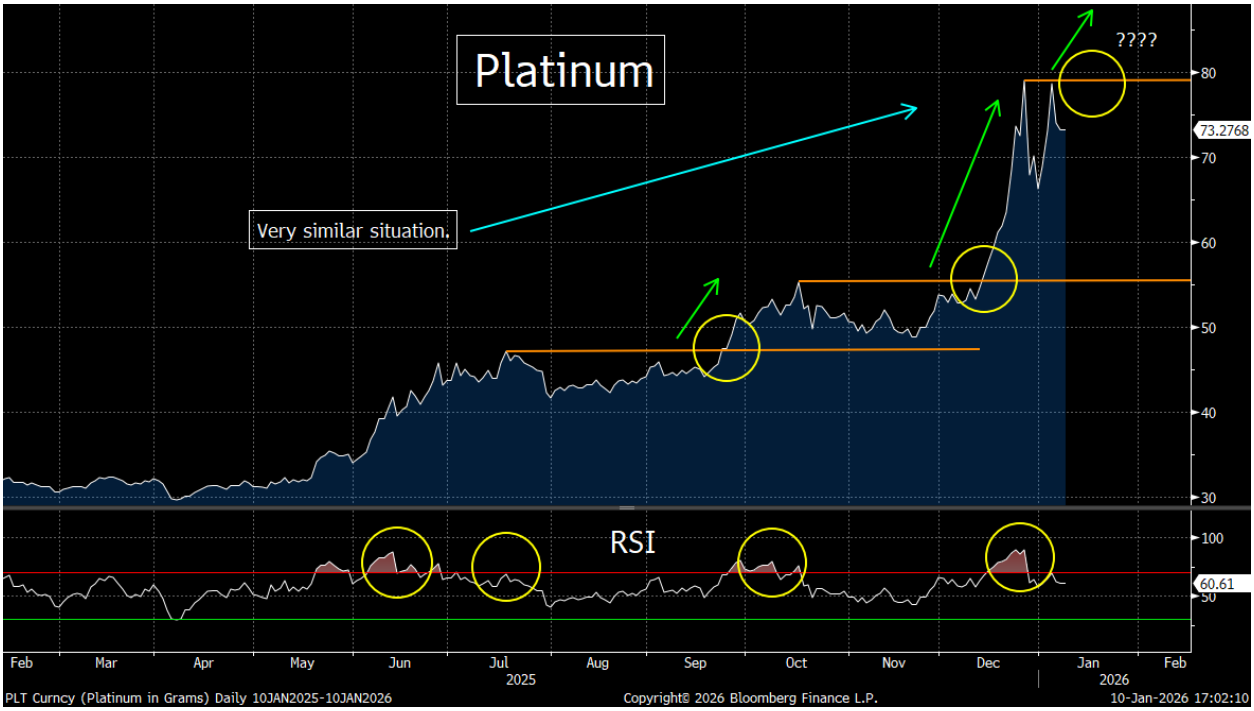
We want to highlight the charts on platinum and palladium this weekend as well. We have not highlighted these charts recently, so we wanted to show them this weekend…..After a parabolic advance during much of the second half of December, platinum dropped 16% in just 3 days to end the year. It then bounced strongly back to its December highs to start the year…before fading slightly at the end of last week. If it can regain its upside momentum…especially now that it has worked off its extremely overbought condition from late-December…and then make a new high, it should give it another nice rally leg…….On the flip side, if it rolls back over and takes out its December lows, it will raise a warning flag for this precious metal.

The situation is very similar for palladium. It experienced a huge rally in December…which was followed by a sharp pullback at the very end of the month. The ensuing bounce did not take it all the way back to its December highs (like it did for platinum), but it did not fade at the end of last week. **Therefore, if it can push to a new high at any point over the coming days and weeks, it will be very bullish on a technical basis.**

There are several reasons to think that inflation could rise this year…especially with so much talk about the Fed cutting short-term rates at a time when the economy is humming along. **However, we also have investors demanding to get paid more for the extra risks they are taking for buying the sovereign debt of several different countries around the globe. The budge deficits in countries like Japan, France, the UK, and even the US is raising the specter of currency debasement (and even the confidence in the fiat currency system itself in some circles)…..Therefore, rebalance or no rebalance, a strong argument can be made by the bulls on these precious metals right now.**


Gold
We're now seeing a retest of the breakout level for gold. Therefore, if it can bounce strongly from near its current level (after working off its extremely overbuoght condition), it should signal another powerful leg to the multi-year bull market in gold has begun.
????
4509.50
RSI
65.1616
Sep
Dec
Mar
Jun
Sep
Dec
Mar
Jun
Sep
Dec
Mar
2023
2024
2025
2026
GOLDS Comdty (GOLD SPOT $/OZ) Gold 09/03/25 Daily 01JAN2022-10JAN2026
Copyright© 2026 Bloomberg Finance L.P.
10-Jan-2026 16:54:01


Palladium
Another nice bounce after working off its overbought condition. If it can break to a "higher-high," it should be extremely bullish if history is any guide.
????
1823.00
RSI
60.6778
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
2025
2026
XPD Curncy (Palladium Spot $/Oz) Daily 10JAN2025-10JAN2026
Copyright© 2026 Bloomberg Finance L.P.
10-Jan-2026 16:51:53



---7) The DJ Transportation Index hit a new record high again last week…further confirming a bullish outcome for those who follow the Dow Theory……..The TRAN is getting overbought near-term…as is the XAL airline Index, and the DJ Trucking Index. However, if they can push much higher from here…whether it comes now, or after they work off their short-term overbought conditions…it will be very bullish for this economically sensitive sector (on a technical basis).

Those who follow the Dow Theory must be very excited about the prospects for the stock market this year…as the Dow Jones Transportation Index has made another new all-time high…and confirmed a similar move in the Dow Jones Industrial Average. The TRAN has become overbought on both a short and intermediate-term basis, so it could/should be due for a "breather" at some point soon. However, this recent development does bode well for this economically sensitive group.

As we move into 2026, U.S. transportation stocks are in a generally constructive phase, underpinned by improving macroeconomic indicators, resilient consumer spending, and earnings stabilization

across key segments such as airlines and freight. While challenges remain…from volatility in freight demand to ongoing margin pressure in the airline industry…the combination of market optimism and tactical innovation suggests transportation equities could deliver measured growth in the year ahead.

The consensus believes that the US economy is expected to maintain modest growth through 2026. Recent economic forecasts highlight robust GDP prints, expanding corporate profits, and labor market resiliency….even amid some headwinds in wage pressures and investment cycles. Consumer spending…a critical driver for both passenger travel and freight demand…has remained surprisingly durable, supporting travel and goods transport volumes.

The airline industry is entering 2026 with a more stable earnings profile…although profit margins remain relatively thin relative to broader market averages. According to industry forecasts, airlines are projected to generate record total net profits near $41 billion in 2026, with net margins stabilizing at roughly 3.9%…similar to 2025 levels…despite ongoing cost pressures like fuel and labor. Passenger numbers and load factors are expected to continue growing…reflecting pent-up travel demand and consumer willingness to spend on air travel.

Earnings expectations across individual carriers are mixed: some airlines with strong balance sheets and premium service offerings are projected to improve unit revenues and cost efficiency, while others are forecast to face tighter margins due to competitive pressures and capacity decisions. **However, analyst coverage suggests modest growth in demand, particularly if broader GDP growth continues, but capacity management and cost discipline remain key.**

Trucking and freight stocks have historically been sensitive to both consumer demand and capital expenditure cycles in industrial sectors. In early 2026, transportation equities…including freight and logistics players…have rallied in part due to renewed hope for economic growth and stabilization of freight rates. **Some freight companies are using technology and AI to improve efficiency, which may enhance margins and earnings resilience.**

That said, freight growth expectations remain moderate, with some reports indicating slower momentum as the economy rebalances from pandemic-era supply shifts. Therefore, we have to be cognizant of the idea that earnings for traditional trucking operators may grow more slowly compared with periods of robust industrial activity. On top of this, airline margins could remain compressed…so it's hard to pound the table in a bullish manner on this sector. If we see any slowdown in growth…or weakness in consumer demand…all bets are off.

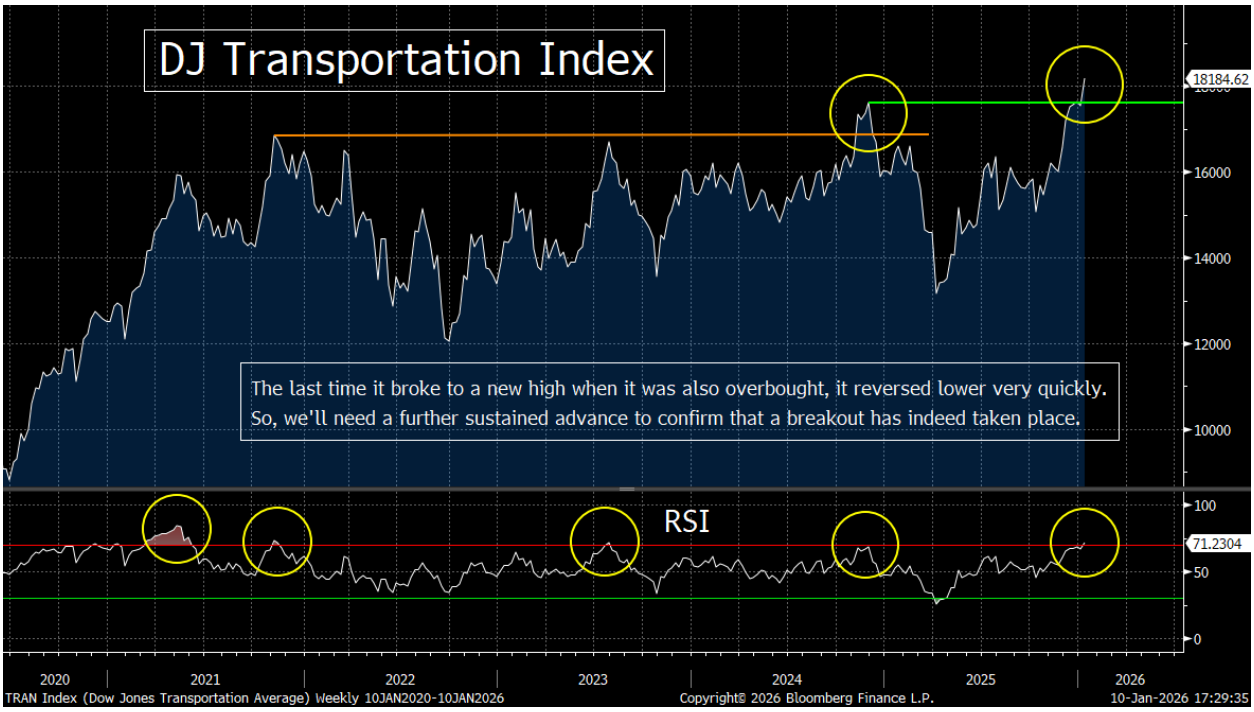
With those caveats, we still want to point out that the technical outlook for this sector is positive. The TRAN has made a key "higher-high" above its 2024 highs…so as we said above, this confirmation of the new high in the DJIA is definitely bullish. We do need to point out, however, that the TRAN is becoming overbought. The last time it made a broke to a new all-time high at a time that it was overbought, it rolled over quickly and significantly**. So, we'd like to see this "higher-high" become a sustainable one.**

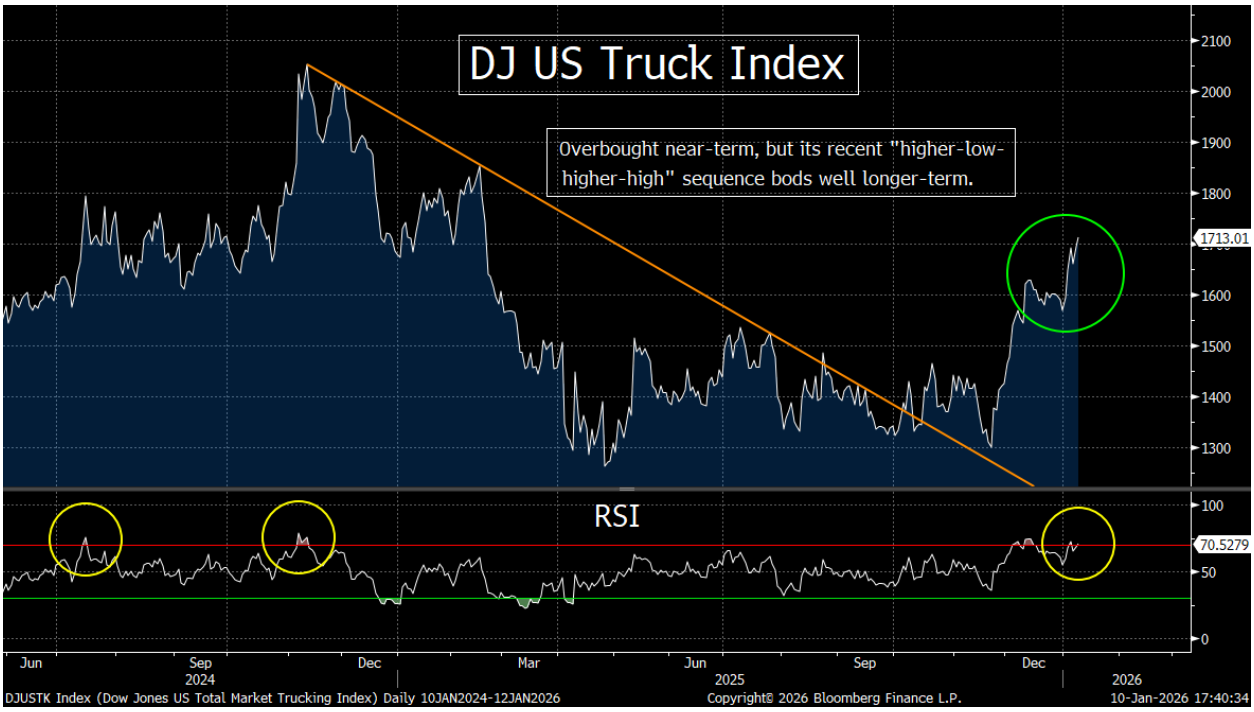
It's interesting to note that the XAL airline index is also becoming overbought…and it's doing so at a time when it is testing a key resistance level. Right now, it is bumping up against its highs from both 2024 and 2025…and it has already broken well above its multi-year trend-line from 2021 (and after holding its lows from lows from 2023 and 2024. **Therefore, if it can push above the highs from last year…whether it takes place now…or after a "breather" which works off its overbought condition…should be quite bullish for this fickle group in the transportation sector.**

We also want to highlight that the truckers are becoming overbought as well. **However, after lagging (badly) for most of 2025, the truckers have rallied strongly since late-November.** This has included a very nice "higher-low/higher-high" sequence recently. Thus, it looks like this extremely economic sensitive group is finally catching some tailwinds…….Like it is with the airlines, if it sees more upside follow-through…even if it takes place after a near-term breather…it will be bullish for this group within the transportation sector on a technical basis. (Second chart below.)

We remain concerned that the economy is going to have a tough time remaining buoyant in 2026, but as we mentioned above, the Administration is doing everything in its power to help the economy to

keep growing in this midterm election year. If they succeed, these transportation stocks could see a lot more "rotational" money moving into than many investors had been talking about at the end of last year. So, we'll be watching these indices/ETF's closely for opportunities for some surprising moves over the coming weeks and months.





---8) Despite the fact that we did get some important economic data last week, the Treasury market did not see much movement. Therefore, it remains within the sideways ranges we highlighted last weekend. We do get some more key data this week…AND we could get a decision from the Supreme Court on the tariff issue. So, we could get the kind of meaningful move in the bond market next week…which could be very important to many other assets as well.

Neither last week's employment report…or any other of the newest pieces of economic data…were able to move the Treasury market much last week. We do get some more in the upcoming week…including the CPI and PPI inflation reports (on Tuesday and Wednesday)…so it will continue to be important to keep a close eye on this all-important asset class.

To be honest, since there was not a lot of movement last week, there is not whole lot new that we can add to what we said last week on this subject. However, since any significant move in the Treasury market will

have broad implications for the stock market…and other risk assets…we feel that it's important to review what we've been saying on this subject.

Put another way, **when it comes to the chart on the US 10yr note, it is trading in a sideways range…and whichever way it breaks out of that range will be important over the near-term.** However, it is important to repeat that the 10yr yield is pushing up against the top of two ranges. The first one is the multi-month range of 4.0% and 4.2%…and the second on is the multi-week range between 4.1% and 4.2%. In other words, that 4.2% level is the top of both ranges. Thus, it won't take much more upside follow-through to confirm a change in trend for long-term yields. (First chart below.)

We also want to reiterate that Japan's sovereign debt market is still struggling. Yes, it did see a mild drop in long-term yields at one-point last week, but the bounced on Friday…and thus they still stand near their highest level of the century! If it's push above 2% becomes a larger one, it will impact the yields on other global bonds (not to mention the "carry trade"). So, this is something we should all be watching very closely as well. (Second chart below.).....Needless to say, the rise in yields in many European countries (including Germany) is something to monitor as well.

The old saying, "Don't fight the Fed" has been a very good one to follow over the years…but it has not been a perfect one. We also realize that investors believe that the "Fed put" will always come in and save the day if things get dicey. **However, if the long-term rates continue to rise…despite the cutting of short-term rates…and the confidence in the fiat currency system begins to decline (like it has eventually…in every instance in world history)…that "put" could be much further "out of the money" than many believe is possible right now.**

We are not trying to declare that we are on the cusp of falling into a crisis of confidence. However, it won't take much more of a rise in yields to signal an extremely important change in trend for long-term interest rates. If (repeat, IF) that happens, it will raise all sorts of warning flags for global markets. So, it's something we should all be watching very closely going forward.

---9) Potpourri.....We have put together some very quick thoughts on several other issues again this weekend. Some of bullet points have to do with the

markets…while others have absolutely nothing to do with them. We hope you find them either interesting, thought provoking, or simply just fun.

---The situation in Iran seems to be taking the country to the brink. The level of uncertainty in SO MANY geopolitical hotspots is reaching levels not seen since the late 1930s. Therefore, it's amazing how much complacency exists in the global stock markets right now.

---Another reason why we remain bullish on hard assets is due to the comment we've made many times in the past**:** When debt reaches these kinds of massive levels, there are only two ways out. Default…or inflation your way out…….We think they'll take the latter option.

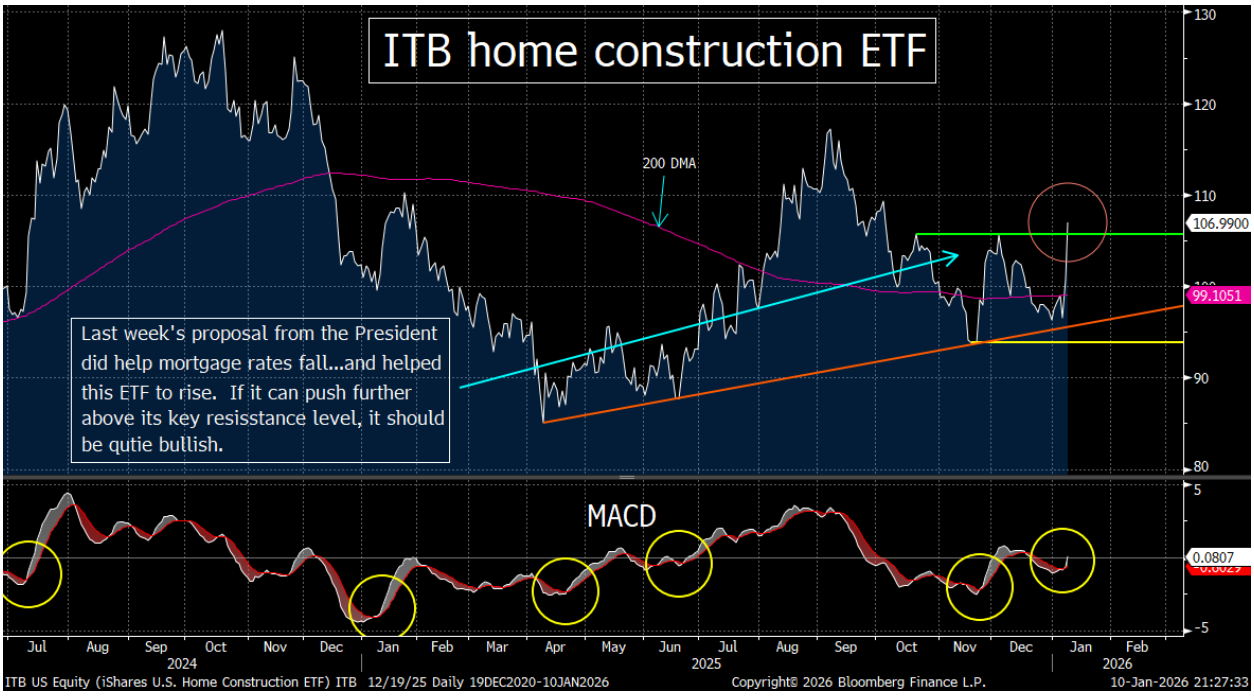
---A friend of ours sent us a quick story this morning about a six-year-old boy who had recently been diagnosed with cancer. He was being transported in an ambulance from one hospital…to another one (which specialized in the treatment of cancer). The boy asked if they could stop at McDonalds along the way. Waving protocols, the EMT's did exactly that…and wheeled him into the restaurant to get his meal……Such a small act of kindness, but what a fabulous one!!!!

---We want to reiterate that despite our comments about SLB getting overbought near-term, we still believe that the energy stocks could/should surprise people to the upside this year. We'll talk more about this in the future, but we want to reiterate that we worry that some people are blindly assuming that because the President wants oil prices…that's what he'll get.

---To think that there will be a military takeover of Greenland is ridiculous.

---My mother was born and raised in the tiny town of Kewanna, Indiana. So, I don't feel bad about jumping on the Hoosiers bandwagon during this college football season. (BTW, even though my mother was a newlywed in the early 1950s, she remembers vividly when the small town from that state won the high school championship which is depicted in the movie, "Hoosiers"……..Most of the details are wildly exaggerated in that movie, but it was still an historic event in Indiana.)

---Last week's proposal to have Freddie & Fannie buy MBS's helped mortgage rates fall...and helped the ITB home construction ETF to bounce strongly. This means it held its trend-line from April...and is now breaking slightly above its key trend-line. If it can push further above that line, it should be quite bullish for this economically sensitive group. (Maybe the President WILL be able to get everything he wants this year!)



---10) Summary of our current stance..... The stock market did not see the kind of "melt-up" that many pundits were looking for in December of last year. **In fact, the S&P 500 finished December almost exactly unchanged for the month...and the NDX Nasdaq 100 and Russell 2000 actually FELL almost 1%.** We'd also note that Q4 wasn't all that great either. Yes, all three indices advanced (2.3% for the SPX & NDX...and 1.8% for the Russell), but that paled in comparison to what they did during Q3. **Therefore, the vast majority of 2025's nice rally came during a two-month period between mid-Augst until mid-October** (which is usually a very rough time for the stock market).

Of course, the stock market did see a big round-trip move from February until mid-summer…with a 17% drop into the August lows…and then a strong bounce from then until the end of Q3. Therefore, since the rally off the April lows was almost 40% (almost 50% for the NDX**), this made it SEEM like the rally continued in a very consistent manner…right into the end of the year.**

Then again, after a 90% rally off the 2022 lows on the SPX (+140% for the NDX), one should not be too disappointed that that market has taken a breather…with a sideways move over the past three months. Yes, the rally HAS flattened out…but that might mean that it's merely taking a "breather" before it sees another nice rally leg in this bull market. In fact, it will take some sort of swift and significant decline to signal that the recent sideways move is an indication that the bull market has run its course. Let's face it, the "topping patterns" of both 2000 and 2007 took many, many months to play out.

There are definitely reasons to think that instead of a further sideways move…or downward reversal…will not take place…and that the rally will resume with abandon as we move through Q1 of this year. Earnings growth is expected to remain strong…and the economy continues to remain resilient. We also have some renewed fiscal stimulus to help the economy improve even more…and based on the US Reserve Balances with Federal Reserve Banks, the liquidity injections from the Fed are beginning to grow once again. (In other words, "QE Lite" seems to be providing more liquidity to the system than we had been thinking it would.)

This injection of liquidity is critical. It is why the market is able to hold up at such at expensive level. As much as some pundits try to say that it's different this time…and these elevated valuations (22x earnings, 3.4x sales, and 5.5x book) is the new normal…history says otherwise. Therefore, it is our belief that if/when the net liquidity in the system turns negative, the market will see a substantial decline (just like it did when the liquidity was removed in 2000).

We also (strongly) believe that the stock market IS in a bubble. It might not be as big as the one in 1999/2000, but doesn't mean it's not a bubble. (The fact that these elevated valuations have not turned down…also

doesn't tell us anything. The stock market kept rallying after 1998…but it WAS in a bubble throughout 1999…even as it continued to advance.)……However, when the bubble does **inevitably** burst, it's going to involve a very steep bear market…which lasts for more than just one year.

It's important to note that the most of Wall Street cannot call it a bubble anymore. Since this advance has lasted for SO long, they won't be able to warn you about the next (inevitable) decline until we're well into it. It's too risky for one's job security to call for a bear market in advance today…especially for those who were bearish and wrong in 2023. If they do it again, they'll be out of a job. ("It's better for job security to be bullish and wrong…than bullish and right," as one bulge bracket strategist said a few years ago.).……This is very similar to the idea that we've been talking about for several months: The vast majority of economists on the Street are not going to declare that a recession is imminent…until we're already in one. (This is especially true given that so many called for a recession in 2024…and were wrong.)

For us, we're going to keep highlighting that the risks remain extremely high…but that piper might not get paid for quite some time. Therefore, we'll be looking at which stocks, groups, and asset classes will outperform while this bull market remains intact. However, we'll also be watching VERY closely for signs that the broad market is finally going to come back to reality. It might not come until after the midterm election, BUT there is NO GUARANTEE that it will be delayed for that long……..The markets are bigger than any government or any central bank. So, "reality" could hit us at any time.

Matthew J. Maley
Chief Market Strategist
Miller Tabak + Co., LLC
Founder, The Maley Report
TheMaleyReport.com
275 Grove St. Suite 2-400
Newton, MA 02466
508-254-9169
mmaley@millertabak.com