

Market Update

February 2, 2026
www.roanCP.com

Market Update

The US stock market experienced a volatile week, with early gains giving way to late-week selling pressure driven by mixed Big Tech earnings, renewed AI spending scrutiny, and the nomination of Kevin Warsh as the next Federal Reserve chair. Major indices ended the week mixed to slightly lower, though they posted modest monthly gains for January overall.

The S&P 500 rose modestly by 0.3% for the week (up about 23 points), closing at 6,939.03 on Friday after briefly surpassing 7,000 earlier in the week. The Dow Jones Industrial Average declined 0.4% (down about 206 points), ending at 48,892.47. The Nasdaq Composite fell 0.2% (down about 39 points), closing at 23,461.82. The Russell 2000 small-cap index dropped more sharply by around 2.1% for the week, reflecting a pause in small-cap momentum despite strong January gains.

On Friday, January 30, all major indices closed lower: the S&P 500 fell 0.43% (down 29.98 points), the Dow declined 0.36% (down 179 points), and the Nasdaq dropped 0.94% (down 223 points). Sector performance was uneven, with materials leading declines (down nearly 2.5% on Friday amid precious metals weakness), while communication services benefited from strong Meta results. Tech stocks were mixed, with Microsoft shares tumbling on AI spending concerns despite beats, while Meta surged on positive AI monetization guidance.

Trading reflected caution, with elevated volatility from earnings reactions and policy news. The week featured reports from Microsoft, Meta, Tesla, and Apple, alongside the Fed holding rates steady. Despite the pullback, January marked positive returns for the S&P 500 (+1.4%) and Dow (+1.7%), with the Nasdaq slightly lower but small caps up over 5%.

Key drivers included AI-related scrutiny (e.g., Microsoft's Azure growth shortfall and heavy capex), tariff and geopolitical tensions, and the hawkish perception of the Warsh Fed nomination, which contributed to rising Treasury yields.

Expectations for This Week (February 2-6, 2026)

As of the morning of February 2, 2026, stock futures point to a lower open, with S&P 500 futures down around 0.3-0.4%, Nasdaq-100 futures shedding 0.5-0.7%, and Dow futures mixed to slightly lower. This follows Friday's weakness and a weekend unwind in commodities, bitcoin (below \$80,000), and continued precious metals volatility.

The week features a packed earnings calendar, including reports from Alphabet, Amazon, AMD, Disney (which already beat expectations pre-open), Palantir (after the bell), and others. Oracle announced plans to raise \$45-50 billion for AI infrastructure, providing some support to cloud-related names. Economic data includes key releases like the jobs report, which could influence Fed expectations amid ongoing leadership transition concerns.

Investor sentiment remains cautious, with focus on whether AI spending concerns will deepen or if earnings beats (particularly in Big Tech) can stabilize the market. Technicals show the S&P 500 pulling back from recent highs near 7,000, with potential support levels around 6,900. Volatility may persist if commodity routs continue or if Fed policy uncertainty escalates.

Overall, expectations are for choppy trading with downside bias early in the week, but potential for rebounds on strong earnings or stabilization in risk assets. Broader outlook leans neutral, with AI tailwinds tempered by policy and inflation risks.

Issues Expected to Influence Market Performance in the Near Term

Several factors are likely to drive volatility in the coming weeks and months, amid a backdrop of resilient growth but heightened policy and sector-specific uncertainties.

- **AI Spending and Earnings Scrutiny:** Renewed doubts about the sustainability of AI investments have pressured tech stocks, with Microsoft's heavy capex and slower cloud growth sparking sell-offs. Upcoming reports from Alphabet, Amazon, and others will test whether monetization gains (e.g., Meta's surge) outweigh concerns, potentially leading to further rotation or consolidation in mega-caps.
- **Federal Reserve Leadership and Policy:** The nomination of Kevin Warsh as Fed chair (replacing Powell in May) is viewed as hawkish, raising fears of tighter policy and contributing to higher Treasury yields. This could limit rate-cut expectations and pressure growth-sensitive sectors if inflation remains sticky.
- **Commodity and Precious Metals Volatility:** A dramatic unwind in gold and silver (silver's worst single-day drop since 1980) has rattled risk assets, with knock-on effects to miners and related sectors. Bitcoin's decline signals broader risk-off sentiment, potentially amplifying equity pullbacks.
- **Trade and Geopolitical Tensions:** Ongoing tariff threats and geopolitical developments (e.g., Iran-related risks impacting oil) add uncertainty, though markets have shown resilience to some headlines.

- **Economic Data and Growth Outlook:** Upcoming jobs data and consumer metrics will gauge labor market strength amid softening signals earlier. January's positive "barometer" historically suggests solid full-year gains (average ~15% when January is up), but policy shifts could alter this.

These dynamics point to elevated volatility, with AI and earnings as potential supports but Fed independence concerns, commodity swings, and inflation risks as headwinds.

Conclusion

Last week's mixed-to-lower close capped a volatile period dominated by earnings reactions and policy news, with modest January gains intact for most indices. This week's outlook is cautious amid futures weakness and commodity pressures, though strong earnings could provide lift. Near-term performance will hinge on AI narrative resolution, Fed developments, and data releases. Investors should prioritize diversification and monitor key catalysts closely in this uncertain environment.

References:

- **CNBC.** (2026, February 1). Stock market today: S&P 500, Nasdaq futures slide as AI doubts swirl, precious metals whipsaw. <https://www.cnbc.com/2026/02/01/stock-market-today-live-updates.html>
- **Investopedia.** (2026, February 2). 5 Things to Know Before the Stock Market Opens - February 2, 2026. <https://www.investopedia.com/5-things-to-know-before-the-stock-market-opens-february-2-2026-11897236>
- **LPL Financial.** (2026, January 30). Weekly Market Performance | January 30, 2026. <https://www.lpl.com/research/blog/weekly-market-performance-january-30-2026.html>
- **Trading Economics.** (2026, February 2). United States Stock Market Index. <https://tradingeconomics.com/united-states/stock-market>
- **Yahoo Finance.** (2026, January 30). How major US stock indexes fared Friday, 1/30/2026. <https://finance.yahoo.com/news/major-us-stock-indexes-fared-212531568.html>
- **Zacks Investment Research.** (2026, February 2). Stock Market News for Feb 2, 2026. <https://www.zacks.com/stock/news/2826947/stock-market-news-for-feb-2-2026>

Disclosures:

Adviser believes that the content provided by third parties and/or linked content is reasonably reliable and does not contain untrue statements of material fact, or misleading information. This content may be dated.

The opinions expressed herein are those of the firm and are subject to change without notice. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Any opinions, projections, or forward-looking statements expressed herein are solely those of author, may differ from the views or opinions expressed by other areas of the firm, and are only for general informational purposes as of the date indicated.

Roan Capital Partners is a registered investment advisor located in the State of Tennessee. Roan Capital Partners may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. Registration with the Tennessee Securities Division does not imply that the State has endorsed the qualifications of the investment adviser or that the adviser possesses a particular level of skill or training.

The information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.