RobustQuant Weekly Compass

Weekend Edition | January 11, 2026

📋 **COMPASS FOR EMOTIONAL DISCIPLINE---NOT TRADING ADVICE**
Weekly boundaries to help reduce fear and greed in market decisions

1 | At a Glance

S&P 500 (SPX)	6,716 -- 7,212	±3.6%	52/55 (94.5%)
Gold (GLD)	387 -- 446*	±7.1%	25/26 (96.2%)
REITs (XLRE)	38 -- 42*	±5.0%	15/16 (93.8%)

*Newsletter-exclusive coverage

Target: ~95% of weekly closes fall within these ranges
Track record details → robustquant.com/predictions

2 | This Week's Summary

January tests arrived---records answered. Last week we asked whether holiday drift was structure or noise. This week delivered the verdict: S&P 500 and Dow hit all-time record highs despite the weakest jobs year since 2003. Bad news = good news.

Key Results:

• S&P 500: 6,966 (upper range) ✅
• Gold: 414 (upper range) ✅
• REITs: 40.5 (mid range) ✅

Pattern of the week: SPX maintained upper range positioning as markets processed weak employment (+50K jobs) as Fed-friendly rather than recession warning. All three assets contained---systematic boundaries held through the first real data test of 2026.

December payrolls disappointed. Markets celebrated. Compass tracked the actual behaviour.

3 | What Moved Markets (Jan 5--11)

US Employment Disappoints, Markets Celebrate:

December nonfarm payrolls came in at just +50,000---below 60-73K consensus. Full-year 2025 produced only 584,000 jobs (49K monthly average)---weakest since 2003 outside recession. Yet S&P 500 and Dow closed at all-time record highs Friday. Classic "bad news = good news" as weak data reinforces Fed accommodation expectations.

Services Surge, Manufacturing Contracts:

ISM Services jumped to 54.4%---highest of 2025---with all four subindexes in expansion for first time since February. Manufacturing fell to 47.9%---10th consecutive month of contraction. Two-speed economy persists.

Geopolitical Premium Returns:

Maduro arraigned in Manhattan federal court. Iran protests intensified across all 31 provinces with internet blackout imposed. Oil surged +3% Friday alone. Brent closed at $63.40/barrel, up 2.8% for week.

→ *For detailed regional breakdowns and economic data, see Appendix at end of newsletter*

4 | S&P 500 (SPX) Boundaries (Jan 16)

🎯 **Range: 6,716--7,212**
📊 **Hit Rate: 52/55 weeks (94.5%)**

Last Week's Performance:

Last week: Range 6,531-7,083, closed **6,966** (upper range) ✅
Current range: 6,716-7,212

Close at 6,966 positioned upper range---all-time record high territory---as markets processed weak employment data as Fed-friendly. Range shifts higher (±3.6% vs ±4.1%). Track record reached 52/55 (94.5%), entering second year of tracking. January's first data test answered: structure confirmed, not holiday noise.

For Your Planning:

- Lower zone (6,716-6,880): Where fear often peaks
- Middle zone (6,880-7,050): Normal trading area
- Upper zone (7,050-7,212): Where excitement builds

Remember: These are weekly movement boundaries, not buy/sell signals.

5 | Gold (GLD) Coverage (Newsletter-Exclusive)

🎯 **Range: 387--446**
📊 **Containment: 25/26 weeks (96.2%)**

Last Week's Performance:

Last week: Range 369.9-427.4, closed **414** (upper range) ✅
Current range: 387-446

GLD closed **414**, down 2.7 points (-0.6%) from prior week's 416.7. Upper range positioning maintained as geopolitical premium (Maduro, Iran) supported safe-haven demand. Range shifts higher whilst narrowing slightly (±7.1% vs ±7.2%). Track record strengthened to 96.2% (25/26), maintaining statistically significant sample above design parameters.

For Your Planning:

- Lower zone (387-407): Where fear flows typically emerge
- Middle zone (407-426): Consolidation territory
- Upper zone (426-446): Where safe-haven demand peaks

6 | REITs (XLRE) Coverage (Newsletter-Exclusive)

🎯 **Range: 38--42**
📊 **Containment: 15/16 weeks (93.8%)**

Last Week's Performance:

Last week: Range 38-42, closed **40.5** (mid range) ✅
Current range: 38-42

REITs closed **40.5**, down 0.5 points (-1.2%) from prior week's 41. Mid-range positioning as rate-sensitive sector absorbed weak employment data supporting Fed accommodation expectations. Range unchanged (±5.0%). Track record improved to 93.8% (15/16) as sixteen-week sample continues building statistical significance.

For Your Planning:

- Lower zone (38-39.3): Where rate-hike fears typically pressure sector
- Middle zone (39.3-40.7): Normal trading area given current policy uncertainty
- Upper zone (40.7-42): Where rate-cut optimism drives positioning

7 | Psychology & How to Read

Last week: "January will test." This week: Records answered.

Weak jobs data. Record stock prices. Classic disconnect that confuses retail investors expecting bad news to mean falling prices. Markets priced Fed accommodation, not recession fear. Compass tracked what actually happened.

What They Show:

Weekly boundaries where markets typically move---designed to help you stay calm when economic data and price action seem to contradict.

What They Don't Show:

Buy/sell signals, price targets, or guaranteed outcomes.

The Retail Trap:

Most individual investors buy high when markets break above ranges (excitement peaks) and sell low when they fall below (fear dominates). This emotional pattern---amplified when "bad" economic news produces record highs---is the primary destroyer of long-term returns. This compass is designed to help you avoid this trap.

Professional Approach:

- Stay systematic within boundaries
- Lower ranges: Fear creates opportunities for planned strategies
- Upper ranges: Excitement may warrant risk review
- Outside ranges: Market behaviour shifting beyond normal parameters

This Week's Context:

SPX 6,966 (record high), GLD 414 (upper), XLRE 40.5 (mid). Markets answered January's first test with strength despite weak employment data. "Bad news = good news" dynamic in full effect as weak jobs reinforce Fed accommodation path.

Key Point:

Your edge isn't predicting whether bad news means down or up---it's maintaining systematic rules whilst markets process data in unexpected ways. January test arrived. Records answered. Compass tracked the behaviour.

8 | Track Record

Performance Since Launch:

- S&P 500: 52 hits in 55 weeks (94.5%)
- Gold: 25 hits in 26 weeks (96.2%)
- REITs: 15 hits in 16 weeks (93.8%)

What This Means:

SPX reached 52/55 (94.5%) with upper range close at 6,966---all-time record high. Weak employment data (+50K, weakest year since 2003) produced record prices as markets priced Fed accommodation. Containment held through January's first real data test.

GLD reached 96.2% (25/26), maintaining statistically significant sample above design parameters. Upper range positioning reflected geopolitical premium from Maduro arraignment and Iran protests rather than equity market weakness.

REITs improved to 93.8% (15/16) with mid-range close at 40.5. Sixteen-week sample provides strengthening statistical reliability. Rate-sensitive sector absorbed weak employment as supportive for Fed easing path.

Transparency:

All ranges published before each week starts. No retroactive changes. Complete history available on our website.

9 | Method and Limitations

How Ranges Work:

Combines current volatility patterns, trend direction, and momentum indicators. Targets ~95% weekly containment rate. Model doesn't predict whether bad news produces up or down moves.

Operates on market behaviour---completed price movement, volatility, breadth---which remains continuous regardless of narrative interpretation.

When Ranges Break:

Breakouts signal markets transitioning beyond normal parameters. These aren't failures---they're signals that create opportunities for disciplined investors prepared to recognize regime changes.

Current Environment:

January's first data test confirmed structure rather than holiday noise. Markets processed weak employment (+50K) as Fed-friendly rather than recession warning---classic "bad news = good news" dynamic that confuses narrative-driven approaches expecting logical consistency between economic data and price direction.

Geopolitical premium returned: Maduro arraignment, Iran protests across 31 provinces, oil +3% Friday. CPI data Wednesday 15 January provides next major test.

Questions About Your Situation:

Q: Weak jobs but record highs---how do I interpret this?

A: Compass shows upper range containment---markets processed weak employment as supporting Fed accommodation rather than signalling recession. "Bad news = good news" is not intuitive but reflects current market pricing of central bank response. Your actions depend on systematic rules established in advance, not narrative interpretation of whether this "makes sense."

Q: Records keep coming---should I worry about upper range crowding?

A: Upper range positioning reflects where markets actually traded, not prediction of reversal. CPI Wednesday provides next catalyst. Stay disciplined. Watch the boundaries. Be prepared for what you'll do if they break---or hold. Records don't guarantee continuation or reversal.

Next Week: Ranges for January 16 close
Updates: Quick social media notes if exceptional volatility occurs

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.

APPENDIX | Detailed Market Review (Jan 5--11)

For readers who want comprehensive economic data and regional breakdowns

United States: Weak Jobs, Record Markets

December employment disappoints across metrics

The Bureau of Labor Statistics reported nonfarm payrolls increased by just 50,000 jobs in December---below consensus forecasts of 60,000-73,000. The unemployment rate fell to 4.4% from a revised 4.5% in November. Full-year 2025 produced only 584,000 total jobs---an average of 49,000 monthly versus 168,000 in 2024---marking the weakest year outside recession since 2003.

Sector performance showed food services adding +27,000 jobs, healthcare +21,000, and social assistance +17,000. Retail trade lost 25,000 positions. Prior months were revised down significantly: October by -68,000 and November by -8,000, totaling 76,000 fewer jobs than previously reported.

Initial jobless claims for the week ending January 3 came in at 208,000, up 8,000 from the prior week. The four-week moving average dropped to 211,750---the lowest since April 2024.

Services surge whilst manufacturing contracts

ISM Services PMI surged to 54.4%---the highest of 2025---up 1.8 points from November's 52.6%. For the first time since February 2025, all four main subindexes registered in expansion territory. New orders jumped 5.0 points to 57.9%, while employment returned to expansion at 52.0%.

Manufacturing contracted for the 10th consecutive month, with headline PMI falling to 47.9% from 48.2%---the lowest reading of 2025. The two-speed economy pattern that defined 2025 continues into 2026.

Markets hit record highs despite weak data

Both S&P 500 and Dow Jones closed at all-time record highs on Friday, January 9. The S&P 500 reached 6,966.28 (+0.65%), Dow Jones 49,504.07 (+0.48%). Chip stocks rallied strongly following Trump's meeting with Intel CEO: Intel gained +10.8%, Applied Materials +6.9%.

Treasury yields remained stable with 10-year at 4.18%. Markets priced 97% probability of no rate change at the January 27-28 FOMC meeting. The "bad news = good news" dynamic dominated as weak employment reinforced Fed accommodation expectations.

Policy developments

Trump directed Fannie Mae and Freddie Mac to purchase $200 billion in mortgage bonds to lower rates. The 30-year mortgage averaged 6.16% in the week ending January 8. Trump also announced plans to ban institutional investors from buying single-family homes.

Trump approved a bipartisan bill proposing 500% tariffs on Brazil, China, and India for purchasing Russian petroleum products. Following Maduro's capture, Trump met with oil executives announcing "at least $100 billion" for Venezuelan oil infrastructure rebuilding.

Eurozone: Inflation Returns to Target

December HICP hits 2.0% exactly

Eurozone headline inflation returned to the ECB's target for the first time since August 2025. Core HICP (excluding energy, food, alcohol, tobacco) eased to 2.3% from 2.4%. Services remained elevated at 3.4% whilst energy prices fell 1.9% year-over-year.

Germany reported headline CPI at +1.8% with HICP at +2.0%---below ECB target for the first time since September 2024. France registered just +0.8% YoY with energy prices down 6.8%. Spain remained highest among major economies at +2.9%.

PMI shows familiar divergence

Manufacturing PMI fell to 48.8---fastest contraction since March 2025. Services PMI registered 52.4, marking seventh consecutive month of expansion. The Composite PMI came in at 51.5.

Unemployment edged down to 6.3%---lowest since April 2025---with total unemployed falling to 10.937 million.

ECB maintains steady stance

ECB Executive Board Member Philip Lane discussed the 2025 monetary policy strategy assessment, affirming symmetric commitment to the 2% inflation target. The deposit facility rate remains at 2.0% since July 2025, with next meeting January 30.

China: Mild Inflation Recovery

CPI reaches highest since February 2023

Consumer inflation rose to +0.8% YoY---highest since February 2023---while producer prices remained deflationary at -1.9% YoY, the smallest decline since August 2024 and marking the 39th consecutive month of factory-gate deflation.

Fresh vegetables surged +18.2% YoY while pork prices declined -14.6%. Full-year 2025 CPI averaged flat (0%) against a ~2% target.

PBOC signals further easing

The central bank pledged "moderately loose" monetary stance with reserve requirement ratio and interest rate cuts planned for 2026. Current policy rates remain unchanged: 1-year LPR at 3.0%, 5-year LPR at 3.5%.

Shanghai Composite closed Friday at 4,120, up +3.82% for the week. CSI 300 reached a 52-week high of 4,790.69.

Geopolitics: Oil Premium Returns

Venezuela and Iran drive energy markets

Maduro pleaded not guilty to narcoterrorism charges in Manhattan federal court on January 5. Vice President Delcy Rodríguez was sworn in as acting president. U.S. officials indicated sanctions may be lifted to facilitate oil sales. Venezuela holds 303 billion barrels in proven reserves but currently produces only approximately 1 million barrels per day.

Iran protests intensified across all 31 provinces with casualty reports ranging from 51 to over 200 killed. The Iranian rial collapsed to record 1.42 million against USD, down 56% in six months. An internet blackout was imposed January 8.

Brent crude gained +3% on Friday alone---the largest daily move since October---closing at $63.40/barrel, up approximately 2.8% for the week. OPEC+ reconfirmed pause on production increases for Q1 2026.

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