RobustQuant Weekly Compass

Weekend Edition | January 25, 2026

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

1 | At a Glance

Asset	Range	Width	Track Record
S&P 500 (SPX)	6,667 – 7,164	±3.6%	54/57 (94.7%)
Gold (GLD)	444 – 486*	±4.5%	26/28 (92.9%)
REITs (XLRE)	39 – 43*	±4.9%	17/18 (94.4%)

*Newsletter-exclusive coverage

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

2 | This Week's Summary

Precious metals hit all-time highs. Equities stayed normal. Gold crossed $4,800, silver broke $100 for the first time ever. Yet S&P 500 closed mid-upper range, REITs held lower boundary. Compass documented the divergence.

Key Results:

• S&P 500: 6,916 (mid-upper range) ✅

• Gold: 458 (breach +9 pts, +2.0%) ❌

• REITs: 41 (lower boundary) ✅

Pattern of the week: GLD breached despite already-widened range from October adaptation. This is structurally different from October's narrow-range breach (+0.26%)—gold broke a wider boundary by a larger margin (+2.0%). Equities showed no stress confirmation.

Model tracks behaviour, not narratives. Precious metals surge, equities normal—compass documents both.

3 | What Moved Markets (Jan 19–25)

Precious Metals ATH:

Gold crossed $4,800 on January 21, approaching $5,000 milestone. Silver hit record $100/oz on January 23—first time in history. Safe-haven demand intensified amid Greenland tariff threats before partial Davos de-escalation. GLD breach occurred despite model's already-widened range from October adaptation.

Greenland Tariff Threat → Davos De-escalation:

Trump announced 10% tariffs on 8 European nations (January 17) over Greenland, triggering "Sell America" wave with Treasury yields spiking to 4.30%. Reversed at Davos (January 21) with "framework for future deal." Markets recovered but safe-haven positioning persisted.

Central Banks Hold:

Fed maintains 3.50-3.75%, BOJ holds at 0.75%. Both signal patience. JGB yields hit 27-year high (2.38%) on Japanese fiscal concerns before retreating.

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

4 | S&P 500 (SPX) Boundaries (Jan 30)

🎯 **Range: 6,667–7,164** 📊 **Hit Rate: 54/57 weeks (94.7%)**

Last Week's Performance:

Last week: Range 6,687-7,175, closed **6,916** (mid-upper range) ✅ Current range: 6,667-7,164

Close at 6,916 positioned mid-upper range as equities absorbed precious metals surge without stress. Range shifts slightly lower whilst narrowing (±3.6% vs ±3.5%). Track record reached 54/57 (94.7%). Equities maintained normal regime while gold broke adapted boundaries.

For Your Planning:

• Lower zone (6,667-6,830): Where fear often peaks • Middle zone (6,830-7,000): Normal trading area • Upper zone (7,000-7,164): Where excitement builds

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

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

🎯 **Range: 444–486** 📊 **Containment: 26/28 weeks (92.9%)**

Last Week's Performance:

Last week: Range 393-449, closed **458** (breach +9 pts, +2.0%) ❌ Current range: 444-486

GLD closed **458**, breaching upper boundary by 9 points (+2.0%). This is structurally different from October's breach—gold broke an already-widened range by a larger margin. October: +0.26% in narrow range. January: +2.0% in adapted wider range.

For Your Planning:

• Lower zone (444-458): Where consolidation may emerge • Middle zone (458-472): Current close territory • Upper zone (472-486): Where momentum may extend

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

🎯 **Range: 39–43** 📊 **Containment: 17/18 weeks (94.4%)**

Last Week's Performance:

Last week: Range 41-44, closed **41** (lower boundary) ✅ Current range: 39-43

REITs closed **41**, exactly at lower boundary—contained but testing support. Range shifts lower (39-43 vs 41-44, ±4.9% unchanged). Rate-sensitive sector showed no stress response to precious metals surge, maintaining stability while gold broke out.

For Your Planning:

• Lower zone (39-40): Where rate-hike fears typically pressure sector • Middle zone (40-42): Normal trading area • Upper zone (42-43): Where rate-cut optimism drives positioning

7 | Psychology & How to Read

Gold hit records. Silver broke $100. Equities yawned.

This week illustrated asset class divergence without requiring narrative reconciliation. Precious metals surged to all-time highs while S&P 500 stayed mid-upper range and REITs held lower boundary. Compass documented both behaviours—it doesn't predict which asset class is "right."

What They Show:

Weekly boundaries where markets typically move—designed to help you stay calm when one asset class breaks out while others remain stable.

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 precious metals hit records—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:

GLD breach +2.0% in already-wide range is structurally stronger signal than October's +0.26% in narrow range. Yet equities (SPX 6,916, XLRE 41) showed no stress confirmation. Compass documents divergence without predicting resolution.

Key Point:

Your edge isn't predicting whether gold's breakout spreads to equities—it's maintaining systematic rules while different asset classes show different behaviours. Precious metals broke boundaries. Equities didn't. Both are information.

8 | Track Record

Performance Since Launch:

• S&P 500: 54 hits in 57 weeks (94.7%)

• Gold: 26 hits in 28 weeks (92.9%)

• REITs: 17 hits in 18 weeks (94.4%)

What This Means:

SPX reached 54/57 (94.7%) with mid-upper close at 6,916. Equities absorbed precious metals surge without stress, maintaining normal regime while gold broke adapted boundaries. Containment validated systematic approach during asset class divergence.

GLD dropped to 92.9% (26/28) with breach at 458 (+9 pts, +2.0%). This breach is qualitatively different from October—gold broke an already-widened range by larger margin. Model adapted in October, gold exceeded adaptation in January. Track record decline reflects genuine regime shift in precious metals.

REITs improved to 94.4% (17/18) with lower boundary close at 41. Eighteen-week sample approaches a solid statistical foundation. Rate-sensitive sector showed stability while precious metals surged—no stress confirmation from risk-on assets.

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 adapted GLD range after October breach—January's breach occurred despite wider boundaries, indicating persistent demand exceeding adapted expectations.

When Ranges Break:

Breakouts signal markets transitioning beyond normal parameters. These aren't failures—they're signals. GLD's second breach in wider range is structurally stronger than first breach in narrow range. Model documents regime shift, doesn't resist it.

Current Environment:

Precious metals at all-time highs (gold $4,800+, silver $100) while equities maintain normal regime. Greenland tariff threat → Davos de-escalation provided backdrop but didn't fully explain gold's momentum—safe-haven demand persisted after geopolitical relief. Divergence between asset classes is information, not anomaly requiring resolution.

Questions About Your Situation:

Q: Gold broke out while equities stayed normal—what does this mean?

A: Compass documents both behaviours without predicting which is "correct." GLD breach +2.0% in adapted range indicates persistent demand exceeding model's expectations. Extreme momentum can precede a pause in the current GOLD rally. SPX/XLRE containment indicates equities not confirming stress. Your actions depend on your asset allocation strategy established before divergence emerged, not reactive interpretation of which market to follow.

Q: Should I expect gold's breakout to spread to equities?

A: Compass doesn't predict cross-asset contagion. It tracks each asset independently. Equities showed no stress this week—that's information. Gold exceeded adapted boundaries—that's also information. Stay disciplined. Watch your boundaries. Be prepared for what you'll do if your asset class breaks—or holds.

Next Week: Ranges for January 30 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 19–25)

For readers who want comprehensive economic data and regional breakdowns

United States: Greenland Whipsaw and Precious Metals Surge

Federal Reserve maintains patient stance

The Federal Reserve held its policy rate at 3.50%-3.75% during the week, with multiple officials reinforcing gradual approach to rate cuts. Minneapolis Fed President Kashkari warned that aggressive cuts "might actually make the inflation problem worse." Market pricing showed 94-95% probability of no change at the January 28-29 FOMC meeting.

The Fed's December dot plot projects just one additional 25bp cut in 2026, most likely around June. Core PCE inflation stood at 2.8% in September, with December estimates ranging 2.7-2.8%—still above the 2% target but showing gradual progress. The Beige Book revealed tariff-related cost pressures as a consistent theme across districts.

Labour market remains resilient

Weekly jobless claims came in at 200,000 for the week ending January 17, marginally above prior week's revised 199,000 but well below consensus of 210-212,000. The four-week moving average fell to 201,500—lowest since January 2024. Continuing claims declined to 1.849 million with insured unemployment rate holding at 1.2%.

Consumer sentiment improved to 56.4 (University of Michigan final January reading), up from 52.9 in December and revised higher from preliminary 54.0. One-year inflation expectations declined to 4.0% from 4.2%—lowest since January 2025.

Greenland tariff threat triggers market stress, then reverses

On January 17, Trump announced 10% additional tariffs on Denmark, Norway, Sweden, France, Germany, UK, Netherlands, and Finland, effective February 1 and rising to 25% by June 1 unless the US acquired Greenland. Markets reacted sharply—Treasury yields spiked to 4.30% (five-month high), Danish pension fund AkademikerPension announced $100M Treasury sale.

The reversal came January 21 at Davos when Trump announced he would not impose tariffs after reaching "framework for future deal" with NATO Secretary General Rutte. Markets rallied, though 10-year yield ended week at 4.24%—little changed from pre-announcement levels.

Q4 earnings deliver mixed results

With 13% of S&P 500 companies reported, blended earnings growth stood at 8.2%—tenth consecutive quarter of expansion. Beat rates: 75% for EPS, 69% for revenue. Netflix reported 325 million subscribers but shares fell 4% on margin concerns. Intel tumbled 13-17% on weak guidance. 3M exceeded expectations with EPS $1.83 vs $1.80 expected.

S&P 500 closed Friday at 6,915.61, down 0.4% for week—second consecutive losing week. Dollar Index declined approximately 1%, hovering near 97.91-98.10.

European Union: Inflation Below Target, Lagarde Walks Out at Davos

December inflation falls below ECB target

Final December eurozone inflation registered 1.9% year-on-year—first reading below ECB's 2% target since May 2025. Core inflation came in at 2.3%, down from 2.4%. Services inflation remained elevated at 3.4% (from 3.5%), the primary concern for policymakers.

National breakdown showed significant divergence: Germany 2.0% (down from 2.6%), France 0.7%, Italy 1.2%, Spain 3.0%. The lowest rates appeared in Cyprus (0.1%) and France (0.7%), highest in Romania (8.6%) and Slovakia (4.1%).

PMI reveals fragile expansion

January flash Composite PMI held unchanged at 51.5, slightly below 51.8 consensus. Services PMI declined to four-month low of 51.9 from 52.4. Manufacturing improved to 49.4 from 48.8—two-month high but still in contraction. The ECB projects inflation at 1.9% in 2026 and 1.8% in 2027.

Lagarde walks out of Davos dinner

ECB President Christine Lagarde walked out of an exclusive BlackRock-hosted dinner on January 21 during a speech by US Commerce Secretary Howard Lutnick that was sharply critical of Europe. She later stated she was "not convinced we should talk about rupture" with allies but acknowledged trust "has been eroded a little, perhaps a lot."

China: Q4 GDP Meets Target, Trade Surplus Hits Record

Q4 growth allows Beijing to claim victory

Q4 2025 GDP growth registered 4.5% year-on-year, allowing Beijing to claim it met its "around 5%" annual target. However, retail sales remained anaemic at just 0.9% growth, indicating weak domestic consumption. The gap between GDP growth and retail sales highlighted continued reliance on exports and investment rather than consumer spending.

China's global trade surplus reached an all-time record of $1.19 trillion in 2025, though surplus with the United States declined 22% attributed to high tariff burden (average exceeding 50%). The record surplus reflected both export strength to non-US markets and weak import demand from subdued domestic consumption.

Property sector stabilisation attempts continue

Vanke, one of China's largest developers, secured debt extension agreements during the week as authorities continued efforts to stabilise the property sector. The PBOC maintained its policy rates unchanged—1-year LPR at 3.0%, 5-year LPR at 3.5%—while pledging continued support through targeted lending facilities.

Japan: JGB Yields Hit 27-Year High on Fiscal Concerns

BOJ holds at 30-year high amid election uncertainty

The Bank of Japan held its policy rate at 0.75%—highest since September 1995—in an 8-1 vote on January 23. Board member Takata dissented, proposing a hike to 1.0% citing upside risks to prices. Governor Ueda maintained optionality: "We will continue raising interest rates if economic and price forecasts materialise."

The Quarterly Outlook Report revised FY2025 GDP growth to 0.9% (from 0.7%) and FY2026 to 1.0% (from 0.7%), citing support from US trade deal (15% tariff instead of threatened 25%) and Tokyo's large stimulus package.

JGB yields spike on fiscal concerns

The 10-year JGB yield surged to 2.38% on January 20—a 27-year high—following Prime Minister Takaichi's snap election announcement for February 8. Finance Minister Katayama intervened to calm markets, with yields retreating to 2.25% after the BOJ decision.

Concerns centred on Takaichi's expansionary fiscal agenda: record FY2026 budget of ¥122.3 trillion, stimulus package of ¥42.8 trillion (largest since pandemic), and proposed 8% food sales tax suspension. Japan's debt burden already exceeds 230% of GDP.

Inflation cools as subsidies take effect

December headline inflation fell to 2.1% year-on-year—lowest since March 2022—down from 2.9% in November. Core CPI declined to 2.4% from 3.0% as government energy subsidies took effect. Electricity costs fell 2.3% (versus +4.9% previously). Despite cooling, inflation has remained above BOJ's 2% target for 45 consecutive months.

Manufacturing PMI jumped to 51.5 in January from 50.0—first expansion since June 2025, ending seven-month contraction. New export orders recorded first increase in four years.

Systematic over emotional. Structure over speculation.