

MARKET INSIGHTS

JANUARY 2026



As we enter Q1, the macro picture is less about a new regime and more about recognizing a signal that has been quietly doing the explanatory work for months: sustained U.S. dollar weakness. Both the financial dollar and the trade-weighted dollar began flashing warning signs as early as the summer of 2025. That weakness has persisted, and it now offers a far more coherent framework for understanding cross-asset behavior than many of the more reactive narratives dominating headlines. From equities to rates to commodities, the dollar has been the connective tissue.

This matters most in the continued rotation away from U.S. exceptionalism. International equities delivered strong performance in 2025, but the defining feature was not enthusiasm, it was reluctant acceptance. For years, underweighting U.S. assets carried career risk, regardless of valuation or evidence. Entering 2026, that resistance appears to be breaking. Valuations outside the U.S., particularly across developed markets, are objectively more attractive, and a softer dollar has allowed that argument to finally gain traction. We called this out in our June 2025 issue ([linked here](#)) and while this positioning has become more consensus, consensus does not automatically imply exhaustion. In many cases, it simply reflects delayed acknowledgment of a structural shift already underway.

This dynamic is now showing up in fixed income as well. A weaker dollar increases hedging costs for foreign investors in U.S. bonds, redirecting flows toward foreign markets. Currency regimes, rather than individual policy debates, are setting relative performance. Gold's exceptional performance in 2025 is giving way to something more interesting: early signs of broadening within metals. The potential extension from precious into base metals carries a materially different macro implication, one worth allowing to play out through Q1 rather than preemptively fading.

Energy remains a notable exception. While crude oil has shown signs that sufficient weakness may have occurred to begin forming a base, the absence of a clear bullish catalyst, combined with geopolitical uncertainty and an administration focused on lower energy prices, argues for patience rather than conviction.

Ultimately, the through-line from December into January is consistency, not contradiction. The Federal Reserve remains misaligned, policy uncertainty persists, and liquidity dynamics continue to matter. But above all, the financial dollar remains a clear dominant signal. Sustained weakness below the 100 level on the Dollar Index, Park Edge Advisors LLC is a registered investment adviser. Registration does not imply a certain level of skill or training. 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.

and repeated failures to reclaim it, continues to reinforce many of the trades gaining strength. This is not a call for endless extrapolation, since the 1-3 Month outlook is currently favorable, but a reminder to respect regime behavior. If the dollar changes, these themes will change with it. Until then, dollar weakness remains a tailwind.

ASSET CLASS SIGNAL STRENGTH:

ASSET CLASS	JANUARY 2026	DECEMBER 2025	1 - 3 MONTH OUTLOOK *
EQUITIES	OFFENSIVE LONG	OFFENSIVE LONG	UNFAVORABLE
FIXED INCOME	OFFENSIVE LONG	DEFENSIVE LONG	FAVORABLE
COMMODITIES	DEFENSIVE LONG	DEFENSIVE LONG	UNFAVORABLE
US DOLLAR	DEFENSIVE SHORT	OFFENSIVE SHORT	FAVORABLE
RFR (3M TBILL)	OFFENSIVE SHORT	OFFENSIVE SHORT	UNFAVORABLE
BITCOIN	DEFENSIVE LONG	OFFENSIVE LONG	UNFAVORABLE

PORTFOLIO SNAPSHOT *(current exposure relative to target range)*

MODEL	EQUITIES			FIXED INCOME		
	RANGE	JAN 2026	DEC 2025	RANGE	JAN 2026	DEC 2025
BOND	--	--	--	-25 to 100%	70%	45%
PEA CORE STOCK	100%	100%	100%	--	--	--
MODERATE ARM	30 to 60%	60%	60%	10 to 40%	40%	35%
DIVIDEND INCOME	30 to 60%	60%	50%	10 to 40%	40%	40%
MACRO PERSIST	-40 to 40%	30%	20%	-40 to 40%	40%	40%
SYSTEMATIC MACRO	0 to 60%	60%	60%	--	--	--
ALL ASSET	-25 to 100%	60%	40%	-25 to 100%	30%	30%
FOCUS	-100 to 300%	10%	10%	-100 to 300%	30%	23%
Special Situation Equity	0 to 100%	85%	85%	--	--	--

CURRENT MARKET REGIME: *current conviction score 95%*

Quadrant	MARKET REGIME	
	Current % Share	Previous % Share
GOLDBLOCKS / Quad 1	41%	42%
REFLATION / Quad 2	33%	32%
INFLATION / Quad 3	8%	7%
DEFLATION / Quad 4	18%	19%

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