

Oil, The Forgotten Commodity...

CIO Insights
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LIGHTHOUSE
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Oil, The Forgotten Commodity... | CIO Insights

Macro data remains a mess, both in terms of data quality and importantly directionally. The much-watched payrolls last week had everything for everyone – weaker payrolls for the rate cut aficionados and lower unemployment rate for the inflation hawks. Dec inflation data (13 Jan, Tue) should be distortion free with consensus expecting a steady print (2.7% core CPI, unchanged). Futures suggest a FED on hold end-Jan.

Even as most commodities, ranging from metals to gold/silver, have strengthened, the one moribund space is oil. Venezuela does not alter the picture for now, but the world is already oversupplied with oil –YET, brent appears to be catching a bid, and in tandem, so does XLE. While this may be another false dawn, do note that sustained increase in oil prices has a directional impact on all forms of inflation, a key determinant of FED policy, and probably the one risk that does not appear priced in.

Aside from inflation data, 4Q'25 earnings season kicks off this week led by financials, in general expected to be solid with positive guidance. A possible supreme court ruling on tariffs is another variable that can shake up volatility. Meantime, "value" continues to outperform "growth" and within growth sectors, hardware names lead software laggards.

The Market's Blind Spot: Is Rising Oil the Forgotten Risk?



Focus on Oil

- Up c7% from mid-Dec lows and c5% from lows last week, brent appears to be catching a bid despite an over-supplied market.
- In tandem, XLE has delivered a 500bp outperformance vs. the broad market since late Dec'25.

While the prognosis on oil remains lukewarm, and the recent rally could well be another false dawn, it bears watching given inflationary implications.

XLE vs. SPY and Brent – Directionally Aligned



Source: TradingView

Macro Data and the FED

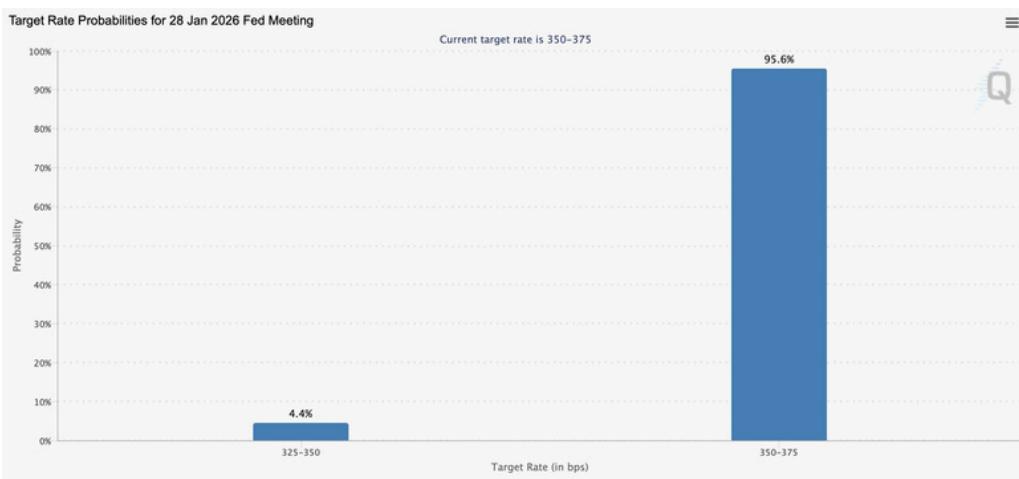
- Macro focus this week will be on Tuesday's inflation print. While the Nov'25 data was likely distorted by the government shutdown, Dec'25 data should be distortion free. Consensus expects a steady pace, unchanged from the previous month.
- Last week's jobs data had something for everyone – weaker payrolls were in contrast to lower unemployment, higher quits and faster than expected wage growth.
- With continuing strength in the economy, even if softening at the margin, the case for an aggressive monetary easing remains elusive, as also reflected in a 95% probability of a FED on hold end-Jan.
- Meantime, treasury yields have remained firm, now testing a key 4.2% area.

Key Macro Data, Week of 12th Jan'26

Tuesday January 13 2026			Actual	Previous	Consensus	Forecast
05:30 PM	US	Core Inflation Rate MoM DEC			0.3%	0.2%
05:30 PM	US	Core Inflation Rate YoY DEC		2.6%	2.7%	2.6%
05:30 PM	US	Inflation Rate MoM DEC			0.3%	0.2%
05:30 PM	US	Inflation Rate YoY DEC		2.7%	2.7%	2.6%
Wednesday January 14 2026			Actual	Previous	Consensus	Forecast
05:30 PM	US	PPI MoM NOV			0.3%	0.2%
05:30 PM	US	PPI MoM OCT		0.3%	0.3%	0.3%
05:30 PM	US	Retail Sales MoM NOV		0%	0.4%	0.3%
07:00 PM	US	Existing Home Sales DEC	4.13M	4.2M	4.06M	

Source: *Trading Economics*

FED Funds Futures Price in NO Rate Cuts in Jan'26



Source: *CME*

Treasury Yields, Testing 4.2% Area Resistance



Source: *TradingView*

Market Views, All Eyes on Earnings

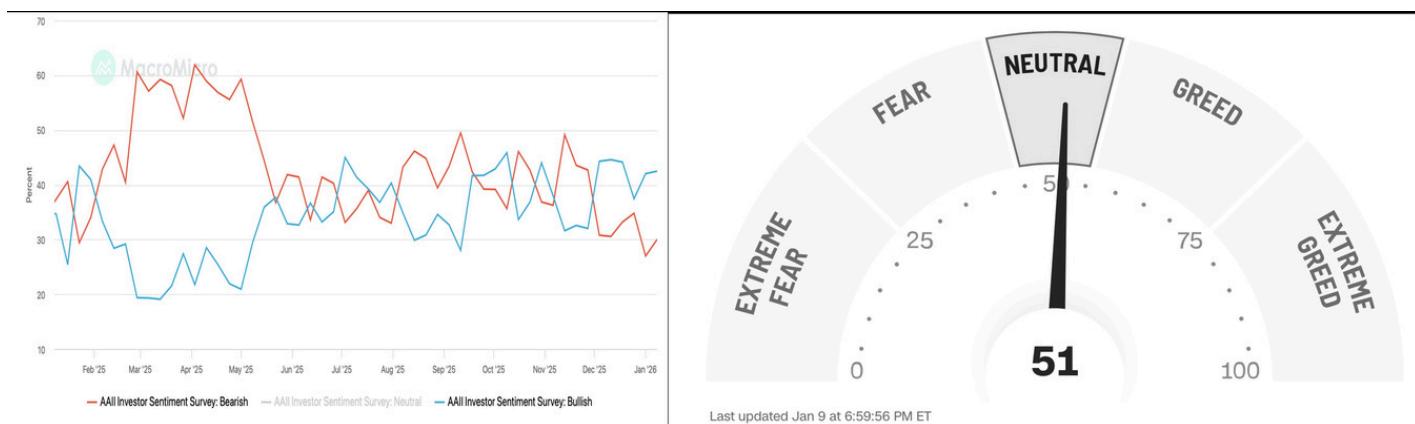
- 4Q'25 earnings season kicks off this week, led by financials. While delivery is expected to remain solid following a pick-up in deal activity, guidance is also expected to be robust – more liberal regulation and a steeper yield curve potentially helping ROEs and revenues respectively.
- Sentiment remains mostly neutral, "growth" sectors continue to struggle relative to "value" sectors. A
- clear pattern of the market favoring hardware names remains in place.

Earnings Season Kicks off Led by Financials

Tuesday Jan 13	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
JPMorgan JPM:US	4.94	4.81		45.89B	43.74B		\$868.1B	Q4	AM ★ 🔔
Bank Of New York Mellon B	1.95	1.54		5.09B	4.85B		\$77.59B	Q4	AM ★ 🔔
Delta Air Lines DAL:US	1.75	1.85		14.84B	14.4B		\$38.44B	Q4	AM ★ 🔔
Wednesday Jan 14	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Bank Of America BAC:US	0.98	0.82		27.6B	25.3B		\$401.14B	Q4	AM ★ 🔔
Citigroup C:US	1.83	1.34		20.94B	19.58B		\$181.94B	Q4	AM ★ 🔔
Wells Fargo WFC:US	1.68	1.42		21.62B	20.38B		\$144.76B	Q4	AM ★ 🔔
Thursday Jan 15	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Morgan Stanley MS:US	2.38	2.22		17.61B	16.2B		\$265.98B	Q4	AM ★ 🔔
Goldman Sachs GS:US	11.59	11.95		14.4B	13.87B		\$248.02B	Q4	AM ★ 🔔
BlackRock BLK:US	12.83	11.93		6.76B	5.68B		\$180.88B	Q4	AM ★ 🔔
Friday Jan 16	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
PNC PNC:US	4.14	3.77		5.91B	5.57B		\$72.54B	Q4	AM ★ 🔔

Source: *Trading Economics*

Sentiment Remains Neutral



Source: *MacroMicro, CNN*

Hardware Continues to Lead Software

LEADERS	LAGGARDS
HARDWARE	HARDWARE
NVDA - NVIDIA	ARM - ARM Holdings
ASML - ASML	SOFTWARE
MU - Micron Technology	MSFT - Microsoft
LRCX - Lam Research	META - Meta Platforms
AMAT - Applied Materials	NFLX - Netflix
INTC - Intel	INTU - Intuit
QCOM - Qualcomm	ADBE - Adobe
KLAC - KLA Corporation	PANW - Palo Alto Networks
ADI - Analog Devices	ADSK - Autodesk
WDC - Western Digital	FTNT - Fortinet
STX - Seagate Technology	WDAY - Workday
NXPI - NXP Semiconductors	PYPL - PayPal
MPWR - Monolithic Power Systems	TEAM - Atlassian
MCHP - Microchip Technology	ZS - Zscaler
ISRG - Intuitive Surgical	
GEHC - GE Healthcare	
SOFTWARE	
GOOG - Google (Class C)	
GOOGL - Google (Class A)	
AMZN - Amazon	
SHOP - Shopify	
APP - AppLovin	
BKNG - Booking Holdings	
EA - Electronic Arts	
TTWO - Take-Two Interactive	
CTSH - Cognizant Technology	

Source: TradingView

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