

INVESTMENT VIEWS

JANUARY 31, 2026

CELEBRATING 45 YEARS



1981 - 2026
45 Years

2026 marks our 45th year in business and we just wanted to say thank you to our clients. We've invested through many different kinds of markets and the future will be no different. Thank you for your trust and as always we will endeavor to provide great service and guidance in the many years to come.

NAVIGATING CHAOS

It is the end of January in 2026, however it feels like investors have had a whole year of news and events to process already. Chaos and tensions rule with headlines about Greenland, NATO, Iran, China and domestic turmoil, all the while the US and global economy continue to chug along upwards - talk about a steep wall of worry for investors. We have discussed our strategy on numerous occasions, being ready for the unexpected, while also keeping an eye out for opportunities as they present themselves. This issue will briefly lay out our general thoughts on how we expect to navigate what will likely be another volatile but positive year.

Cash and Treasuries

Cash and treasuries continue to be attractive, with both money market funds and shorter-term US Treasuries paying well over 3% - not a good as last year but still attractive as a hedge on a "risk off" environment.

Precious Metals

Gold, silver and their associated mining companies have had quite a run over the past 2 years, and have made quite an entrance into 2026, with both metals up over 10% and 30% respectively. On a near term basis, they may need to rest and correct to stay healthy, however, longer term they still appear to be good assets to hold. They should be protective of inflation, deflation and geopolitical tensions.

Other Commodities

As globalization recedes the once free flow of various commodities, from copper, iron, and other metals to oil, natural gas and things like wheat and corn will face barriers that will likely raise prices as nations get protective and start to hoard. Not to mention, if emerging economies begin to grow faster, demand for commodities will only push prices higher.

Innovation and Tech Stocks

It is not all doom and gloom out there, though the media tries to convince us otherwise. Despite the "normalized uncertainty," human progress continues to move forward, making life better for more people. Breakthroughs in energy technology, medicine and biotechnology, robotics, AI and materials science will change the way we live and work. These advances could fuel a coming period of sustainable abundance for humanity.

Value Stocks Left Behind

There is also a place for value stocks, companies who have been left behind in the bull market, with some of them being totally misunderstood. Low valuations on quality companies seem to have a built-in resilience compared to the general market, which is trading at elevated multiples. Said another way - quality companies, misunderstood by investors and unfairly punished have a superior risk/reward profile than a typical stock trading at higher valuations.

Global Equities

With indications that global growth is headed higher, while US stocks in general are expensive, a logical allocation to certain regions and nations makes sense. While such stocks carry their own risks, they are often uncorrelated or have a low correlation with the US stock market, acting as a natural hedge.

THE DOUBLE EDGED SWORD OF A STEEPENING YIELD CURVE

In the world of financial markets, the yield curve serves as a vital economic barometer. A steepening yield curve occurs when long-term interest rates rise faster than short-term ones, often signaling shifting economic expectations. While this phenomenon can spell trouble for the broader stock market, it simultaneously offers a silver lining for commodities investors.

For the stock market, a steepening yield curve poses significant dangers. Higher long-term yields increase borrowing costs for corporations, squeezing profit margins and curbing expansion plans. This is particularly acute for growth-oriented sectors like technology, where companies rely on cheap debt to fund capital expenditures. At a time where the largest tech companies are forecasting ever increasing levels of spending on AI, this could be the pin the pops the much talked about bubble.

Conversely, commodities stand to benefit markedly from this shift. A steeper curve often reflects optimism about future growth or rising inflation, both of which drive demand for raw materials. Energy commodities like oil and natural gas surge as economic activity ramps up, while industrial metals such as copper and aluminum gain from infrastructure booms. Aluminum and copper are both breaking out higher along with other industrial metals. Agricultural goods, too, thrive in inflationary periods, serving as natural hedges against eroding purchasing power. The rise in gold and silver are well known at this point and something we've been writing about for quite some time now.

INFLATION IS BUBBLING

Commodity prices are telling us many things, but a main one is that inflation is not dead. Rising long yields in the face of the Fed cutting shorter rates is hinting at a similar story. The market is telling us where capital is moving and it is into hard assets. This kind of movement does not occur if inflation is going to fall, it front runs a rise in prices. They are showing us the future path and it starts in commodities, rates and currencies. It will not show up right away and assets generally rise first, followed then by goods. We have seen a sharp rise in assets already so it will likely not be long before it shows up in the numbers. Future CPI readings will show this and the markets will not like it and neither will the proponents of lower rates further.

OIL IS READY TO RUN

So far, oil has been left behind in the ongoing rally in commodities. Prices for oil have been in a downtrend since last year when the current administration made it clear it will take decisive steps to keep prices down if need be. While political pressure can keep things under control in the near term, they cannot control prices in the longer term. Eventually, supply and demand will overwhelm any efforts to suppress prices and end up making prices higher. As noted in other articles here, pricing pressures are rising and it would make very little sense for all commodities to rise, except oil. We expect energy stocks to finally start to break out.



WARSH IS THE PICK

Kevin Warsh has been nominated to replace Jerome Powell as the Federal Reserve Chairman. This surprised the financial markets as he had earlier been eliminated from consideration among Fed watchers. If Mr. Warsh is confirmed, he would represent a certain paradigm shift away from the current dovish direction Powell had taken. Markets agree with this take, as the broad indices sold off along with most commodities, including precious metals. However, within this nomination we believe that some of the initial reaction was "knee jerk" and revealed that markets were already to correct. In the coming weeks, investors will learn more about how Warsh will approach Fed policy given an administration with a strong pro-growth agenda.



Recommendation List: A list of all previous specific investment discussions published over the past 12 months will be provided upon request. Please email lara@mhandassociates.com or call our office for this list.



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