

European Buyers Strike Or Performance Chasing?

Bloomberg recently published [?Wall Street Grapples With A New Risk: A European Buyers Strike.?](#) The article notes that stock indexes in Europe, Japan, Canada, and South Korea are all beating US equities in both nominal and dollar terms. As a result, some European pension funds and other foreign buyers are trimming their exposure to US stocks. While US valuations are generally higher than in most other countries, the article also highlights rising geopolitical risk and concern over the *?weaponization?* of the dollar, prompting European and Asian buyers to rebalance away from US stocks. The two quotes below from the article are from European buyers:

?The problem stems from the US seemingly abandoning the rules-based international order it has previously supported, which means investors can?t trust the US dollar or investments going forward.?

? Lars Christensen, CEO, Paice

?This is really an environment where you don?t want to be all exposed to US equities or US assets, especially not the dollar.?

? Mathieu Racheter, Head of Equity Strategy, Julius Baer

While we have no doubt that tariffs, politics, and valuations are pushing some European buyers away from US equities, we want to stress that almost all investors? first objective is to seek the best returns. So, in this light, consider the dollar index depreciated by 10% last year and gave up 14% against the euro. The graph below shows the stark difference in S&P 500 returns in dollars versus euros.

Last year, European and Asian buyers were better served in their domestic markets, which avoided losses on the dollar component of US-based assets. However, if the dollar starts appreciating and US equity indexes outperform global stocks, we suspect European buyers will be gung-ho to invest in the US, regardless of their political views.

S&P 500 USD vs EUR en 2025



S&P 500 USD vs EUR en 2025



*Rendimiento aprox.

@rata_bursatil_

What To Watch Today

Earnings

Wednesday Jan 28	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Microsoft MSFT.US	3.91	3.23		80.25B	69.6B		\$4.03T	Q2	PM
Meta FB.US	8.19	8.02		58.34B	48.39B		\$1.9T	Q4	PM
Tesla TSLA.US	0.44	0.73		24.96B	25.71B		\$1.4T	Q4	PM
IBM IBM.US	4.32	3.92		19.23B	17.6B		\$264.16B	Q4	PM
ServiceNow NOW.US	0.88	3.67		3.53B	2.96B		\$186.91B	Q4	PM
Lam Research LRCX.US	1.16	1.04		5.21B	4.72B		\$183.08B	Q3	PM
AT&T T.US	0.46	0.54		32.9B	32.3B		\$182.75B	Q4	AM
Danaher DHR.US	2.14	2.14		6.79B	6.54B		\$159.67B	Q4	AM
GE Vernova GEV.US	2.56	1.73			10.56B		\$159.26B	Q4	AM
Amphenol APH.US	0.92	0.55		6.13B	4.3B		\$155.44B	Q4	AM

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Amphenol <small>APH:US</small>	0.92	0.55		6.13B	4.3B		\$155.44B	Q4	AM
Progressive <small>PGR:US</small>	4.43	4.01		20.34B	19.14B		\$129.87B	Q4	AM
ADP <small>ADP:US</small>	2.57	2.35		5.34B	5.05B		\$106.46B	Q2	AM
General Dynamics <small>GDUS</small>	4.12	4.15		13.8B	13.34B		\$95.15B	Q4	AM
Starbucks <small>SBUX:US</small>	0.61	0.69		9.64B	9.4B		\$91.55B	Q1	AM
Elevance Health <small>ANTM:US</small>	3.15	3.84		49.68B	45B		\$79.43B	Q4	AM
Waste Management <small>WM:US</small>	1.95	1.70		6.39B	5.89B		\$78.76B	Q4	PM
Corning <small>GLW:US</small>	0.7	0.57		4.36B	3.5B		\$73.93B	Q4	AM
United Rentals <small>URI:US</small>	11.77	11.59		4.24B	4.1B		\$66.6B	Q4	PM
Msci <small>MSCI:US</small>	4.55	4.18		819.52M	743.51M		\$46.11B	Q4	AM
Crown Castle International	0.54	-10.97		1.06B	1.65B		\$42.43B	Q4	PM
Fair Isaac <small>FICO:US</small>	7.07	5.79		499.76M	440M		\$39.67B	Q1	PM
Otis Worldwide <small>OTIS:US</small>	1.05	0.93		3.88B	3.68B		\$37.86B	Q4	AM
Las Vegas Sands <small>LVS:US</small>	0.76	0.54		3.32B	2.9B		\$37.71B	Q4	PM
Raymond James Financial <small>R</small>	2.94	2.93		3.82B	3.54B		\$33.8B	Q1	PM
Lennox International <small>LII:US</small>	4.82	5.60		1.28B	1.3B		\$17.55B	Q4	AM
C.H. Robinson Worldwide <small>CR</small>	1.13	1.21		3.97B	4.2B		\$15.3B	Q4	PM
Textron <small>TXT:US</small>	1.74	1.34		4.12B	3.61B		\$15.29B	Q4	AM
Equity Lifestyle Properties <small>EI</small>	0.51	0.50		388.69M	372.3M		\$12.11B	Q4	PM
Stifel Financial <small>SF:US</small>	2.47	2.23		1.48B	1.36B		\$12B	Q4	AM

Economy

Wednesday January 28 2026	Actual	Previous	Consensus	Forecast
07:00 AM US MBA 30-Year Mortgage Rate <small>JAN/23</small>		6.16%		
07:00 AM US MBA Mortgage Applications <small>JAN/23</small>		14.1%		
07:00 AM US MBA Mortgage Market Index <small>JAN/23</small>		397.2		
07:00 AM US MBA Mortgage Refinance Index <small>JAN/23</small>		1580.8		
07:00 AM US MBA Purchase Index <small>JAN/23</small>		194.1		
10:30 AM US EIA Crude Oil Stocks Change <small>JAN/23</small>		3.602M		
10:30 AM US EIA Gasoline Stocks Change <small>JAN/23</small>		5.977M		
10:30 AM US EIA Crude Oil Imports Change <small>JAN/23</small>		-0.027M		
10:30 AM US EIA Cushing Crude Oil Stocks Change <small>JAN/23</small>		1.478M		
10:30 AM US EIA Distillate Fuel Production Change <small>JAN/23</small>		-0.209M		
10:30 AM US EIA Distillate Stocks Change <small>JAN/23</small>		3.348M		

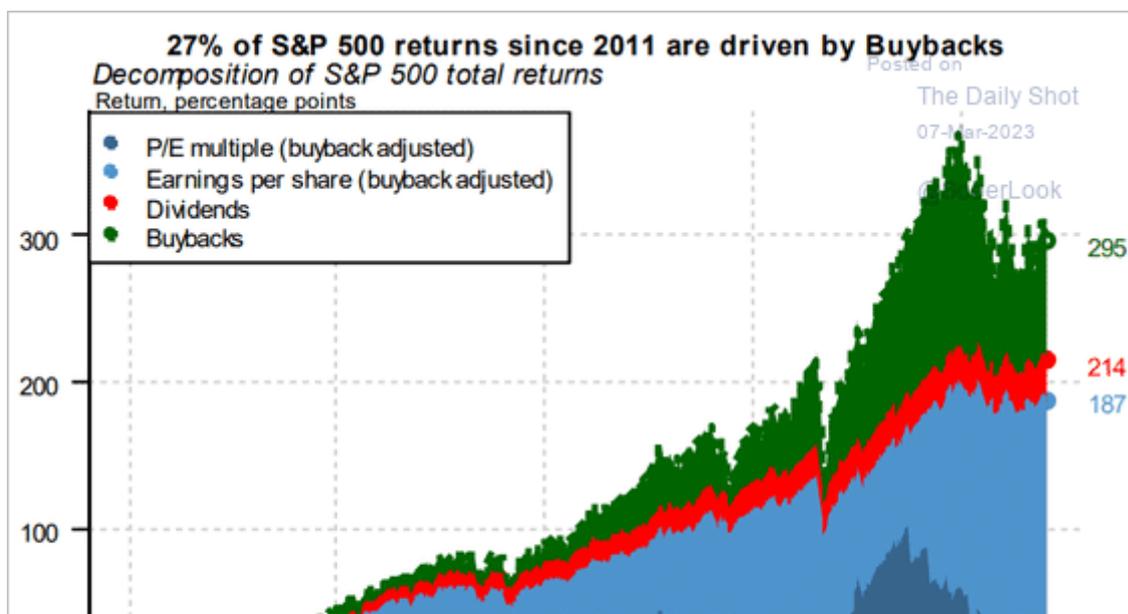
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10:30 AM	US	EIA Gasoline Production Change JAN/23		-0.246M		
10:30 AM	US	EIA Heating Oil Stocks Change JAN/23		0.279M		
10:30 AM	US	EIA Refinery Crude Runs Change JAN/23		-0.354M		
11:30 AM	US	17-Week Bill Auction		3.580%		
11:30 AM	US	2-Year FRN Auction		0.139%		
02:00 PM	US	Fed Interest Rate Decision		3.75%	3.75%	3.75%
02:30 PM	US	Fed Press Conference				

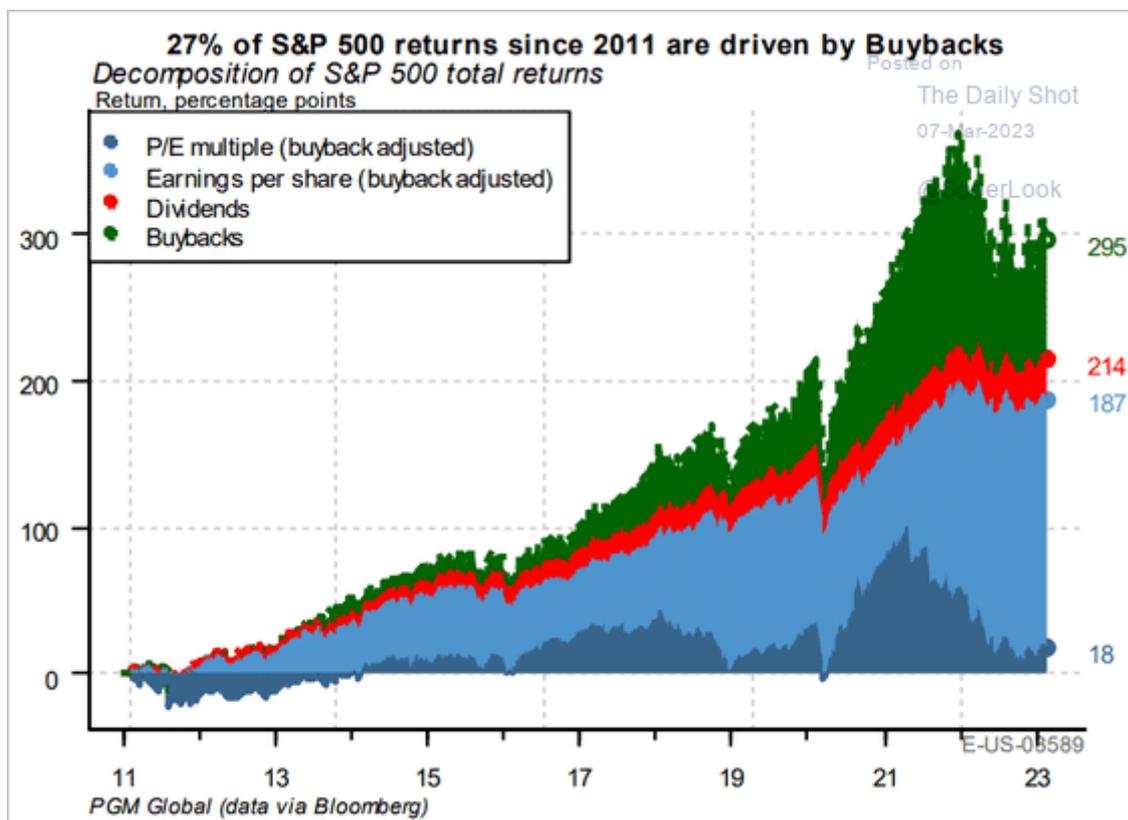
Market Trading Update

Yesterday, we discussed the recent trades we made in the All-Weather Portfolio as part of an ongoing risk management process. Today, we get the first batch of mega-cap companies reporting earnings, with Microsoft, Meta, and Tesla reporting after the bell. On top of that news, the Federal Reserve will announce its latest policy actions, and the following press conference will provide clues for the market about further policy actions. In other words, there are plenty of things happening today that could well induce volatility risk tomorrow, so trade carefully.

The good news is that after today's earnings announcements, the corporate share buyback window begins to reopen, which will provide additional support for the market. As noted yesterday, since 2011, corporate share buybacks have accounted for 27% of the S&P 500 index's returns.

Rather than the market trading near 7,000, it would be closer to 5,200, where total return would align more closely with the long-term averages.





Yes, buybacks are that important.

As [John Authers](#) pointed out:

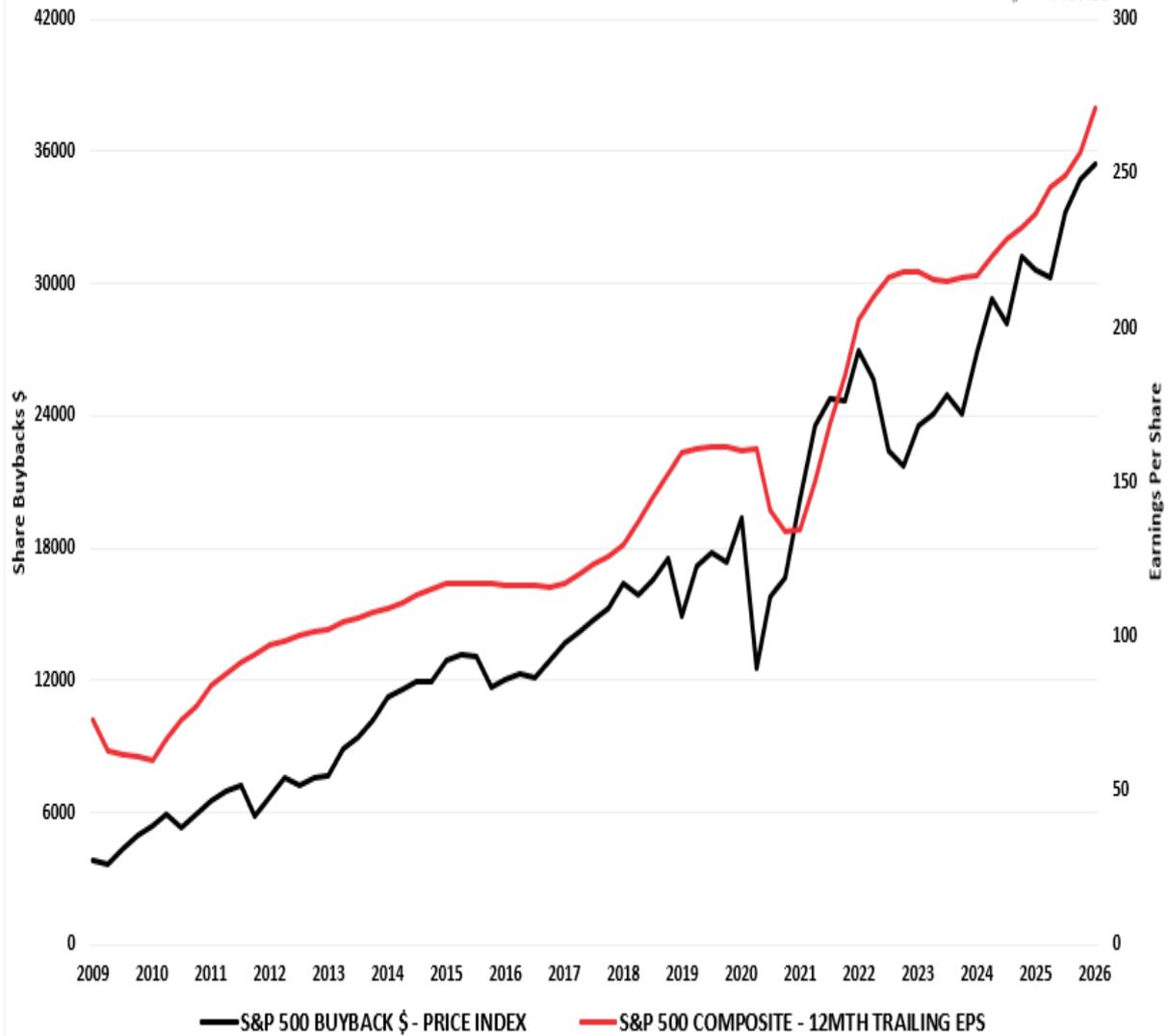
For much of the last decade, companies buying their own shares have accounted for all net purchases. The total amount of stock bought back by companies since the 2008 crisis even exceeds the Federal Reserve's spending on buying bonds over the same period as part of quantitative easing. Both pushed up asset prices.?

In other words, between the Federal Reserve injecting massive liquidity into the financial markets and corporations buying back their shares, **there have been no other real buyers in the market.**

More notably, while the media touts the strong earnings growth in the recent reporting periods, that growth would not have been possible without the surge in buybacks. The result is not surprising, given that the majority of earnings growth in the quarter came from the companies most aggressive with share repurchases. However, given current valuation levels, it should make one question precisely what you are paying for.

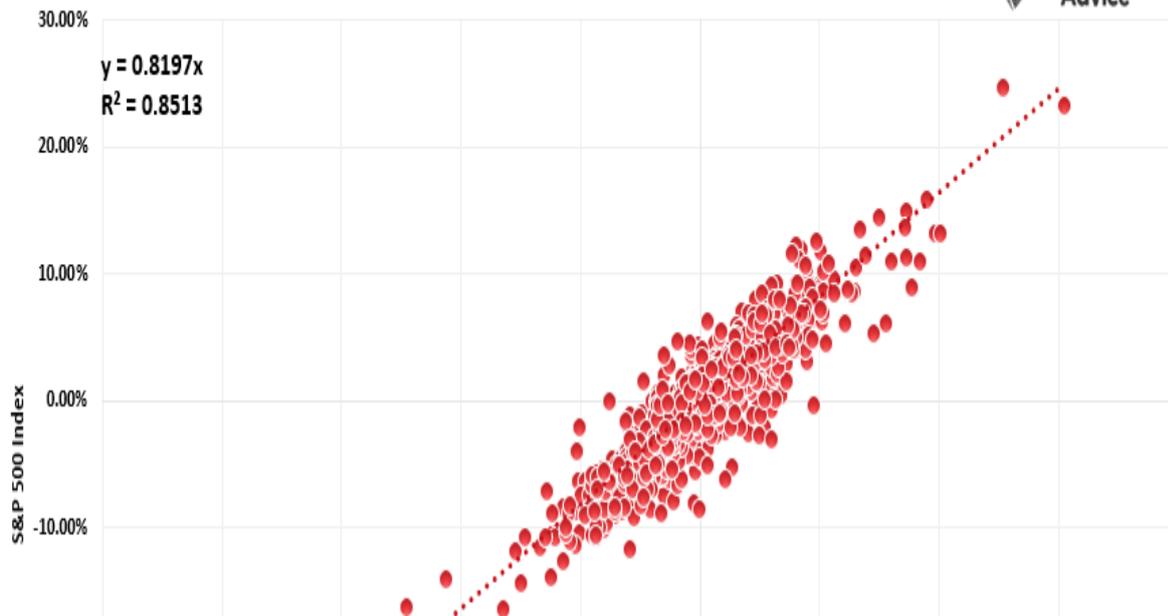


Earnings Boosted By Buybacks

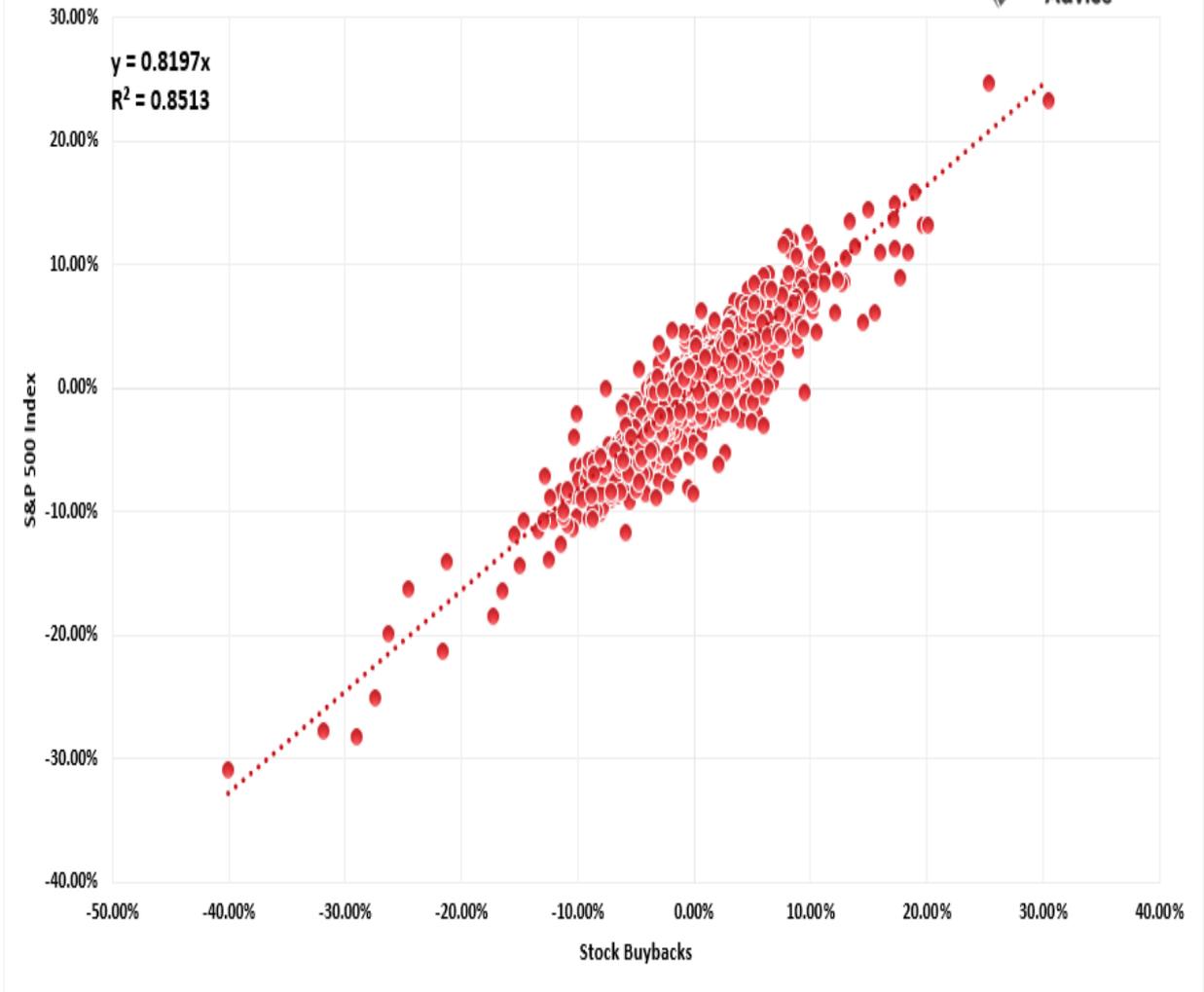


Lastly, many argue that buybacks have little to do with market movements; however, the high correlation between the 4-week percentage change in buybacks versus the stock market suggests otherwise. More importantly, since the act of share repurchases provides a buyer for those shares, the .85 correlation between the two suggests this is more than just a casual relationship.

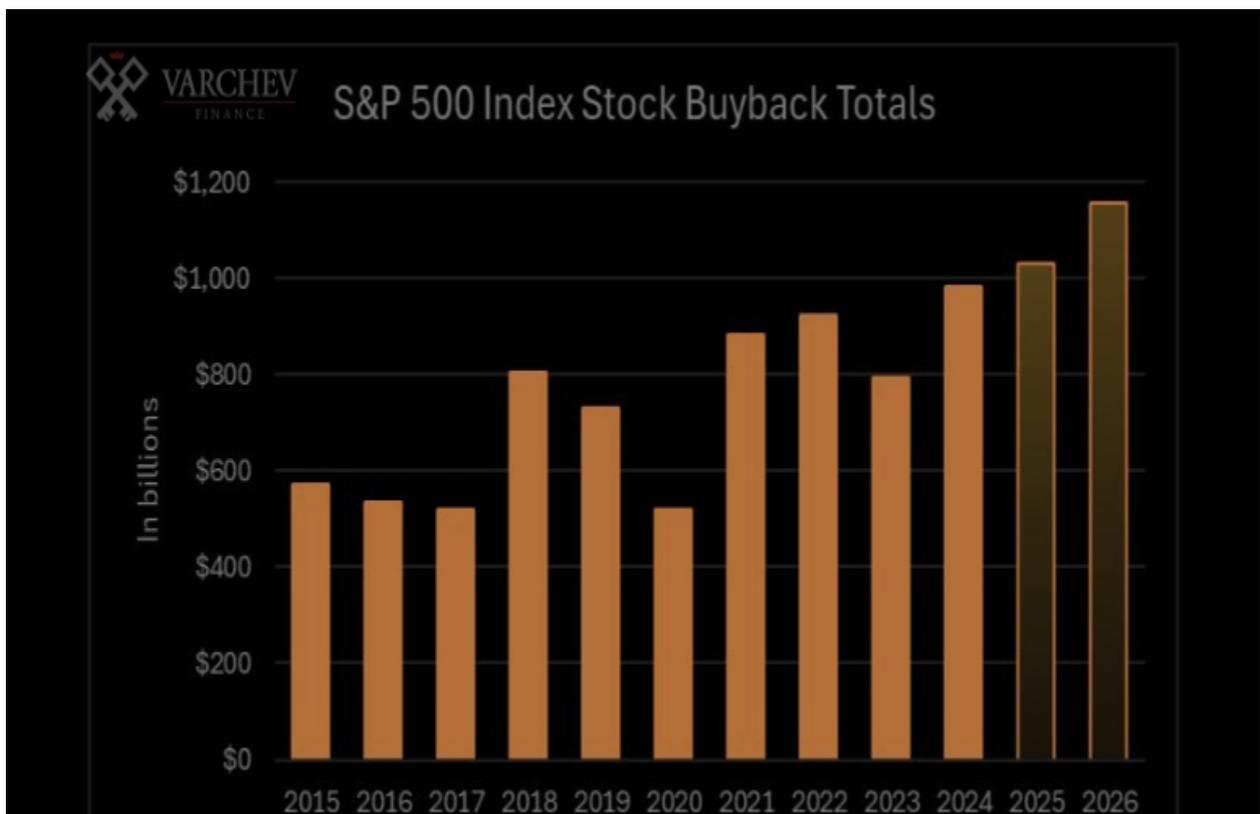
Stock Buybacks Vs S&P 500 4-Week % Change

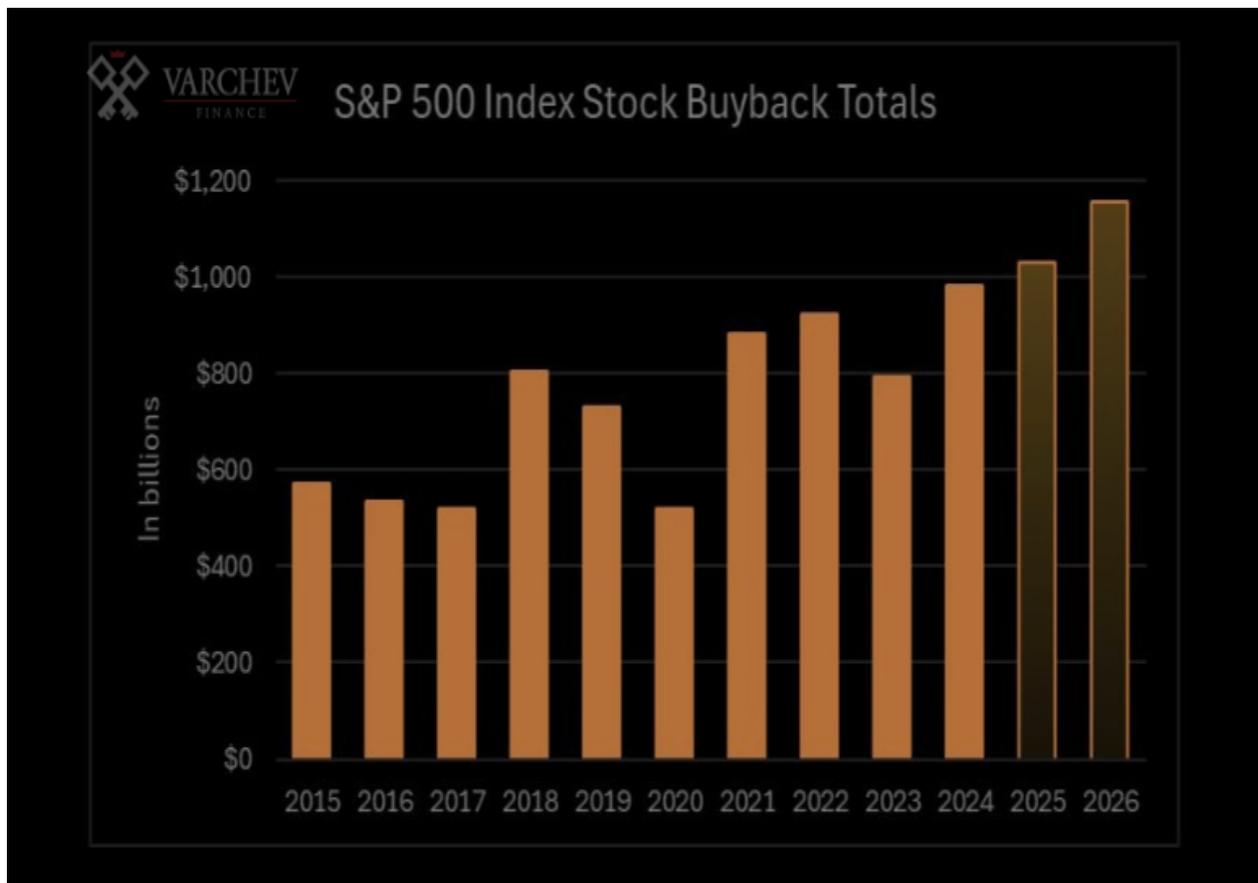


Stock Buybacks Vs S&P 500 4-Week % Change



With corporate buybacks on track to set a new record this year, approaching \$1.2 trillion, stock support remains strong. The solid bars represent confirmed data, while the lighter-colored bars indicate forecasts for 2025 and 2026. As shown, the trend is steadily upward, with a record \$982 billion in shares repurchased in 2024. This amount is expected to be surpassed in 2025 and 2026.





With valuations already elevated and earnings expectations very high, buybacks could be a very important support to keeping markets elevated this year. Of course, if anything happens to slow or reverse those buybacks, then outcomes could be very different.

While we remain bullishly biased and allocated to equities, we are certainly aware of the risks ahead. However, the importance of buybacks to overall market performance should not be dismissed, in either direction.

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Health Insurers Fall On Medicare Payments And Earnings

The largest health insurers, including Humana (HUM), UnitedHealth (UNH), and CVS (CVS), fell sharply after the Center for Medicare and Medicaid Services (CMS) proposed holding payments to private Medicare plans flat next year. Per CMS administrator Mehmet Oz:

These proposed payment policies are about making sure Medicare Advantage works better for the people it serves

Given that President Trump has been increasingly facing criticism for affordability issues, this action should not have been totally unexpected. Moreover, on numerous occasions, Trump has noted how much money insurance companies are making.

Further pressuring health insurance stocks were UnitedHealth's (UNH) earnings. They are forecasting a decline in 2026 revenue, the first annual decline in more than three decades. The company reported better-than-expected earnings, but according to Bloomberg: *the company's medical-loss ratio, a closely watched gauge of care expenses, was slightly worse than Wall Street expectations.* The weak outlook, coupled with the CMS decision, makes the road ahead for UNH murky. As we share below, the stock opened 18% lower on the news.





Tweet of the Day



Michael Lebowitz, CFA @michaellebowitz · 23h

Promote



The graph below, courtesy of FinViz, shows that value may not be in the sectors and stocks most investors assume. We can debate the growth rate they use in their PEG ratios, but the message is clear.





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