



Coffee & Commentary

February 2, 2026

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- U.S. equities began the week with positive momentum, pushing the S&P 500 to a new record high on Wednesday, before sentiment softened on Friday and left markets mixed overall. The S&P 500 ended the week modestly higher, while the NASDAQ and Dow both posted fractional declines for a third consecutive week. Final results on the week were; **S&P 500 +0.3%**, **NASDAQ -0.2%**, and the **Dow -0.4%**.
- President Trump on Friday nominated former Federal Reserve Governor Kevin Warsh to succeed Jerome Powell as chair of the Federal Reserve when Powell's term concludes in mid-May. Warsh's nomination will now move to the Senate for confirmation. The announcement followed the Fed's decision earlier in the week to hold its benchmark interest rate steady, marking a policy pause after delivering rate cuts at each of its three prior meetings.
- Gold and silver surged to fresh record highs on Thursday before sharply reversing course on Friday, ending the week in negative territory after the announcement of the new Fed chair nomination. Gold futures slipped to below \$4,900 per ounce by late Friday, a day after touching highs near \$5,586. Silver saw an even more pronounced pullback, falling to around \$82 per ounce after peaking near \$121 just one day earlier.

2. How are we to prepare and act?

- With markets already digesting a busy week of price action, policy news, and sharp cross-asset moves, the broader picture remains one of transition rather than disruption. Policymakers at the Federal Reserve acknowledged that economic activity remains solid, supported by steady consumer spending and business investment, while also recognizing that inflation, though moderating, remains above target. The message was clear: the Fed is in no rush. With the pace of disinflation slowing and labor conditions stabilizing rather than weakening sharply, officials appear comfortable pausing to gather more data before making their next move. While the nomination of Warsh is generally viewed as leaning the Fed towards more rate cuts over time, his influence will be shaped by a committee-driven process that prioritizes data over personalities, suggesting continuity rather than a sharp pivot in policy direction.
- Outside of equities and rates, the dramatic moves in precious metals served as a reminder of how quickly sentiment can shift when uncertainty peaks. The speed of the decline on Friday by both metals underscored how crowded positioning and short-term emotion can amplify volatility, even when the underlying macro backdrop has not meaningfully changed. Stepping back, fundamentals continue to look supportive, and earnings season is progressing with broadly positive results, reinforcing confidence that profit growth remains intact across sectors. While technology remains a major contributor, earnings strength is no longer confined to a narrow group of stocks, helping support more balanced market leadership.

3. Taking a look at the week ahead.

- Monday — Construction spending
- Tuesday — Job Openings and Labor Turnover Survey
- Wednesday — ADP National Employment Report
- Thursday — Weekly unemployment claims
- Friday — Consumer credit

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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