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TITLE: **When the Leaders Tire: Tech Fatigue, Oil's Comeback, and a Fed That Isn't Blinking**

TRANSCRIPT:

Host:

Eric, markets have been noisy this week. Tech sold off sharply, energy and banks suddenly look like leaders again, and yet volatility hasn't really spiked. What's the market actually trying to tell us?

Eric:

I think the key word is rotation, not panic.

For the first time in a long while, leadership is wobbling. Technology — the unquestioned engine of the last cycle — looks tired. Not broken, but fatigued. And when the leaders start to tire, markets don't collapse immediately; they rearrange themselves.

Take what happened mid-week. Microsoft fell around 10% in a single session — its biggest drop since March 2020. That's not a macro shock. That's a valuation and expectations shock.

And it matters because Microsoft isn't some marginal player — it's a proxy for the entire AI-capex narrative.

Host:

So this wasn't about bad earnings?

Eric:

No — quite the opposite. The results themselves were strong. Revenues up, cloud growth impressive, Azure still compounding at eye-watering rates.

But markets fixated on one thing: capital intensity.

Capex jumped sharply — into the mid-\$30 billions in a single quarter — and it's not coming back down anytime soon. Long-dated GPU contracts, massive data-centre build-outs, power infrastructure, cooling, land — this is physical investment on a scale we haven't really seen since the telecom boom.

The question investors are now asking is subtle but crucial:

At what point does AI stop being a high-margin software story and start behaving like heavy industry?

And that's why we're seeing dispersion. Meta can rally because the market believes its spend is defensive and strategic. Others aren't getting that benefit of the doubt.

This is the market growing up.

Host:

And while tech is wobbling, old-economy sectors suddenly look... relevant again.

Eric:

Exactly — and that's not a coincidence.

Banks and energy have quietly taken the baton over the last few sessions. A steeper yield curve helps bank profitability almost mechanically. Net interest margins expand, balance sheets look healthier, and suddenly a sector that's been left for dead starts to matter again.

Energy is even more telling.

Oil prices are sitting near multi-month highs, and while geopolitics is part of that — particularly Middle East risk — this isn't just about headlines. Supply remains constrained, outages persist, and producers are far more disciplined than the models assume.

Yes, the IEA and EIA still talk about surpluses. Producers talk about tightness. Prices are telling you who's closer to the truth right now.

Oil equities are acting like a sector in breakout mode, not a late-cycle trade.

Host:

And yet, despite all this — tech selling off, oil pushing higher, geopolitics bubbling — volatility hasn't really reacted.

Eric:

That's one of the most important tells of the week.

The VIX is... boring. Equity volatility is entirely unremarkable.

So while markets feel noisy, structurally they're not stressed. This isn't 2018, it isn't 2020, it isn't even 2022. It's a rotation happening within a functioning system.

That tells us positioning is adjusting, not being forcibly unwound.

Host:

Let's bring in the Fed. They met this week, and the message felt deliberately dull.

Eric:

Deliberately dull is exactly right.

The Fed held rates steady, as expected, but the language shift mattered. Employment risk and inflation risk are now being treated as equals. Growth was upgraded. Unemployment is "levelling out," not deteriorating.

In other words: no emergency.

Chair Powell went out of his way to reinforce patience. The Fed still expects inflation to drift lower over time. They still envisage cuts eventually. But they're not interested in validating market fantasies about rapid or pre-emptive easing.

And importantly, Powell stressed Fed independence — brushing aside political noise and legal theatre.

The message was calm, controlled, and very clear:
Policy is easy enough. We have time. Convince us with data.

Host:
So the idea of aggressive rate cuts this year is fading?

Eric:
It is — slowly, but persistently.

Markets still price a couple of cuts by year-end, but conviction is eroding. And we're seeing that show up in less obvious places.

Credit conditions are tightening at the margin. Not breaking — tightening. Financing costs are creeping up. Haircuts are widening. Balance sheet is being rationed more carefully.

It's not a crisis — but the easy phase is behind us.

And when you combine that with higher oil prices, firmer metals, and massive AI-related capex, you get a world where capital is no longer free.

Host:
We also saw sharp moves in precious metals — gold and silver pulled back hard intraday.

Eric:
Yes — and context is everything here.

Gold corrected about 7% from its peak in a matter of hours. That looks dramatic, but zoom out: prices simply went back to where they were two days earlier.

This wasn't a change in conviction — it was profit-taking in an extremely crowded trade.

Volatility in gold remains contained. Central bank buying continues. ETF flows haven't reversed. This is consolidation, not capitulation.

If anything, it reinforces the idea that gold is now behaving like insurance rather than a panic asset.

Host:

So if you had to step back and connect the dots — what's the big picture message from this week?

Eric:

I'd frame it like this:

We are watching the market transition from a world driven by cheap capital and abstract growth to one increasingly constrained by physical reality.

AI is real — but it's capital-hungry.

Energy matters — because scarcity matters again.

Rates aren't falling fast — because growth hasn't broken.

Volatility is calm — because this is evolution, not collapse.

Leadership is rotating. Dispersion is rising. And the market is starting to reward balance sheets, cash flow, and real assets again — not just narratives.

So the story of early 2026 isn't about fear.

It's about discipline returning.

And in that world, the winners won't just be the companies with the best ideas — they'll be the ones who can afford to build them.

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