

INVESTMENT COMMENTARY & OUTLOOK

January 2026

Our growth portfolios are already off to a great start in 2026! As always, we are “locked and loaded” for another earnings announcement season. Our forecasted sales and earnings for our portfolios are available on the following links:

<https://navellier.com/sales-and-earnings-projections-large-cap/>

<https://navellier.com/sales-and-earnings-projections-small-to-mid/>

<https://navellier.com/sales-and-earnings-projections-all-cap/>

<https://navellier.com/sales-and-earnings-projections-mid-cap/>

<https://navellier.com/sales-and-earnings-projections-fundamental-a/>

<https://navellier.com/sales-and-earnings-projections-power-dividend/>

<https://navellier.com/sales-and-earnings-projections-vantage/>

So far in January, there have been massive international surprises that should help to promote peace and prosperity around the world. President Trump’s international credibility has risen after a successful raid was conducted to capture Venezuelan President Maduro, who will now face trial in the U.S. This decisive action by the U.S. is expected to insure low crude oil prices for decades as major U.S. energy companies join Chevron and help significantly boost Venezuelan crude oil production, even though, arguably, that will take some time and quite a bit of money. In a speech, President Trump made it clear that he wants the Venezuelan people to prosper and wants U.S. companies to invest in their country to help turn around the Venezuelan economy.

There are also large protests in Iran over its deteriorating currency and oppression of its citizens. The word “azadi,” which is the Farsi word for freedom, is being chanted during demonstrations. Iran’s rial has dropped 60% in value since June when it launched missiles into Israel. Tehran is also struggling with a drought that is so severe that people may have to move as water taps run dry. These large protests may result in a leadership change, which would be a welcome development, since Iran’s president said recently that the country was at war with Europe, Israel and the U.S., which is not the sentiment of many Iranian citizens.

There is no doubt that the Trump administration is striving to separate somewhat from the EU, since the shared Western values that used to make the U.S. and Europe allies, has been fractured as many European countries, including Britain, promote censorship. The fact that many large European cities are now dominated by immigrants that do not share “Western values” and this change is also being used by the Trump administration to dismiss the EU policies that are changing many major European cities.

Europe remains furious that it has been largely excluded from the Ukrainian/Russian peace negotiations, even though both Trump and Zelenskyy called European leaders after their meeting at Mar-a-Lago. Further adding to tensions, U.S. Secretary of State, Marco Rubio banned five European Union (EU) officials from travelling to the U.S. for their censorship efforts. As an example, Thierry Breton, the former EU commissioner for digital policy has been banned. Breton was one of the architects of the notorious Digital Service Act that has infuriated many technology companies. Rubio and the Trump administration are striving to stop censorship, especially as it pertains to U.S. technology companies.

Despite all the international distractions, the Consumer Electronics Show (CES) in Las Vegas should remind investors that AI and technology are leading overall U.S. economic growth. The robotics displays are expected to be especially popular, along with massive televisions that are getting cheaper every year. The U.S. is the world's technology leader, but China is also very innovative and a serious competitor.

There is no doubt that Louis' 5% GDP growth prediction on *Fox Business* recently raised some eyebrows. Louis is expecting 5% annual GDP growth to emerge no later than the second quarter. International companies are now being encouraged to onshore more in America to avoid tariffs. This is happening now in the automotive and aerospace industries as well as the pharmaceutical industry. Of course, the data center boom is still accelerating and leading U.S. GDP growth due to rising order backlogs. Due to "*drill baby, drill*," the U.S. has an abundance of natural gas and is leading the world on data center developments, thanks to Bloom Energy (BE) as well as GE Vernova (GEV) that can provide fuel cells and turbines to data centers with a direct natural gas supply and effectively avoid the electric grid.

Residential investment was a 5.1% drag on GDP calculations in the second and third quarters. One of the keys to improving GDP growth moving forward is to shore up residential real estate markets, which remain weak due to high mortgage rates, higher insurance costs as well as a supply glut in many key markets. Speaking of deflation, U.S. condominium prices declined 1.9% in September and October, according to the Intercontinental Exchange. High HOA fees and insurance costs were reasons cited for falling condo prices. According to the Intercontinental Exchange, in nine major metropolitan areas, more than 25% of condos have fallen below their original sale price. Obviously, multiple Fed rate cuts can help shore up home prices, but for now, weak home prices are raising deflation concerns that the Fed needs to address.

Another reason the Fed needs to cut key interest rates is that the Institute of Supply Management (ISM) announced that their manufacturing index declined to 47.9 in December, down from 48.2 in November. This is the 10th consecutive month that the ISM manufacturing index has been below 50, which signals a contraction. The production component declined to 51 in December, from 51.4 in November, while the backlog of orders component rose to 45.8 in December, up from 44 in November. Also significant is that the new export orders component rose to 46.8 in December, up from 46.2 in November. Despite these "green shoots," ISM reported that only two of the 17 industries surveyed reported expanding in December, which was Electrical Equipment, Appliances & Components, as well as Computer & Electronic Products. Clearly, data center demand is helping boost orders for these two industries.

If deflation appears due to: (1) weak housing/rental prices, (2) low crude oil prices, and (3) the deflation that we are importing from China and other weak economies around the world, the Fed is going to have to slash key interest rates 100 basis points pretty darned quick. President Trump is expected to nominate a new Fed Chairman soon, so existing Fed Chairman Jerome Powell is expected to become a lame duck. The Fed in its December Federal Open Market Committee (FOMC) minutes signaled at least one more key interest rate cut of 0.25% was likely, but any deflation news will likely cause the Fed to slash key interest rates a lot more in the upcoming months.

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President Trump is anticipated to nominate a new Fed Chairman in January that will end the Fed's restrictive policy and be much more pro-businesses. If Kevin Hassett, currently the head of the Council of Economic Advisors, becomes the next Fed Chairman, we will have an economic cheerleader leading the Fed, which will be very exciting.

Last year was like 1998 and my best performing year in 25 years. I am expecting 2026 to be like 1999, which was my best performing year ever for my small-to-mid capitalization portfolio.

In summary, get ready for 5% GDP growth as the U.S. economy explodes to the upside! The stock market is now characterized by the strongest sales growth in three years and earnings are growing at the fastest pace in four years. Furthermore, earnings surprises in the previous quarter were running at the fastest pace in four years, which is why the analyst community has been revising their consensus earnings estimates steadily higher. Finally, the Fed will be cutting key interest rates further and if deflation materializes, the Fed will likely pick up the pace of their key interest rate cuts. As always, our fundamentally superior stocks are "locked and loaded" for another stunning announcement season, so we recommend that you hang on and enjoy the ride!

Navellier & Associates owns GE Vernova Inc. (GEV), and Bloom Energy Corporation Class A (BE), in managed accounts. Louis Navellier and his family own GE Vernova Inc. (GEV), and Bloom Energy Corporation Class A (BE), via a Navellier managed account.



LOUIS G. NAVELLIER
CEO/Chief Investment Officer



MICHAEL J. BORGEN
Senior Portfolio Manager



MICHAEL GARAVENTA
Portfolio Manager

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