



Market Commentary

Weekly perspective on current market sentiment

January 28, 2026



Scott Wren

Senior Global Market Strategist

Last week's S&P 500 Index: -0.4%

Sell America?

Key takeaways

- There are a number of reasons in our view as to why international investors have shown little inclination to abandon U.S. assets.
- We believe deep, liquid financial markets, innovation, transparency, and the rule of law should continue to attract foreign investor capital to our domestic shores.

Did you know that in 2025 foreign investors purchased a net \$1.6 trillion of U.S. stocks and bonds, according to the U.S. Treasury's tracking system of international investments in the U.S.? That was a record high with nearly half of that total going into equities. The same data show that auctions of U.S. Treasury debt have also seen consistently robust demand from foreign buyers in more recent sales. And of course, a number of major U.S. equity gauges, including the S&P 500 Index and the Dow Jones Industrial Average, set a series of all-time record highs last year with the help of foreign investment inflows. These events seem to be in contrast with headlines in many financial media outlets that declare there is a "sell America" mentality circulating in the markets that is not going to bode well for U.S. assets or the U.S. dollar. If the U.S. tariff blitz didn't discourage investors last year, Greenland frictions likely won't this year.

There are a number of reasons in our view as to why international investors have shown little inclination to abandon U.S. assets. To begin, the American economy has shown resilience and has broadly outperformed most developed-market peers. Capital expenditures related to artificial intelligence (AI) have been strong, and consumer spending, which is responsible for nearly 70% of U.S. gross domestic product (GDP), has been better than many economists expected with the unemployment rate at a historically low level. In contrast, China's economy has seen a structural slowdown as consumer demand has declined. European and Japanese growth rates have improved recently but still lag the U.S. pace. We expect a moderate 2.4% growth rate in the U.S. this year.

Additionally, our domestic financial markets are the deepest and most liquid in the world and have the capability of digesting the huge capital inflows mentioned above. The simple fact is that the U.S. has the world's largest market of marketable U.S. Treasury and corporate debt. The European Union and China are second and third, respectively, but even together are smaller than the U.S. market. The practical implication is that the more global investors might want to invest in these smaller markets, the faster they could overwhelm these smaller markets and drive valuations to extremes. Domestic corporate innovation and earnings performance are more reasons international investors have continued to invest in the U.S. The U.S. is home to the vast majority of the largest-capitalization companies on the planet, especially those involved in AI, biotech, and defense. The S&P 500 Index has produced three consecutive years of record earnings, and we expect 2026 to be the fourth. We believe enhanced corporate and consumer tax benefits along with deregulation will be an added earnings push this year.

In summary, when looking around the world, investors have chosen to put their money into U.S. assets for a variety of reasons. We believe deep, liquid financial markets, innovation, transparency, and the rule of law should continue to attract foreign investor capital to our domestic shores. Sell America? Hardly. We expect international investors to continue to vote with their feet — to invest in the U.S.

Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value

Risk considerations

Forecasts, estimates, and projections are not guaranteed and are based on certain assumptions and views of market and economic conditions which are subject to change.

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Technology** and **internet-related stocks**, especially of smaller, less-seasoned companies, tend to be more volatile than the overall market. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. Although **Treasuries** are considered free from credit risk they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate.

Definitions

Dow Jones Industrial Average is an unweighted index of 30 "blue-chip" industrial U.S. stocks.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

An index is unmanaged and not available for direct investment.

General Disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. [PM]-07292027-5161928