

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- New Federal Reserve (Fed) Chairman Nominee Kevin Warsh suggested a modern Fed–Treasury accord once he has been confirmed into his position.
- The suggested Fed-Treasury accord would align the two parts of government on debt issuance and how to maintain their balance sheets.
 - Critics argue this could blur fiscal and monetary lines and ultimately erode Fed independence in a structurally high-debt environment.
- Retail sales, a key measure of consumer spending, were unchanged in December, lagging the expected +0.4% gain. Retail sales are up +2.4% versus a year ago.
- Nonfarm Payrolls increased by 130,000 in January, higher than expectations of an increase of 50,000.
 - The increase was led by healthcare jobs (+82,000). The largest decline was from the federal government (-42,000).
 - The unemployment rate decreased to 4.3%, down from 4.4% in December.
- The Consumer Price Index (CPI) came in slightly softer than expected with headline inflation coming in at 2.4%, and core, which excludes food and energy, coming in at 2.5%.
 - Month-over-month (MoM) headline inflation was only 0.2%, while core MoM inflation was 0.3%, both of which were in-line with expectations.

How does the most recent economic data impact you?

- In December, many households saw depleted savings, and a job market that was at a standstill. This week's data should help consumers with a strengthening labor market and cooling inflation.
 - Larger tax refunds should also provide modest relief to some households, allowing for the ability to rebuild savings and pay down credit card balances.
- The labor report was a welcome surprise, lessening the market's worries over prior weakening jobs data.
 - It is important to remember that one month of solid data does not indicate a trend, and investors should still be keeping an eye on the status of the labor market.
- Softer inflation has renewed the idea of the Fed cutting interest rates more, or sooner than expected, as inflation creeps towards the Fed's 2% target.



A LOOK FORWARD¹

- This week, investors will be closely watching the Personal Consumption Expenditures (PCE) report and the 2025 fourth quarter Gross Domestic Product (GDP).

How does this week's slate of economic data impact you?

- After an encouraging CPI reading investors will look to the Fed's preferred inflation gauge PCE for assurance on cooling inflation.
- Fourth quarter GDP will provide investors with confirmation of the strength of the economy heading into 2026.



MARKET UPDATE²

Market Index Returns as of 2/13/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.35%	0.00%	0.00%	13.22%	19.91%	13.33%
NASDAQ	-2.08%	-2.95%	-2.95%	13.30%	24.42%	10.66%
Dow Jones Industrial Average	-1.15%	3.14%	3.14%	13.01%	15.40%	11.61%
Russell Mid-Cap	-0.05%	5.69%	5.69%	11.87%	13.06%	8.14%
Russell 2000 (Small Cap)	-0.85%	6.73%	6.73%	17.65%	12.50%	4.34%
MSCI EAFE (International)	1.94%	7.81%	7.81%	30.62%	17.10%	9.76%
MSCI Emerging Markets	3.25%	10.81%	10.81%	41.23%	18.08%	4.20%
Bloomberg US Agg Bond	0.89%	1.28%	1.28%	7.48%	4.61%	0.14%
Bloomberg High Yield Corp.	0.12%	0.73%	0.73%	7.67%	9.24%	4.38%
Bloomberg Global Agg	1.01%	1.73%	1.73%	8.41%	4.01%	-1.55%



OBSERVATIONS

- A continuation of last week’s tech sell-off led to all major domestic equity indices finishing in the negative. The NASDAQ led the way (2.08%), with the S&P 500 (-1.35%) and less tech-oriented Dow Jones (-1.15%) not far behind.
- Mid- and small-cap equities also saw losses in the week in the broad market sell-off, with both down -0.05% and -0.85%, respectively.
- Developed international markets continued their outperformance of domestic markets, rising +1.94%, while emerging markets bounced back, gaining +3.25% for the week.
- Domestic fixed income rose, as the Bloomberg U.S. Aggregate Bond index gained +0.89%. Global bonds reversed from the previous week’s performance, up +1.01% on the week.
- Corporate credit, particularly lower quality credit, continued its upward trend, rising +0.12% for the week.



BY THE NUMBERS

Software Sell-Off Over Artificial Intelligence (AI) Fears: In early February 2026, nearly \$300 billion in tech market value was erased in a single day as investors reassessed how AI could reshape business models. This impact was felt most by Software as a Service (SaaS) companies like Salesforce, Adobe, and ServiceNow, whose per-user pricing structures may be pressured if AI agents boost worker productivity. Legal and data firms such as Thomson Reuters and LegalZoom saw even steeper declines amid concerns that autonomous AI could replace research and drafting tasks, though investors continue to recognize the enduring value of proprietary, hard-to-replicate datasets. The sell-off reflected growing uncertainty around how AI will change pricing and revenue, rather than a belief that demand for software and data is disappearing.³

The Seahawks are Super Bowl champions: The Seattle Seahawks are once again Super Bowl champions, claiming the Lombardi Trophy for the first time since the 2013 season. Seattle dominated the New England Patriots from start to finish in Super Bowl LX, smothering the Pats all night en route to a 29-13 victory that wasn't nearly as close as the final score. The Seahawks delivered one of the best defensive performances in Super Bowl history. The Patriots finished with 331 yards of offense, but more than a third came on two late drives that each covered over 100 yards with New England down multiple scores late in the fourth quarter. The so-called "Dark Side Defense" conjured images all night of the famed "Legion of Boom" unit that led Seattle to its last Super Bowl victory -- and by the end of the evening, it was hard to argue this group wasn't worthy of the comparison. Seattle now owns two Super Bowl victories, becoming the 17th franchise with at least two titles.⁴

Economic Definitions

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition, are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 2/13/26.

² Data obtained from Morningstar as of 2/13/26.

³ [Why Anthropic's Claude Cowork sparked \\$300 billion tech market sell-off this month - The Economic Times](#)

⁴ <https://www.cbssports.com/nfl/news/super-bowl-2026-live-updates-seahawks-patriots-score-results/live/>