

WEEKLY MARKET COMMENTS – FEBRUARY 23, 2026 – EXTERNAL

Stocks were mixed at the close of a rough week after a crucial inflation report showed prices rose less than expected last month.

The S&P and blue-chip Dow Jones Industrial Average each advanced 0.1% on Friday, while the tech-heavy Nasdaq Composite gained 1.5% after five straight weekly declines. Stocks were coming off a bruising session Thursday, when the AI jitters that sparked last week's AI downdraft flared up.

All three indexes suffered their largest weekly losses of the year on that day as inflation decreased to 2.4% in January, its lowest reading since May and a bigger slowdown than economists expected, according to data released Friday. Core inflation, which excludes volatile food and energy prices, fell to 2.5%, its lowest print since March 2021.

The odds the Fed cuts interest rates in the next few months dropped sharply on Wednesday when data showed the U.S. added twice as many jobs as economists expected last month.

The Supreme Court decision will affect around 60% of last year's tariff revenues, or \$133 billion. Around \$130 billion could be eligible for refunds and many companies have a good chance of getting them.

Treasury yields fell following the release of Friday's inflation report. The yield on the 10-year Treasury, which impacts interest rates on a variety of consumer loans including mortgages, fell to 4.05% from 4.11% at Thursday's close. This is the lowest level since October, down 23 basis points from a couple of weeks earlier.

COIN soared despite reporting a steep drop in revenue due to slumping crypto prices. This one had gone into the day in a very weakened position due to the collapse of bitcoin prices lately. AMAT rose after the semiconductor manufacturing equipment maker topped earnings estimates on strong demand for AI chips. PINS also rose.

ANET and DKNK fell on weaker numbers.

Big tech stocks continued to feel the pressure after sliding the day before, NVDA, AAPL and META rose.

Gold futures rebounded from the previous day sharp drop, rising to \$5,050 an ounce. West Texas Intermediate futures, the U.S. crude oil benchmark, were little changed at \$62.85 a barrel.

Bitcoin rebounded from yesterday's lows around \$65,000 to trade at \$68,800 in the late afternoon. The U.S. dollar index, which tracks the value of the greenback against a basket of global currencies, dipped 0.1% at 96.85.

On the other hand, there has been strength in the old-time physical aspects of the S&P index that includes CAT, MCD, WMT, JNJ, PG and HD which actually finished the week higher despite the fact that the main SPX index ended higher as well. This shows the shifting that has taken place recently. This has resulted in the S&P mid-cap index being ahead 8% this year.

These Mag 7 stocks were now down to 25.8 times forward earnings from a September 2020 top of 38.1. This group is expected to grow earnings by 22.8% in the coming year versus 12.9% for the Mag-less 493 companies in the rest of the S&P.

One reason for dismissing another rate cut is that the benign CPI print was lowered by a sharp drop in used-car prices. Let it be remembered that the decline in January rents, which represent the January personal consumption index.

While the tariff issue remains, there were economic signals that were variable, such as housing starts and industrial productions fell while durable goods orders went down less than expected. At the same time, the central bank's core personal consumption price index, gained 0.4% in December as compared to the previous month and 3% from a year earlier and this certainly puts a damper on future rate cuts.

Earnings this week see the following: Tuesday – Dow component HD and GEG; Wednesday – the always important NVDA plus LOW and CRM; Thursday – DELL, INTU, WBX; Saturday – BRK.

Economic reports will have: Thursday – February Consumer Confidence, projected to be 87.5; Friday – January PPI which is expected to be 3%, two tenths of a percentage point less than December while the core rate is also expected to come in at 3%, down from 7% previously.

WEEKLY MARKET COMMENTS – FEBRUARY 23, 2006 – EXTERNAL

DONALD M, SELKIN – CHIEF MARKET STRATEGIST

The momentum behind prediction markets has been a headwind for DKNG stock. Shares are down more than 50% in the past year, and have shed 37% of their value in the last month and a half alone.

RIVN shares jumped more than 25% after the electric vehicle maker narrowly topped revenue estimates at \$1.29 billion, while recording a smaller adjusted loss than analysts had forecast at 54 cents per share.

The company said its plans to start selling the R2, an SUV that will be cheaper than its current vehicles, remain on track for the second quarter. It said that more details about its product lineup will be coming at a March 12 event.

