

# MOOSECALLS

Global Financial News & Analysis  
FEB.13.2026 through FEB.22.2026

<i>Global Executive Summary, Rankings, &amp; Re-cap</i>	2
<i>Markets Technical Summary, Global Economy</i>	3
<i>US Economy Fed &amp; Inflation</i>	4
<i>Federal Reserve</i>	5
<i>Weekly Technical Summary</i>	6
<i>US Dollar, Carry Trade</i>	7
<i>US Treasury Bonds</i>	8
<i>US Large-cap Stocks</i>	9
<i>US Small-cap Stocks</i>	10
<i>US Equity Sectors</i>	11
<i>International: Gold</i>	12
<i>International: Commodities, Oil</i>	13
<i>International: European Stocks</i>	14
<i>International: Japanese Stocks</i>	15
<i>International: Asia Pacific ex-Japan Stocks</i>	16
<i>International: Latin American Stocks</i>	17
<i>Timing v. Buy-and Hold:</i>	18
<i>Index Model Global Timing</i>	
<i>USES Model US Equity Strategy Timing</i>	
<i>Federal Thrift Savings Plan Timing Model</i>	20
<i>Moospeak Editorial</i>	21

## EXECUTIVE SUMMARY: FEB.13.2026

This weekly global investment newsletter tracks investment strategy performance, including buy-and-hold and market timing using ETFs as proxies for indices.

### GLOBAL MARKETS: WEEK'S ACTION— MIXED Risk (4)

**THIS WEEK was the fourth MIXED-risk week in a row. Foreign Stocks UP, US Stocks DOWN, US Bonds UP and Gold UP.**

#### An AI Revolution Bummer

Cooling US consumer inflation and more new jobs than expected wasn't enough to thrill US equity investors this week. Hard to celebrate after the release of two expanded AI algorithms and predictions that AI will be doing most jobs of most people better than they are in two years. US stock investors continued to look for better deals with large-caps (-1.3%) leading small-caps (-0.8%) lower. US Bonds (+3.8%) provided the preferred domestic alternative. The 10-year yield dropped to 4.06%, and the cash yield added a tick to 3.59%, flattening the yield curve to 47 bps. Falling interest rates weakened the Dollar (-0.7%) which pushed the better equity deals abroad as Japan (+5.0%), Asia-Pacific (+1.9%), Latin America (+0.6%), and Europe (+0.3%) all posted gains. The weaker greenback also helped gold (+1.6%), but not commodities (-0.5%) generally or oil (-1.0%). No model changes this week.

**GLOBAL OUTLOOK SINKS TO NEUTRAL 2 of 4).** The Baltic Dry Index is down over the quarter as are 10-year US yields and negatives. Copper and oil prices are both higher in the past quarter— positive indications for the global economy.

**INFLATION:** Commodity and Oil prices slipped lower. January CPI Cool; Import prices unchanged Y-on-Y..

**US ECONOMIC DATA:** Good weekly report driven by stellar payroll report and cool consumer and import inflation in January.

**FEDERAL RESERVE:** The Fed's balance sheet stands at \$6.60 trillion, with the Fed Funds Rate at 3.50-3.75%. Next Fed meeting (3/18). Kevin Warsh to replace Jerome Powell in May. Rate cut still considered (69%) likely in June. Fed Check remains hawkish as of 1/30/2026 (market price of hard assets going up faster than the market price of paper promises.) No rate hike is expected per CME futures, however.

**INVESTMENT STRATEGIES:** (1) The Index Model is outperforming all competitors in 2026. It has held gold (GLD) since switching from EFA via buy-stop on August 28, 2025. It is neither overbought nor close to a stop-loss. (2) The US Equity Strategy (USES) Model exited US Growth 2/10/2026. A change to SPYD appears imminent once it is no longer overbought. IUSG touched a stop loss this week but recovered. SPY did as well. US stocks are not the best equity choice, but they still beat cash. (3) The Thrift Savings Plan (TSP) switched out of US large-cap stocks (Fund C) and into Fund (I) International stocks last week (1/30).

## GLOBAL OUTLOOK: NEUTRAL (2 of 4)

Indications are neutral for the global economy.

An international shipping measure and proxy for current global trade, **the Baltic Dry Index rose to 2083 this week, and is down after 13 weeks, a negative signal.** (After opening 2026 at 1882, BDI is still well below its 2010 peak @4640.) Meanwhile, another proxy for world activity, **WTI oil price at 62.81 fell this week, but is up 5% in the latest quarter, a positive signal.** (Oil remains below its 2022 peak @\$130, but well above its 2020 Covid lows @\$10.) Our proxy for global construction, **copper (\$5.86) fell this week, but remains 16% higher this quarter, a positive signal.** Domestically, **10Y US bond yields fell to 4.06% this week and are down 9 bps over the past 13 weeks, a negative bet on the largest world economy.**

## GLOBAL RANKING: GOLD AND EMERGING EQUITIES ON TOP

Index Moose  
ETF Rankings  
through  
FEB.22.2026

**This week: Gold leads in regional global momentum since 11/27/2025. (The Global Index Model HOLDS #1 GLD via buy-stop 8/28/25.) Latin America (ILF) is a strong second, but very volatile. Emerging markets are a safer choice for those tired of gold.**

Assets are ranked by CI, the “confidence index”. It combines the relative strength (rank), and technical strength (TS). The Trend is based on the TS reading.

\*Overbought

	CI%	FUND	TS+	READ	RSI	PMO	+-
1	100%	Gold Bullion (GLD)	110%	very bullish	56.0	4.06	deteriorating
2	98%	Latin America (ILF)	124%	very bullish	61.4	4.98	deteriorating
3	59%	Japan (EWJ)	122%	very bullish	77.4	3.73	improving
4	55%	Asia Pacific ex-Japan (AAXJ)	113%	very bullish	65.7	2.59	improving
5	47%	US Small-caps (IWM)	104%	very bullish	52.5	1.25	deteriorating
6	34%	Europe (IEV)	110%	very bullish	59.4	1.94	deteriorating
7	28%	US Large-caps (SPY)	86%	very bullish	44.0	0.25	deteriorating
8	6%	Short US Income (SGOV)	88%	very bullish	100.0	0.15	deteriorating
9	-3%	Very Long US Bonds (EDV)	49%	very bearish	65.8	0.21	improving
		US Dollar	5%	very bearish	41.9	negative	improving
		Commodities	94%	very bullish	50.6	positive	deteriorating
		US Oil	98%	very bullish	53.5	positive	improving
		Ryan/CRB	94%	HIKE RATES			
		Volatility	20.6	risk appetite on			

YTD	FUND	THIS	LAST	13wk	26wk	39wk	52wk	3Y
19.1%	Latin America (ILF)	0.6%	1.9%	24.1%	47.6%	50.0%	62.7%	49.2%
16.7%	Gold Bullion (GLD)	1.6%	2.4%	22.3%	50.0%	57.8%	73.7%	145.6%
16.2%	Japan (EWJ)	5.0%	4.3%	21.0%	27.7%	44.9%	49.7%	60.7%
11.3%	Asia Pacific ex-Japan (AAXJ)	1.9%	1.4%	11.7%	24.3%	36.4%	42.9%	70.1%
6.8%	US Small-caps (IWM)	-0.8%	2.1%	8.1%	17.4%	28.0%	17.4%	36.9%
6.0%	Europe (IEV)	0.3%	1.1%	11.6%	14.6%	24.2%	31.5%	50.0%
4.7%	Very Long US Bonds (EDV)	3.8%	1.1%	0.5%	5.7%	7.4%	-0.8%	-8.9%
0.1%	Short US Income (SGOV)	0.1%	0.1%	1.0%	1.9%	3.1%	4.1%	9.6%
0.0%	US Large-caps (SPY)	-1.3%	-0.2%	0.6%	7.8%	17.5%	13.5%	40.9%

## GLOBAL RANKING: TECHNICAL OVERVIEW

**#1 GOLD Regains Its Footing**-- Gold rose 1.6% this week, after gaining 2.4% last week. That left it very bullish and ranked 1 globally and more attractive than cash. The index is up 22.3% for the quarter (13 weeks), and up 73.7% for the year (52 weeks)

**#2 LATIN AMERICA Tops Out At Prior High**-- ILF rose 0.6% this week, after gaining 1.9% last week. That left it very bullish and ranked 2 globally and more attractive than cash. The index is up 24.1% for the quarter (13 weeks), and up 62.7% for the year (52 weeks).

**#3 ASIA-PACIFIC Pops to New High**-- AAXJ rose 1.9% this week, after gaining 1.4% last week. That left it very bullish and ranked 3 globally and more attractive than cash. The index is up 11.7% for the quarter (13 weeks), and up 42.9% for the year (52 weeks).

**#4 JAPAN Gaps Even Higher**-- EWJ rose 5.0% this week, after gaining 4.3% last week. That left it very bullish and ranked 4 globally and more attractive than cash. The index is up 21.0% for the quarter (13 weeks), and up 49.7% for the year (52 weeks).

**#5 US SMALL-CAPS Again Hold 50-day**-- IWM fell 0.8% this week, after gaining 2.1% last week. That left it very bullish and ranked 5 globally and more attractive than cash. The index is up 8.1% for the quarter (13 weeks), and up 17.4% for the year (52 weeks).

**#6 EUROPE Pushes Higher**-- IEV rose 0.3% this week, after gaining 1.1% last week. That left it very bullish and ranked 6 globally and more attractive than cash. The index is up 11.6% for the quarter (13 weeks), and up 31.5% for the year (52 weeks).

**#7 US LARGE-CAPS Rangebound**-- US Large-Cap Stocks (SPY)-- SPY fell 1.3% this week, after losing 0.2% last week. That left it very bullish and ranked 7 globally and more attractive than cash. The index is up 0.6% for the quarter (13 weeks), and up 13.5% for the year (52 weeks). **This week's US equity sector momentum is positive; breadth is broad but shrinking**-- 78% of our sectors are buy or hold Potential "Buys" include Gold Miners, Semiconductors, Oil Equipment & Services, Biotech, Pharma. "Avoids" include Software, Medical Devices, Healthcare, Internet, and Insurance.

**#8 Three-Month T-Bills (SGOV)**-- SGOV rose 0.1% this week, after gaining 0.1% last week. That left it ranked 8 globally. The index is up 1.0% for the quarter (13 weeks), and up 4.1% for the year (52 weeks). The US Treasury 3-month (cash) yield rose 1 tick to 3.59, 10-year yield fell 22 ticks this week to 4.06 and with the yield curve flattening to 47 basis points.

**#9 LONG BOND Gaps Up on the AI "Job Effect"**-- EDV rose 3.8% this week, after gaining 1.1% last week. That left it very bearish and ranked #8 globally and less attractive than cash. Long bonds are up 0.5% for the quarter (13 weeks) but down 0.8% for the year (52 weeks).

**Commodities Back Off**-- The CRB fell 0.5% this week after losing 1.7% last week. That left commodity prices up 4.6% for the quarter (13 weeks), and up 7.0% for the year (52 weeks). Crude Oil (USO) led the way (-1.0%) down, following last week's loss of 3.2%. Crude is currently very bullish. That leaves US oil prices up 7.3% for the quarter (13 weeks), but down 0.1% for the year (52 weeks).

**US DOLLAR Gaps Down to 200-day Support**-- UUP fell 0.7% this week, after gaining 0.6% last week. It is currently very bearish—down 3.7% for the quarter (13 weeks), and down 8.9% in the last year (52 weeks).

## US ECONOMY: GOV'T DATA

## Jobs Report, CPI All Good; Retail Flat, Homes Weak

## US Economy: week of FEB.13.2026

## THIS WEEK: GOOD

**Nonfarm Payrolls** (130K) beat previous and expectations handily. JAN **Nonfarm Private Payrolls** (172K) solid increase over previous and consensus. JAN **Unemployment Rate** (4.3%) better than expected and prior. JAN **Average Hourly Earnings** (+0.4%) improvement beat expectations. JAN **Average Workweek** (34.3) beat forecasts and prior. JAN **NFIB Small Business Optimism** (99.3) optimistic, in line with previous. NOV **Business Inventories** (+0.1%) slight build. JAN **Treasury Budget** deficit (-\$94.6B) below prior and expectations of 144.7B.

**THE BAD:** **WEEKLY Continuing Claims** (1862K) up from previous. **WEEKLY EIA Crude Oil Inventories** (+8.53M) build grew from draw as crude prices fell. **JAN Existing Home Sales** (3.91M) below previous and consensus. **DEC Retail Sales** (0.0%) unexpectedly flat.

## THE UGLY: Nothing

## US ECONOMY: INFLATION DATA

## Consumer Inflation Cool, Import Prices Unchanged Y-on-Y

## US Inflation: week of FEB.13.2026

**JAN CPI (+0.2%)** in line m-t-m. (1-yr = 2.4%)  
**JAN Core CPI (+0.3%)** warm m-t-m. (1-yr = 2.5%)  
**JAN PPI (+0.5%)** hot m-t-m. (1-yr = 3.0%)  
**JAN Core PPI (+0.6%)** hot m-t-m. (1-yr = 3.2%)  
**DEC Import Prices (+0.1%)** cooler than prior m-t-m  
**DEC Export Prices (+0.3%)** cooler than prior m-t-m

NOV PCE Price Index (+0.2%) in line. (1yr 2.7%)  
NOV Core PCE Price Index (+0.2%) In line. (1yr 2.8%)  
OCT PCE Price Index (+0.2%) in line with consensus cooler than prior. (1yr 2.7%)  
OCT Core PCE Price Index in line with consensus and prior. (1yr 2.8%)

- Q3 GDP-Adv (+4.3%) up from Q2 (+3.8%).
- Q3 GDP Deflator-Adv. (+3.8%) hotter than Q2 (+2.1)
- Q3 GDP – R3 (+4.4%) beat consensus.
- Q3 GDP Deflator – R3 (+3.8%) in line.

**Q4 Employment Cost Index (+0.7%) slightly cooler than Q3.**  
Q3 Productivity- (+4.9%) solid, revised in line.  
Q3 Unit Labor Costs- (-1.9%) cool, revised in line.  
**Q3 Current Account Balance** (-\$226.4B) deficit below previous and expectations.

## US ECONOMY: RECESSION & GDP INDICATORS

## NY FED: MINIMAL RECESSION THREAT RECEDES AGAIN

**US recession chances one year out: 18.87% (JAN 2026) per NY Fed.** (Recession expected if chance > 30%.) As of May 2025, the Fed model's chance of recession fell below 30%, the threshold signaling a recession one year out. It remains there. The risk of recession was the highest in 40 years in May 2024, but it was avoided amid three years of massive Federal deficit spending and historic data falsification at the Bureau of Labor Statistics.

## ATLANTA FED: US Q4 GDP Now Backs to 3.7% Atlanta Fed Current GDP Model (2/10/2026): Q4 Annualized 3.7% (Last week: Q4 Annualized +4.2%)

## US ECONOMY: FEDERAL RESERVE FED BALANCE SHEET (\$6.62T); FFR @ (3.50-3.75%)

**Federal Reserve:  
week of  
FEB.13.2026**

After over-tightening, in Q1 2020 the Fed took its fed funds rate to zero with two Covid emergency rate cuts, where it remained until March 2022. Simultaneously, the Fed doubled its balance sheet to \$9 trillion in monetary stimulus (QE), exceeding measures taken during the global financial crisis in 2008, including commercial paper funding as well as unlimited purchases of treasuries, mortgages, municipals, and junk bonds.

The Fed plan was to roll 95 billion per month in maturing bonds off its 8.965T balance sheet beginning 6/1/22. It had succeeded in reducing it to 8.34T by mid-March 2023, when the bank crisis required an expansion (back to 8.73T). After about two and a half years, the Fed announced it will end quantitative tightening and stop reducing its balance sheet as of December 1, 2025.

Currently, the Fed's balance sheet is 6.62T, (up .02T) in the latest week (2/11/2025). The Fed Funds Rate was lowered 25 BPS to 3.50-3.75% at the DEC10 FOMC meeting. No change at the January FOMC meeting.

The next FOMC meeting is March 18. Jerome Powell will exit as Fed chair in May. Kevin Warsh has been tapped to replace him. Warsh seems inclined to reduce the Fed balance sheet and be more hawkish. Meanwhile, futures make a 2026 rate cut unlikely until Chairman Powell is gone. Odds don't exceed 50% until June's 68% CME read.

Just as well. The Fed Check at 94% has turned hawkish as of 1/30/2026 (tighter monetary policy needed to combat global inflation pressures.) The US 2-Year yield at 3.42%, however, is about 20 bps LOWER than the Fed overnight rate (3.625%), implying US domestic conditions should merit at least one more Fed rate cut. That Fed rate cut, is still expected June 17.

The 3m-10y yield curve flattened this week, going from a positive slope of 62 bps to one of 47 bps, as the 10-year US Treasury yield fell 5 bpt to 4.21%, and the 3-month cash yield rose 1 tick to 3.59%. Intermediate term, the curve was inverted from 11/22 through 12/24 but has been positive since. The 30d-10y median yield is below its 200-day and still falling, leaving our interest rate signal for stocks bearish.

**3-month SOFR yield** at 3.65% is unchanged this week, while the 3-month T-bill at 3.59% is up. That puts the SOFR/T-Bill (SOF-T) spread at 6 basis points, below its 200-day average of 20 bps. **A falling SOF-T spread signals a safer, more confident financial system.**

**FED OVERALL THIS WEEK: NEUTRAL (0) LW: NEUTRAL (0)**  
**LATEST Rate Posture: (No Change) NEUTRAL (0)**  
**LATEST Balance Sheet (up .02T) DOVISH, (+1),**  
**Fed Speak NEUTRAL (0),**  
**Fed Check HAWKISH (-1)**

**Latest FOMC Assessment (2026.1.28)** Available indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, and the unemployment rate has shown some signs of stabilization. Inflation remains somewhat elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate. In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments. **(Next FOMC meeting: 2026.3.18)**

## US Currency Market: US DOLLAR Gaps Down to 200-day Support



**US Dollar:** UUP fell 0.7% this week, after gaining 0.6% last week. It is currently very bearish—down 3.7% for the quarter (13 weeks), and down 8.9% in the last year (52 weeks). At \$26.82, UUP is below its short-term (50-day) average and above its intermediate-term (200-day) average. Momentum in the greenback is negative but improving. RSI14 @ 41.9 is neither overbought nor oversold.

As for other major currencies vs. the Dollar, the Australian \$ (FXA) is very bullish, and up 0.7% this week. The British Pound (FBX) is very bullish, and down 0.6%. The Canadian Dollar (FXC) is very bullish, and down 0.3%. The Euro Dollar (FXE) is very bullish, and down 0.3%. The Swiss Franc (FXF) is very bullish, and down 0.3%, and the Japanese Yen (FXY) is bearish and down 1.5%.

The Dollar is working off a stop loss but has found support at its 200-day. Given the direction bond yields took this week (lower) a dip in the Dollar was not

unexpected. The belief that US tariffs dampen US economic performance and weaken the Dollar, after all, lives on. The Dollar is currently lower than when Trump was inaugurated, but it has risen since he first announced US tariffs last April. That suggests initial tariff fears were overblown.

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## Carry-trade This Week

Moose guidance is based on US Dollar denominated ETF proxies. Investors seeking to maximize profits when investing in offshore securities may wish to incorporate a "carry-trade" currency strategy into the decision. (Basically, if a foreign currency is weakening (bearish) against the Dollar, using a Dollar-denominated ETF to invest in that country's assets will outperform using a hedged vehicle. If, however, the foreign currency is bullish vs. the Dollar, the Dollar-denominated investment will underperform. In the event of a weak Dollar there may be currency-hedged foreign equity ETFs available at least for Europe (HEDJ) and Japan (DXJ) that will outperform.

Description	READ	US \$ investors in Foreign Assets
Australian \$ (FXA)	very bullish	US\$ Investors outperform hedged
British Pound (FBX)	very bullish	US\$ Investors outperform hedged
Canadian Dollar (FXC)	very bullish	US\$ Investors outperform hedged
Euro Dollar (FXE)	very bullish	US\$ investors outperform hedged (IEV=HEDJ)
Swiss Franc (FXF)	very bullish	US\$ investors outperform hedged
Japanese Yen FXY)	bearish	US\$ investors underperform hedged (EWJ<DXJ)
US Dollar (UUP)	very bearish	

## US Bond Market: #9 LONG BOND Gaps Up on the AI “Job Effect”



**US Long Treasury Bonds: EDV** rose 3.8% this week, after gaining 1.1% last week. That left it very bearish and ranked #8 globally and more attractive than cash. Long bonds are up 0.5% for the quarter (13 weeks) but down 0.8% for the year (52 weeks) as yields have risen. The US Treasury 10-year yield fell 22 ticks to 4.06 and the 3-month yield rose 1 tick to 3.59 with the yield curve flattening to 47 basis points. That reduces the odds of a recession in late 2026. At \$68, EDV is above its short-term (50-day) average and above its intermediate-term (200-day) average. Momentum (PMO) is positive and improving, and its 14-day RSI of 66 means EDV is neither overbought nor oversold. As for currency effects, a cheaper Dollar this week makes Dollar-denominated assets less attractive. Over time, a bearish Dollar reduces return to Dollar investors in US assets.

Bond prices gapped higher, a negative take on the economy and/or inflation, after tech experts announced that AI productivity

enhancements could eliminate most entry-level white-collar jobs within two to three years. The latest bond bounce reverses a three-month correction that began with the October Fed rate cut. Government data has been slow to lend definitive clarity since the Federal shutdown, but this week, jobs and consumer inflation reports both exceeded fondest expectations. Both were considered good news, but with conflicting policy implications. January payrolls (130K) were almost double forecasts (68K), the unemployment rate fell, and wages went up faster than anticipated-- implying likely upward pressure on interest rates. Consumer inflation is slowing and the best in 5 years suggesting the opposite. The CPI won out... for now, and rates came down.

**ETF Breakdown: EDV**-- A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries: US (100%). Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

(Charts reprinted with permission from [stockcharts.com](http://stockcharts.com).)

## US Equity Market: #6 US LARGE-CAPS Rangebound



**US Large-Cap Stocks: SPY** fell 1.3% this week, after losing 0.2% last week. That left it very bullish and ranked 7 globally and more attractive than cash. The index is up 0.6% for the quarter (13 weeks), and up 13.5% for the year (52 weeks). At \$682, SPY is below its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 44.0 means SPY is neither overbought nor oversold. As for currency effects, a cheaper Dollar this week makes Dollar-denominated assets less attractive. Over time, a bearish Dollar reduces return to Dollar investors in US assets.

SPY is working off a stop loss but trading in a narrow price band. The stop-loss was ignored last week as a false signal and SPY rebounded. It retreated this week but the trends in SPY are still up with PMO and CI positive. Uncertainties remain about the impact of AI on job growth, but the backdrop is positive. The larger issues of taxation, fiscal

spending, and the debt ceiling are settled, and the new tax regime will be kicking in soon. The Federal deficit remains outsized, although tariffs are reducing it slightly. All of that is bullish. On the bearish side, self-inflicted taxes on imports have kept US stocks from going through the roof, helping emerging markets, at least pending the Supreme Court ruling on tariffs. Except bonds, most asset classes are very bullish.

**ETF Breakdown: EDV**—A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries:** US (100%). **Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

(Charts reprinted with permission from [stockcharts.com](http://stockcharts.com).)

## US Equity Market: #4 US SMALL-CAPS Again Hold 50-day



**US Small-Cap Stocks: IWM** fell 0.8% this week, after gaining 2.1% last week. That left it very bullish and ranked 5 globally and more attractive than cash. The index is up 8.1% for the quarter (13 weeks), and up 17.4% for the year (52 weeks). At \$262.96, SPY is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 52.5 means SPY is neither overbought nor oversold. As for currency effects, a cheaper Dollar this week makes Dollar-denominated assets less attractive. Over time, a bearish Dollar reduces return to Dollar investors in US assets.

January is considered the season for small caps, especially if interest rates are expected to fall. With long rates receding and the Fed expected to cut short rates this year, it is no surprise small caps are attracting some interest. Small caps were among the strongest assets we track halfway through January, but new White House tariff threats

haven't helped. Uncertainties remain about the impact of AI on job growth, but otherwise, the backdrop is positive. The larger issues of taxation, fiscal spending, and the debt ceiling are settled, and the new tax regime will be kicking in soon.. The Federal deficit remains outsized, although tariffs are reducing it slightly. All of that is bullish. On the bearish side, self-inflicted taxes on imports have kept US stocks from going through the roof, helping emerging markets, at least pending the Supreme Court ruling on tariffs.

**ETF Breakdown: IWM**-- A cap-weighted index fund. **Countries:** US (99%). **Top Sectors:** Finance (22%), Health Technology (12%), Technology Services (12%), Producer manufacturing (8%), Electronic Technology (7%), Industrial Services (4%), Energy Minerals (4%), Commercial services (4%), Consumer services (3%), Process industries (3%).

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## US Equity Market Top Sectors:

Gold Miners, Semiconductors, Oil Equip & Serv, Biotech, Pharma,

The table below ranks 25 primary US sector ETFs in order of relative momentum this week. Momentum investors may consider those ranked higher than cash bullish (**buy** or **hold**), and those ranked below cash bearish (**sell** or **avoid**). Value investors may feel the opposite. **This week's** US equity sector momentum is positive; breadth is broad but expanding-- 81% of our sectors are buy or hold (L78%) with **BUYS** now 48% (L48%) and **HOLDS** now 33% (L30%). **AVOIDS** are currently 19% (L22%). Potential "Buys" include Gold Miners, Semiconductors, Oil Equipment & Services, Biotech, Pharma. "Avoide" include Software, Medical Devices, Healthcare, Internet, and Insurance.

CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition	
100%	Gold Miners (GDX)	95%	115%	very bullish	55.9	4.95	positive	deteriorating	
52%	Semiconductors (SMH)	43%	111%	very bullish	56.6	2.94	positive	deteriorating	
51%	US Oil Equip & Serv (IEZ)	56%	135%	very bullish	70.7	OB	6.59	positive	
37%	Biotechnology (IBB)	32%	94%	very bullish	49.8	0.71	positive	deteriorating	
35%	US Pharmaceuticals (IHE)	35%	115%	very bullish	64.5	2.07	positive	improving	
27%	US Aerospace & Def (PPA)	22%	101%	very bullish	56.7	2.38	positive	deteriorating	
20%	KB Banks (KBE)	14%	110%	very bullish	54.1	2.16	positive	improving	
17%	Transports (IYT)	14%	111%	very bullish	55.5	2.08	positive	improving	
16%	Telecommunications (FCOM)	10%	66%	bullish	36.1	-0.01	negative	deteriorating	
16%	US Technology (IYW)	9%	32%	bearish	40.0	-0.90	negative	deteriorating	
16%	Home Construction (XHB)	16%	115%	very bullish	69.1	2.83	positive	improving	
16%	Industrials (XLI)	16%	114%	very bullish	69.2	2.65	positive	improving	
15%	Select Materials (XLB)	16%	119%	very bullish	70.1	OB	3.86	positive	
14%	<b>S&amp;P 500 (SPY)</b>	9%	86%	<b>very bullish</b>	44.0	0.25	<b>positive</b>	<b>deteriorating</b>	
13%	Retail (XRT)	9%	83%	very bullish	49.6	0.44	positive	deteriorating	
11%	Media Portfolio (XLC)	6%	63%	bullish	40.8	0.07	positive	deteriorating	
10%	Oil/Gas Expl & Prod (XOP)	14%	106%	very bullish	65.0	3.56	positive	improving	
9%	Capital Markets (KCE)	0%	49%	bearish	38.5	-0.57	negative	deteriorating	
7%	Bitcoin (BLOK)	-7%	10%	very bearish	39.8	-3.08	negative	deteriorating	
7%	Utilities (XLU)	9%	82%	very bullish	77.9	OB	0.98	positive	improving
5%	Consumer Staples (XLP)	7%	114%	very bullish	80.9	OB	3.18	positive	improving
1%	Food & Beverage (PBJ)	4%	106%	very bullish	80.7	OB	2.91	positive	improving
1%	REITs (VNQ)	3%	100%	very bullish	69.0	1.04	positive	improving	
-1%	<b>CASH</b>	-1%	80%	<b>bullish</b>	62.8	0.03	<b>positive</b>	<b>improving</b>	
-1%	KBW Insurance (IAK)	0%	99%	<b>very bullish</b>	52.3	0.36	positive	improving	
-4%	DJ Internet Index (FDN)	-12%	9%	very bearish	28.2	OS	-2.80	negative	deteriorating
-6%	US Health Providers (IHF)	-7%	9%	very bearish	47.3	-1.81	negative	deteriorating	
-6%	US Medical Devices (IHI)	-9%	17%	very bearish	35.7	-1.94	negative	deteriorating	
-14%	Software (XSW)	-21%	4%	very bearish	31.1	-5.49	negative	deteriorating	

## US Sector Top Performers: YTD (2/13/26)

YTD	Description	THIS wk	LAST wk	13wk	26wk	39wk	52wk	3Y
<b>33.4%</b>	<b>US Oil Equip &amp; Services (IEZ)</b>	3.4%	5.6%	37.2%	61.0%	70.8%	36.5%	41.5%
21.2%	<b>Gold Miners (GDX)</b>	<b>6.7%</b>	3.4%	<b>48.4%</b>	<b>81.4%</b>	<b>109.0%</b>	<b>150.5%</b>	<b>294.5%</b>
17.9%	Home Construction (XHB)	3.5%	<b>8.2%</b>	16.7%	12.9%	26.5%	16.6%	24.8%
17.6%	Select Materials (XLB)	3.5%	4.5%	25.8%	22.5%	28.1%	22.7%	33.6%
17.1%	Oil/Gas Explore & Produce (XOP)	1.0%	4.4%	19.4%	22.4%	27.0%	12.5%	16.0%
15.2%	Consumer Staples (XLP)	1.8%	5.3%	18.9%	10.4%	13.0%	14.2%	28.2%
13.2%	Food & Beverage (PBJ)	1.1%	4.9%	16.9%	6.6%	8.7%	9.4%	16.1%
13.2%	Semiconductors (SMH)	1.5%	-0.4%	13.8%	40.6%	83.4%	64.8%	106.5%
12.4%	US Aerospace & Defense (PPA)	0.5%	0.4%	14.4%	19.9%	39.7%	48.6%	90.3%
12.3%	Industrials (XLI)	0.6%	4.7%	14.1%	16.5%	29.4%	28.2%	53.6%

## INTERNATIONAL MARKETS: #1 GOLD Regains Its Footing



**Gold Bullion:** GLD rose 1.6% this week, after gaining 2.4% last week. That left it very bullish and ranked 1 globally and more attractive than cash. The index is up 22.3% for the quarter (13 weeks), and up 73.7% for the year (52 weeks). At \$463, GLD is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 56.0 means GLD is neither overbought nor oversold. As for currency effects, a cheaper Dollar this week makes foreign assets, commodities and gold more attractive. Over time, a bearish Dollar improves return to Dollar investors in foreign equities, commodities and gold, while reducing the region's trade competitiveness.

GLD continues to slowly recover from its late January swoon. The slope of its short-term trend line continues to steepen. Momentum medium-term (C1) and over the last 20-days (PMO) still beats that of most of the

assets we track. Trump Derangement Syndrome, especially among foreign central banks, appears to be a major contributor to gold's demand. So is the expectation that lower rates (and cheaper US money) is potentially coming, will be inflationary, and is good for gold. Another rate cut or two is expected this summer. Meanwhile, we have a large persistent US deficit, and geopolitical tension in Iran, Venezuela, Ukraine, and the Black Sea. Traditional threats (global recession or a severe equity market panic) evidenced by equity margin calls are not in evidence.

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## INTERNATIONAL MARKETS: COMMODITIES Firm Up



reducing the region's trade competitiveness.

Diminishing global attention on security concerns the past two weeks have weakened oil prices. While the US takeover of Venezuela's oil resources will likely increase oil supply and lower prices later in 2026, as "drill, baby, drill" does the same in the US, the prospect for more violence in Iran and Ukraine remains. The end of the summer driving season helped drop West Texas Intermediate crude prices into the mid-fifties in October. Unfortunately, sporadic geopolitical uncertainty in the Middle East and in Ukraine continues to interrupt that progress. Meanwhile, the commodity and bond markets are still telling us that inflation should be more of a concern than joblessness.

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**Commodities:** CRB fell 0.5% this week after losing 1.7% last week. That left commodity prices up 4.6% for the quarter (13 weeks), and up 7.0% for the year (52 weeks). At \$23.88 the CRB is above its short-term (50-day) average and above its intermediate-term (200-day) average at \$122. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 50.6 means the CRB is neither overbought nor oversold.

**Crude Oil (USO):** fell 1.0% this week, following last week's loss of 3.2%. Crude is currently very bullish. That leaves US oil prices up 7.3% for the quarter (13 weeks), but down 0.1% for the year (52 weeks). At \$76.22, USO is above its short-term (50-day) average and above its intermediate-term average and neither overbought nor oversold. A cheaper Dollar this week makes foreign assets, commodities and gold more attractive. Over time, a bearish Dollar improves return to Dollar investors in foreign equities, commodities and gold, while

## INTERNATIONAL EQUITIES: #7 EUROPE Pushes Higher



**European Large-Cap Stocks:** IEV rose 0.3% this week, after gaining 1.1% last week. That left it very bullish and ranked 6 globally and more attractive than cash. The index is up 11.6% for the quarter (13 weeks), and up 31.5% for the year (52 weeks). At \$72.72, IEV is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 59.4 means IEV is neither overbought nor oversold. As for currency effects, a cheaper Dollar this week makes foreign assets, commodities and gold more attractive. Over time, a bearish Dollar improves return to Dollar investors in foreign equities, commodities and gold, while reducing the region's trade competitiveness.

Europe pushed higher this week. Fed rate cuts have covered IEV's take-off for months and it is still going strong. Recent European Central Bank communication suggests Euro

rates are likely to remain on hold, with any future moves dependent on inflation and growth data. There are no strong indications of imminent cuts, but there is a possible shift toward rate hikes by 2027 if conditions warrant. There is continued emphasis on **meeting-by-meeting decision making**, inflation near 2%, and vigilance regarding **currency impacts**. Ongoing work on **digital euro development** and evolving monetary policy operations is underway. NOTE: A neutral to slightly bullish Euro vs. Dollar keeps IEV slightly underperforming the hedged version (HEDJ) of European equities.

**ETF Breakdown:** IEV-- A cap-weighted index fund. **Countries:** UK (24%), France (18%), Switzerland (16%), Germany (13%), Netherlands (7%), Denmark (7%), Energy Minerals (6%), Utilities (4%), Consumer durables (4%), Technology Services (5%), Process industries (3%).

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## INTERNATIONAL EQUITIES: #4 JAPAN Gaps Even Higher



**Japanese Stocks: EWJ** rose 5.0% this week, after gaining 4.3% last week. That left it very bullish and ranked 4 globally and more attractive than cash. The index is up 21.0% for the quarter (13 weeks), and up 49.7% for the year (52 weeks). At \$93.85, EWJ is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and improving, and its 14-day RSI of 77.4 means EWJ is seriously overbought. As for currency effects, a cheaper Dollar this week makes foreign assets, commodities and gold more attractive. Over time, a bearish Dollar improves return to Dollar investors in foreign equities, commodities and gold, while reducing the region's trade competitiveness.

Elections produced a strong coalition promising a program of expansionary economic policies for Japan, the stocks have been celebrating since. In addition, Yen weakness is boosting exporters and raising the yen value of overseas earnings for

Japan's large export-heavy companies. Meanwhile, worries about the Japanese bond market appear to be on the back burner. NOTE: For Dollar investors, Japan's return to its traditional weak yen policy makes the hedged version (DXJ) of Japanese equities preferable to the dollar version we track (EWJ). Also, expect recent upside gaps to be filled.

**ETF Breakdown: EWJ**-- A cap-weighted index fund. **Countries:** Japan (100%) **Top Sectors:** Finance (15%), Consumer durables (14%), Producer manufacturing (14%), Electronic Technology (12%), Health Technology (9%), Process industries (5%), Technology Services (5%), Consumer non-durables (5%), Communications (5%), Distribution services (4%).

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## INTERNATIONAL EQUITIES: #3 ASIA-PACIFIC Pops to New High



**Asia-Pacific ex-Japan: AAXJ** rose 1.9% this week, after gaining 1.4% last week. That left it very bullish and ranked 3 globally and more attractive than cash. The index is up 11.7% for the quarter (13 weeks), and up 42.9% for the year (52 weeks). At \$103.65, AAXJ is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and improving, and its 14-day RSI of 65.7 means AAXJ is neither overbought nor oversold. As for currency effects, a cheaper Dollar this week makes foreign assets, commodities and gold more attractive. Over time, a bearish Dollar improves return to Dollar investors in foreign equities, commodities and gold, while reducing the region's trade competitiveness.

Asia Pacific popped to a new record high this week on the heels of a weaker Dollar. That put Asian equities in the number 3 slot in the global regional rankings, more attractive than both cash and US equities. US

tariffs are the reason foreign stocks have been outperforming. The tariff situation, however, is more of a problem for Asian exporters (particularly China and India) than it is for other offshore exporters. Even so Asian equity markets (AAXJ +18) remain comparably attractive to US stocks (VTI +4). South Korea (EWY +80) is a standout. Hong Kong (EWH +9) and Taiwan (EWT +19) are doing well. Singapore (EWS +2) and China (FXI -3) lag the US. Australia (EWA 8) and India (PIN 5) are struggling due to US tariff issues.

**ETF Breakdown: AAXJ**-- A cap-weighted index fund. **Countries:** Hong Kong (36%), Taiwan (17%), India (16%), Korea (14%), Mainland China (4%), Singapore (4%), Thailand (2%), Indonesia (2%), Malaysia (2%), US (1%). **Top Sectors:** Finance (24%), Electronic Technology (20%), Technology Services (10%), Retail (7%), Consumer non-durables (5%), Consumer durables (4%), Producer manufacturing (4%), Transportation (4%), Energy (4%), Health Technology (3%).

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## INTERNATIONAL EQUITIES: #2 LATIN AMERICA Tops Out At Prior High



**Latin America 40: ILF** rose 0.6% this week, after gaining 1.9% last week. That left it very bullish and ranked 2 globally and more attractive than cash. The index is up 24.1% for the quarter (13 weeks), and up 62.7% for the year (52 weeks). At \$36.26, ILF is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 61.4 means ILF is neither overbought nor oversold. As for currency effects, a cheaper Dollar this week makes foreign assets, commodities and gold more attractive. Over time, a bearish Dollar improves return to Dollar investors in foreign equities, commodities and gold, while reducing the region's trade competitiveness.

Latin America led the world higher in January, but has slowed in February, putting in what amounts to a double top this week. A prior overbought condition has been relieved. A weaker Dollar in November briefly propelled Latin equities

into the number 1 slot in the global newsletter's regional rankings in December, and it remains in #2 this week. US tariffs are the reason foreign stocks are outperforming US equities, and the tariff situation is less of a problem for Latin exporters than it is for other regions. A cheaper Dollar is also good for Latin stocks, (ILF +36) which have significantly outperformed their US cousins in Price-Performance (VTI +4) since the tariff announcement 4/25. Chile (ECH +32), Colombia (COLO +36), Brazil (EWZ +37), and Mexico (EWW +31) are strongest, while Argentina (ARGT +6) continues to dig itself out of its most recent leftist hole. Canada (EWC +17) which is not in ILF, but a key player in the Americas continues to beat most players in the hemisphere despite facing 35% tariffs on the 60% of its exports not covered by USMCA.

**ETF Breakdown:** ILF-- A cap-weighted index fund. **Countries:** Brazil (58%), Mexico (26%), US (8%), Chile (6%), Colombia (2%) **Top Sectors:** Finance (31%), Non-energy minerals (20%), Energy Minerals (14%), Consumer non-durables (10%), Retail (7%), Communications (5%), Technology Services (4%), Utilities (3%), Process Industries (2%), Producer manufacturing (2%).

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## INVESTMENT STRATEGIES: PASSIVE DIVERSIFIED: BUY-AND-HOLD

This site compares passive and active investment strategies. The passive strategy is represented by two diversified ETFs, moderate growth (AOM) and aggressive growth (AOA). AOM is comprised of 60% income instruments and 40% equity assets. AOA is 80% equity and 20% income. AOA (mostly stocks) outperforms in bull market scenarios and AOM (mostly bonds) works better when equities are weak.

### Passive Buy-and-Hold Strategies

#### TOP Buy and Hold Strategy: Aggressive Growth (AOA)

Among Buy & Hold strategies, Aggressive growth is currently the more profitable choice over the past 52, 39, 26, and 13 weeks—not to mention the last three years. It has a slightly higher PMO than moderate B&H but not by much. Technical readings are comparable with the prices of both currently above their respective 50-day and 200-day averages.

CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition
86%	(AOA) Aggressive Growth	13%	102%	very bullish	59.7	0.85	positive	deteriorating
56%	(AOM) Moderate Growth & Inc	8%	100%	very bullish	60.7	0.58	positive	deteriorating
YTD	Description	this wk	last wk	13wk	26wk	39wk	52wk	3Y
3.3%	(AOA) Aggressive Growth	-0.2%	0.2%	4.0%	12.3%	21.3%	20.0%	39.3%
1.9%	(AOM) Moderate Growth & Inc	0.7%	0.2%	2.9%	8.8%	13.9%	14.1%	25.0%
PR/HI	Description	SL	PRICE	BS	52w HI	52w LO	50d avg	210d avg
99.7%	(AOA) Aggressive Growth	90.08	92.53	92.81	92.81	68.45	90.33	84.28
99.9%	(AOM) Moderate Growth & Inc	47.78	48.63	48.69	48.69	41.20	47.85	45.54

### Market Timing v. Diversified Buy & Hold: Performance

Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Index Moose	16.7%	58.7%	5.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	5.1%	9.0%
Aggressive G&I (AOA)	3.4%	19.3%	11.5%	15.6%	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%
Moderate G&I (AOM)	2.2%	11.0%	4.9%	9.2%	-16.4%	5.3%	7.7%	19.5%	-9.9%	14.1%
Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
US Strategy Moose	-0.6%	16.7%	26.1%	12.3%	-7.0%	22.2%	20.9%	23.6%	1.2%	28.5%
S&P Benchmark	-0.9%	14.5%	24.5%	24.3%	-19.5%					

The Index Model crushed all competitors in 2025. It has outperformed in three of the last ten years.

US Strategy Moose has outperformed in six of the last 10 years.

In total, one of our two timing models has outperformed buy-and-hold in nine of the last ten years.

For buy and hold investors: Aggressive (AOA) is outperforming more moderate (AOM) diversifications.

The table above covers the last decade and illustrates several points: (1) Success of any one strategy can be highly variable year-to-year. (2) Just because it worked last year doesn't mean it will next year. (3) Buy-and-hold is preferable in a bull market with few lasting or deep corrections amid trendless volatility. (4) When stocks are trending strong, aggressive buy-and-hold is best, but when stocks go bearish it can be a huge loser. (5) To avoid substantial losses, buy-and-hold investors should have a separate exit plan, whereas such plans are implicit in index targeting (a loss-minimization strategy). (6) Market timing is most profitable when there is one predominant asset choice, or in extended bear market scenarios.

## INVESTMENT STRATEGIES: THE US EQUITY STRATEGY TIMING MODEL

### USE Strategy: Exit US Growth

The USES Model is an equity only construct for determining the optimum equity strategy for the US large cap stock portion of one's portfolio. It monitors and ranks US equity strategies (as represented by the most popular smart-beta ETFs based on volume and capitalization) using our momentum methodology. The 7 US equity strategies include US momentum, US growth, US value, US low volatility, US high dividend, US fundamentals, and US equal weight.

**THIS YEAR:** (Q1) US Stocks are bullish entering 2026, but US large caps, especially in the Mag 7 growth category are hung-over from year-end valuation constraints. Small caps and International shares are showing early strength against SPY. Equities are generally bullish but lagging gold, due to a weaker Dollar from US tariffs. Fed rate cut optimism in 2026 seems unlikely before June. In the US large cap segment High Dividend equities are outperforming YTD 2026.

**THIS WEEK** was the third **MIXED-risk week in a row**. **Foreign Stocks UP, US Stocks MIXED, US Bonds UP and Gold UP**. US Equity Strategy (USES) Model bought into US Growth (IUSG) 12/5/25 @169.25. Sold 2/10/2026. IUSG recently triggered stop losses fell into last place. US stocks are not the best equity choice, but they still beat cash. Among US equity strategies large cap strategies are uniformly weak. Adding small-caps expands choice.

	CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition
1	100%	US High Dividend (SPYD)	17%	116%	very bullish	75	3.05	positive	improving
2	86%	US Value (IUSV)	11%	105%	very bullish	58	1.15	positive	improving
3	85%	US Growth (IUSG)	8%	51%	bullish	39	-0.40	negative	deteriorating
4	84%	US Large-caps (SPY)	9%	86%	very bullish	44	0.25	positive	deteriorating
5	76%	US Fundamentals (QUAL)	9%	95%	very bullish	49	0.49	positive	deteriorating
6	68%	S&P Equal Weight (RSP)	9%	107%	very bullish	61	1.23	positive	improving
7	50%	US Momentum (MTUM)	5%	68%	bullish	47	0.15	positive	deteriorating
8	17%	Cash	2%	88%	bullish	100	0.15	positive	deteriorating
9	1%	US Low Volatility (SPLV)	2%	105%	very bullish	74	1.29	positive	improving
10	-6%	Short Income (SGOV)	-1%	66%	neutral	63	0.02	positive	improving

**NOTE:** All of the strategies in this model are derivative of and highly correlated to the S&P. When SPY's TS and/or CI is bearish, when it hits a stop-loss, is overbought, or gives some other sell signal, adopting any sub-strategy that is highly correlated to it is not recommended. To initiate a switch both SPY and the strategy ETF must have TS>0 and CI>0 or better, not be overbought, and be working off a buy-stop.

### Best S&P Strategies Exit IUSG into Small-caps (IWM)

**This week:** High dividend SPYD is now the #1 choice and previous #1 growth (IUSG) has sunk to last. Unfortunately, SPYD is overbought and none of the S&P second choices are particularly compelling. A US Small-cap (IWM) strategy is being added to the USES model, which previously only dealt with US large cap strategies. It will broaden the choices in US equity only portfolio. More details next week.

	YTD	Description	THIS	LAST	13wk	26wk	39wk	52wk	3Y
1	11%	US High Dividend (SPYD)	2.2%	3.0%	21.4%	20.7%	24.9%	20.5%	47.4%
2	6%	US Low Volatility (SPLV)	1.8%	0.7%	7.7%	3.9%	5.0%	5.7%	21.1%
3	6%	S&P Equal Weight (RSP)	0.2%	1.9%	9.0%	12.2%	19.4%	15.2%	32.6%
4	4%	US Value (IUSV)	-0.6%	1.3%	7.2%	13.7%	21.5%	15.4%	31.8%
5	2%	US Fundamentals (QUAL)	-1.1%	1.3%	4.0%	10.6%	19.4%	11.2%	32.1%
6	0%	US Momentum (MTUM)	-2.3%	0.4%	1.1%	3.9%	17.0%	13.0%	46.0%
7	0%	Short Income (SGOV)	0.2%	0.2%	0.4%	1.1%	2.3%	4.1%	8.3%
8	0%	Cash	0.1%	0.1%	1.0%	2.1%	3.1%	4.2%	9.6%
9	0%	US Large-caps (SPY)	-1.8%	0.6%	1.2%	8.8%	22.4%	14.7%	40.9%
10	-3%	US Growth (IUSG)	-2.8%	0.3%	-2.8%	5.3%	23.3%	14.1%	47.2%

## INVESTMENT STRATEGIES: THE GLOBAL INDEX TIMING MODEL

### TOP Index Model Move: HOLD GLD

**THIS YEAR:** (Q1) US Stocks are bullish entering 2026, but US large caps, especially in the Mag 7 growth category are hung-over from year-end valuation constraints. Small caps and International shares are showing early strength against SPY. All are all bullish, but all are lagging gold, due to a weaker Dollar from US tariffs. Fed rate cut optimism in 2026 remains but seems unlikely before June.

**THIS WEEK** was the fourth MIXED-risk week in a row. Foreign Stocks UP, US Stocks DOWN, US Bonds UP and Gold UP. Index Moose HOLDS #1 Gold (GLD) via buy-stop since 8/28/25.

The Global Index Model continues to outperform the S&P, all Buy-and-Hold allocations, and the USES and TSP models in a major way. Emerging markets (EEM) and US small caps (IWM) are coming on strong this month, but they are verging on overbought. Gold continues to lead the Index Model in technical strength, PMO, and quarterly performance.

CI%	FUND	TS+	READ	RSI	PMO	+/-	condition
1 100%	Gold Bullion (GLD)	110%	very bullish	56.0	4.06	positive	deteriorating
2 56%	Emerging Markets (EEM)	113%	very bullish	65.2	2.64	positive	improving
3 47%	US Small-caps (IWM)	104%	very bullish	52.5	1.25	positive	deteriorating
4 38%	Developed Markets (EFA)	112%	very bullish	66.7	2.36	positive	improving
5 28%	US Large-caps (SPY)	86%	very bullish	44.0	0.25	positive	deteriorating
6 6%	Short US Income (SGOV)	88%	very bullish	100.0	0.15	positive	deteriorating
7 -3%	Very Long US Bonds (EDV)	49%	very bearish	65.8	0.21	positive	improving

	YTD	FUND	THIS	LAST	13wk	26wk	39wk	52wk	3Y
1 16.7%	Gold Bullion (GLD)	1.6%	2.4%	22.3%	50.0%	57.8%	73.7%	145.6%	
2 11.7%	Emerging Markets (EEM)	1.7%	1.6%	11.6%	24.8%	34.2%	40.0%	58.1%	
3 8.5%	Developed Markets (EFA)	1.6%	1.9%	12.0%	16.1%	26.7%	35.7%	52.3%	
4 6.8%	US Small-caps (IWM)	-0.8%	2.1%	8.1%	17.4%	28.0%	17.4%	36.9%	
5 4.7%	Very Long US Bonds (EDV)	3.8%	1.1%	0.5%	5.7%	7.4%	-0.8%	-8.9%	
6 0.1%	Short US Income (SGOV)	0.1%	0.1%	1.0%	1.9%	3.1%	4.1%	9.6%	
7 0.0%	US Large-caps (SPY)	-1.3%	-0.2%	0.6%	7.8%	17.5%	13.5%	40.9%	

Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Index Moose	14.9%	58.7%	5.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	5.1%	9.0%
Aggressive G&I (AOA)	3.3%	19.3%	11.5%	15.6%	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%
Moderate G&I (AOM)	1.9%	11.0%	4.9%	9.2%	-16.4%	5.3%	7.7%	19.5%	-9.9%	14.1%

## INVESTMENT STRATEGIES: THE THRIFT SAVINGS PLAN TIMING MODEL

### TSP Momentum & Performance

The Thrift Savings Plan, or TSP, is the government's 401K-style retirement plan. Beginning 12/21/2018, the revised TSP model began incorporating actual fund data and monitoring ten TSP funds instead of five index fund proxies alone. While having ten asset choices offers myriad possibilities, our primary concern involves the overall strategic decision: Should TSP investors use index targeting (market timing) to manage their portfolio or rely on a diversified buy-and-hold approach. **Answer:** it depends on the investor and on what's working.

#### The TSP Model: HOLD International Equities (Fund I)

THIS WEEK was the fourth MIXED-risk week in a row. Foreign Stocks UP, US Stocks DOWN, US Bonds UP and Gold UP.

TSP MOOSE HOLDS International Equities (I Fund) via CI since 1/21/26.

Fund I holds the TSP Model's top spot per confidence index, price momentum, technical strength and RSI. Fund I is currently overbought.

	CI%	FUND	ROC	TS+	READ	RSI	PMO	+/-	condition
1	100%	International stocks (I)	19%	112%	very bullish	70.0	2.44	positive	improving
2	75%	Lifetime 2060	12%	105%	very bullish	54.7	1.02	positive	deteriorating
3	63%	US Small-caps (S)	9%	95%	very bullish	49.5	0.48	positive	deteriorating
4	62%	Lifetime 2050	10%	104%	very bullish	55.5	0.88	positive	deteriorating
5	61%	US Large-caps (C)	9%	86%	very bullish	44.0	0.22	positive	deteriorating
6	54%	Lifetime 2040	9%	103%	very bullish	55.8	0.79	positive	deteriorating
7	44%	Lifetime 2030	7%	103%	very bullish	56.3	0.67	positive	deteriorating
8	21%	Long-term Inc (L)	3%	102%	very bullish	59.4	0.41	positive	deteriorating
9	8%	Fixed Income (F)	2%	94%	very bullish	72.2	0.24	positive	improving
10	1%	Short-term Inc (G)	0%	101%	very bullish	100.0	0.17	positive	deteriorating

Fund I leads over 13, 26, 39 /and 52 weeks, YTD, and over 3 years. Fund S is a close second in January. The models are more or less based on six-month momentum, so Fund I has the best answer to the question "what have you done for me lately?"

#### TSP Lifetime & Index Funds: Performance Progression

	FUND	THIS	LAST	13wk	26wk	39wk	52wk	YTD	3Y
1	International stocks (I)	1.4%	0.7%	13.4%	21.0%	29.8%	36.8%	9.6%	53.2%
2	Lifetime 2060	0.7%	0.1%	5.3%	12.7%	21.5%	20.5%	3.7%	44.8%
3	US Small-caps (S)	1.9%	-2.5%	3.6%	11.0%	17.6%	9.6%	3.4%	35.7%
4	Lifetime 2050	0.6%	0.1%	4.6%	11.0%	18.4%	18.0%	3.2%	38.5%
5	Lifetime 2040	0.5%	0.1%	4.2%	9.9%	16.5%	16.3%	2.9%	34.8%
6	Lifetime 2030	0.4%	0.1%	3.6%	8.5%	14.1%	14.3%	2.4%	30.3%
7	Long-term Inc (L)	0.3%	0.1%	2.4%	5.2%	8.3%	9.0%	1.5%	17.9%
8	Fixed Income (F)	0.3%	0.0%	1.7%	4.0%	6.8%	7.5%	1.4%	12.6%
9	Short-term Inc (G)	0.1%	0.1%	1.2%	2.2%	3.3%	4.4%	0.5%	9.1%
10	US Large-caps (C)	-0.1%	0.3%	0.6%	7.9%	17.2%	13.2%	0.0%	41.6%

\***Stop-loss hit**, no buy-stop since—default to highest ranked alternative. (Published stop-loss price is as of previous Friday close. It may change daily and as such, is published as an initial reference only.) \*\*overbought

**TSP Moose v. TSP Lifetime Funds: Long-Term Performance**

Strategy	2026 YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>TSP Moose</b>	<b>5.7%</b>	15.3%	11.8%	16.5%	-3.4%	13.3%	21.8%	14.9%	6.5%	21.0%
L2060	3.7%	22.6%	16.3%	23.3%	-15.9%	19.9%	new	--	--	--
L2050	3.2%	19.7%	14.0%	20.0%	-13.4%	16.3%	14.8%	23.3%	-6.0%	18.8%
L2040	2.9%	17.8%	12.9%	18.1%	-11.4%	14.5%	13.2%	20.7%	-4.9%	16.8%
L2030	2.4%	15.6%	11.5%	16.6%	-9.0%	12.4%	11.3%	17.6%	-3.6%	14.5%

**OBSERVATION:** The most aggressive Lifetime Funds have been the best performers since Covid (2020) thanks to the trillions in Federal deficit spending under Trump and Biden. An added bonus: Lifetime funds are a lot less work than timing the markets. The drawback is that buying and holding a Lifetime fund can be a disaster in a cyclical bear market (2022). The risk-reward is better with timing. Fortunately (or unfortunately as one's politics may dictate) the likelihood of a cyclical bear market occurring diminishes as government becomes an ever-larger portion of the US economy and as Fed market manipulation becomes more prevalent. The likelihood of a permanent bear market, however, becomes greater and when that reckoning does eventually come, however, it will be far worse, shaking our national institutions as well as the economy.

## **Moospeak**

### **Jobs, Inflation, and A.I.**

Our government data this week is promising. On the inflation side annual core consumer prices came in lower this month than they have been since March 2021. Lest we forget, that was the cusp of the Biden administration's infamously ill-named "Inflation Reduction Act".

Five years later, I suppose one might argue that the bill did finally reduce inflation (but not before shooting it up to 9%). It just took an election and a change of administrations, not to mention a lot of price pain to put it behind us. I doubt that's what the legislation's authors had in mind—at least the part where they screw up so bad they lose the White House—but the fact is bad stuff happens to really stupid people (and to the rest of us when we put boneheads in charge).

That inflation looks behind us a year into Trump's new administration is helping investor confidence. It should not be that surprising, however, given the Powell Fed's recalcitrance in cutting rates under the Republican. US rates are among the highest in the developed world. Trump getting a rate cut out of Powell has been akin to pulling teeth. (The yield curve was inverted for 22 months in Trump's first term, meaning short rates (controlled by the Fed) were higher than long rates (set by the market.) Under Powell US rates were consistently higher than rates in Europe and Japan and higher than in 30 of 38 OECD nations.

Two more Fed rate cuts are expected this year, most likely after Powell leaves the Fed chair. That would put the Fed rate at 3.25% to 3.5% throughout 2027. The idea is to balance the inflationary effects of tariffs against a weakening labor market. No further rate cuts are expected in the Eurozone or Canada, but a steady tightening of monetary policy in Japan, where inflation is finally stabilizing at about 2%. The Bank of England should cease rate cuts in the first half of 2026 with Australia's Reserve Bank set to reach a similar point in the second half of the year.

On the jobs front this week, 130K new nonfarm payrolls came in almost double expectations. The unemployment rate dipped from 4.4% to 4.3%. Average hourly earnings (+0.4%) grew faster than forecasts as did hours worked. The news was met with no small amount of enthusiasm by the White House, even though in Trump 1.0 pre-covid 230K new jobs a month was considered a good number. Now it seems 130K is. And it may be. The reason, we're being told is A.I.

Artificial Intelligence is already cutting into payroll requirements, most notably at tech companies. It is juicing productivity and is set to do that exponentially over time. Software companies (XSW) if you check their stocks are feeling the pain with software engineers are already being replaced by AI.

Investment management is not far behind. Up to 75% of all transactions are already automated. I am in the process of trying to replace myself and this newsletter with AI, just so an idea I've worked on most of my life doesn't fade into oblivion before I do. Unlike most, I would be happy to back out of the job and minimize my involvement if I could find an algorithm that would do it for me. It looks like that may be closer than any of us think.

This week two major AI labs released new AI models on the same day: GPT-5.3 Codex from OpenAI, and Opus 4.6 from Anthropic (the makers of Claude, one of the main competitors to ChatGPT). Notably, GPT-5.3 Codex was instrumental in creating itself. The Codex team used early versions to debug its own training, manage its own deployment, and diagnose test results and evaluations. Self-generating and self-improving technology. (Terminator SkyNet implications aside that is both ground-breaking and pretty cool.)

According to early reviews, the new models make everything before them feel like a different era. They are unrecognizable from what was available even six months ago. Improvements in accuracy and power are not arithmetic from previous versions but exponential. AI models substantially smarter than almost all humans at almost all tasks are expected by 2026 or 2027.

As disconcerting as that may sound to job-seekers, I prefer to see AI as empowerment-- an opportunity to maximize my creative impulses. I've been using tech to do just that since my first Apple II computer, and it sounds like a big payoff is just around the corner. Confronting the future with hope, enthusiasm and a willingness to adapt is the best we can do