

# NEWSLETTER – FEBRUARY 2026

Period covered: 01 – 28 February 2026



## 1) Macro Summary

**Global context:** February 2026 was characterized by a consolidation phase as markets digested the Federal Reserve's January pause. The S&P 500 remained resilient, supported by strong corporate earnings, particularly in the energy and defense sectors as geopolitical tensions persisted. Precious metals continued their structural bull run; gold surged past \$5,600/oz mid-month before stabilizing as investors sought hedges against fiscal sustainability concerns and persistent Middle Eastern flashpoints. Inflationary data across the G7 showed signs of "stickiness" in services, tempering hopes for aggressive rate cuts in the first half of the year. Oil prices remained elevated as supply chain risks in the Red Sea were factored into Brent crude pricing, which averaged \$72/barrel.

**Regional focus (UAE, UK, Turkey, U.S.):** The UAE economy continues to outperform regional peers, with Dubai's real estate and tourism sectors reaching record levels of activity. The UK's Bank of England maintained a steady hand on February 5, holding rates at 3.75% while signaling that the "last mile" of disinflation requires restrictive policy. Turkey's central bank (CBRT) focused on liquidity management following January's rate cut, with the February inflation report confirming a year-end target of 16% despite rising food price pressures. In the U.S., the February 11 CPI release (2.5% YoY) offered a glimmer of hope that inflation is cooling toward the 2% target, although core services remain a challenge for policymakers.

## 2) Key Economic Indicators (snapshot as of late February 2026)

Indicator	Value / Latest	Notes
U.S. CPI (January 2026)	2.5% (year-over-year)	Released Feb 11, 2026. Headline inflation fell from 2.7%; core CPI (excluding food/energy) stayed at 2.4%. Signal for potential Q2 rate cuts remains mixed.
U.S. Retail Sales	+0.3% (monthly)	Consumer spending remains robust despite high borrowing costs, primarily driven by automotive and online shopping categories.
UK Unemployment Rate	4.6%	Showing slight upward pressure, providing the Bank of England some room to consider easing if inflation remains on its current downward trajectory.
Turkey CPI (January 2026)	29.8% (year-over-year)	Met expectations of a drop below 30% due to base effects. Monthly print was 4.2%, driven by adjustments in healthcare and education sectors.
UAE Non-Oil PMI	57.2	Indicates strong expansion in the private sector; business confidence in Dubai remains at a multi-year high amidst increased trade flows.
Brent Crude Oil	~\$72/barrel	Up from January lows; geopolitical risk premium remains high due to ongoing Red Sea disruptions and OPEC+ production discipline.

### 3) Market Performance & Dynamics (focus: Feb 2026)

#### Equities

- **S&P 500:** +0.8% for February, closing near 6,995. The index flirted with the 7,000 level but faced resistance. Energy and Industrials were the top-performing sectors.
- **FTSE 100:** +1.4% for the month. Performance was bolstered by multinational commodity producers and a weaker Sterling early in the month.
- **MSCI Emerging Markets:** +2.1%. Broad gains led by Turkish and GCC equities, while Asian markets saw mixed results amid regulatory uncertainty.
- **Magnificent Seven:** Performance began to decouple; Alphabet and Nvidia saw continued gains, while Microsoft faced headwinds from cloud growth re-valuations.

#### Fixed Income & Rates

- **10-Year Treasury:** Yield fell slightly to 4.15% mid-month following the CPI print but ended higher as markets digested the Fed's "higher for longer" minutes.
- **Fed Fund Futures:** Markets now price the first 25bp cut for June 2026 (65% probability), a shift from previous expectations of a March/April cut.
- **Corporate Credit:** Spreads for High Yield bonds remains tight, suggesting that credit markets are not yet pricing in a significant recessionary risk.

#### Commodities

- **Gold:** Hit a monthly high of \$5,620/oz. Drivers include central bank "de-dollarization" and safe-haven flows. Analysts see \$6,000 as a potential 2026 target.
- **Silver:** Traded between \$115 and \$122. Industrial demand for silver in solar and EV sectors continues to outpace mine supply, creating a structural deficit.
- **Base Metals:** Copper prices surged 4% on news of Chinese infrastructure stimulus, supporting the broader materials sector.

#### Energy

- **WTI Crude:** Settled near \$68/barrel. Production freeze-offs in North America due to late-winter storms temporarily tightened supply.
- **European Natural Gas (TTF):** Prices fell to 2-year lows as record storage levels and increased LNG imports from the U.S. and Qatar offset winter demand.
- **Nuclear:** Uranium spot prices remain volatile near \$98/lb as global interest in nuclear energy as a baseline power source intensifies.

#### Currencies & Crypto

- **USD (DXY):** Strengthened to 103.2. Investors favored the dollar as a defensive asset amid European economic stagnation.
- **Bitcoin:** Rebounded from January's slump, reclaiming the \$98K level before a minor correction. Institutional "buy the dip" activity remains a key theme.
- **Turkish Lira:** Remained relatively stable near 36.1 to the USD, supported by high real interest rates and central bank FX interventions.

## 4) Long-Term Trends Shaping the Outlook

- **Commodity Supercycle 2.0** – The ongoing surge in gold and silver is being viewed by major asset managers (BlackRock, Goldman Sachs) as a fundamental re-rating of hard assets in a world of high debt-to-GDP ratios.
- **Middle East "Safe Haven" Status** – The UAE's continued ability to maintain neutrality and economic growth amidst regional volatility is attracting unprecedented capital inflows from both Europe and the CIS region.
- **AI Infrastructure Reality Check** – Investors are shifting focus from software/LLMs to the physical "picks and shovels" of AI: data centers, specialized cooling systems, and power grid upgrades.
- **Monetary Policy Divergence** – As the Fed remains hawkish, the ECB and BoE may be forced to cut rates earlier to support flagging growth, leading to increased currency market volatility in 2026.

Refer to J.P. Morgan Asset Management 2026 Investment Outlook and Vanguard Economic Insights for detailed trend analysis.

## 5) Central-Bank Decisions/Signals (focus: US, UK, UAE, Türkiye)

Bank	Decision/Signal	Date	Notes
Bank of England (UK)	Held Bank Rate at 3.75%	05 Feb 2026	Vote was 6-3. Minority favored a 25bp cut. Governor Bailey noted that while headline inflation is falling, service sector wage growth remains "sticky." Next meeting March 26.
Federal Reserve (U.S.)	No meeting in Feb; Jan 28 Minutes released	22 Feb 2026	Minutes revealed deep concern among governors regarding the "re-acceleration" of inflation if rates are cut prematurely. 2026 Dot Plot suggests a total of only 50bps in cuts.
CBRT (Türkiye)	Held One-Week Repo at 37.0%	19 Feb 2026	MPC emphasized a "cautious stance" following January's cut. Focused on tightening credit conditions to ensure the 16% year-end inflation target remains achievable.
CBUAE (UAE)	Aligned with Fed Pause	–	CBUAE maintains stability through the peg. Focus remains on macroprudential measures to ensure the booming real estate sector remains sustainable and avoids overheating.

## 6) High-Impact Events Scheduled – March 2026 & near-term

Date	Event	Why it matters
Mar 11, 2026	U.S. CPI (February)	Will dictate the tone for the March 18 FOMC meeting; markets looking for a print below 2.5% to justify a June cut.
Mar 12, 2026	ECB Monetary Policy Meeting	Crucial for Euro/Dollar parity and a signal for when the Eurozone might begin its easing cycle.
Mar 18, 2026	Federal Reserve (FOMC)	Includes the "Summary of Economic Projections" (Dot Plot). The most significant market catalyst for Q1.
Mar 26, 2026	Bank of England (MPC)	UK inflation data for February will determine if the 6-3 split moves toward a majority for a cut.

## 7) Other Notable Trends/Highlights

- **UAE Real Estate Resilience:** Despite global high interest rates, Dubai's off-plan market saw a 12% YoY increase in transactions in February, driven by cash buyers and regional wealth migration.
- **ESG Re-evaluation:** Many institutional funds are re-weighting toward "Transition Energy" (Nuclear and Natural Gas) as energy security takes precedence over pure renewables in the short term.
- **Digital Assets Institutionalization:** February saw record inflows into Bitcoin and Ethereum ETFs, with several major U.S. pension funds disclosing small allocations for the first time.

## Sources & Links (selection)

- Federal Reserve — Minutes of the FOMC, Jan 2026 (Released Feb 22, 2026); <https://www.federalreserve.gov/>
- Bank of England — Monetary Policy Summary (05 Feb 2026); <https://www.bankofengland.co.uk/>
- CBRT — Inflation Report 2026-I (12 Feb 2026) and MPC Summary (19 Feb 2026); <https://www.tcmb.gov.tr/>
- U.S. BLS — CPI Summary for January 2026 (Released 11 Feb 2026); <https://www.bls.gov/>
- Asset Manager Outlooks — J.P. Morgan Asset Management (Guide to the Markets), Fidelity 2026 Outlook, BlackRock Investment Institute.



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