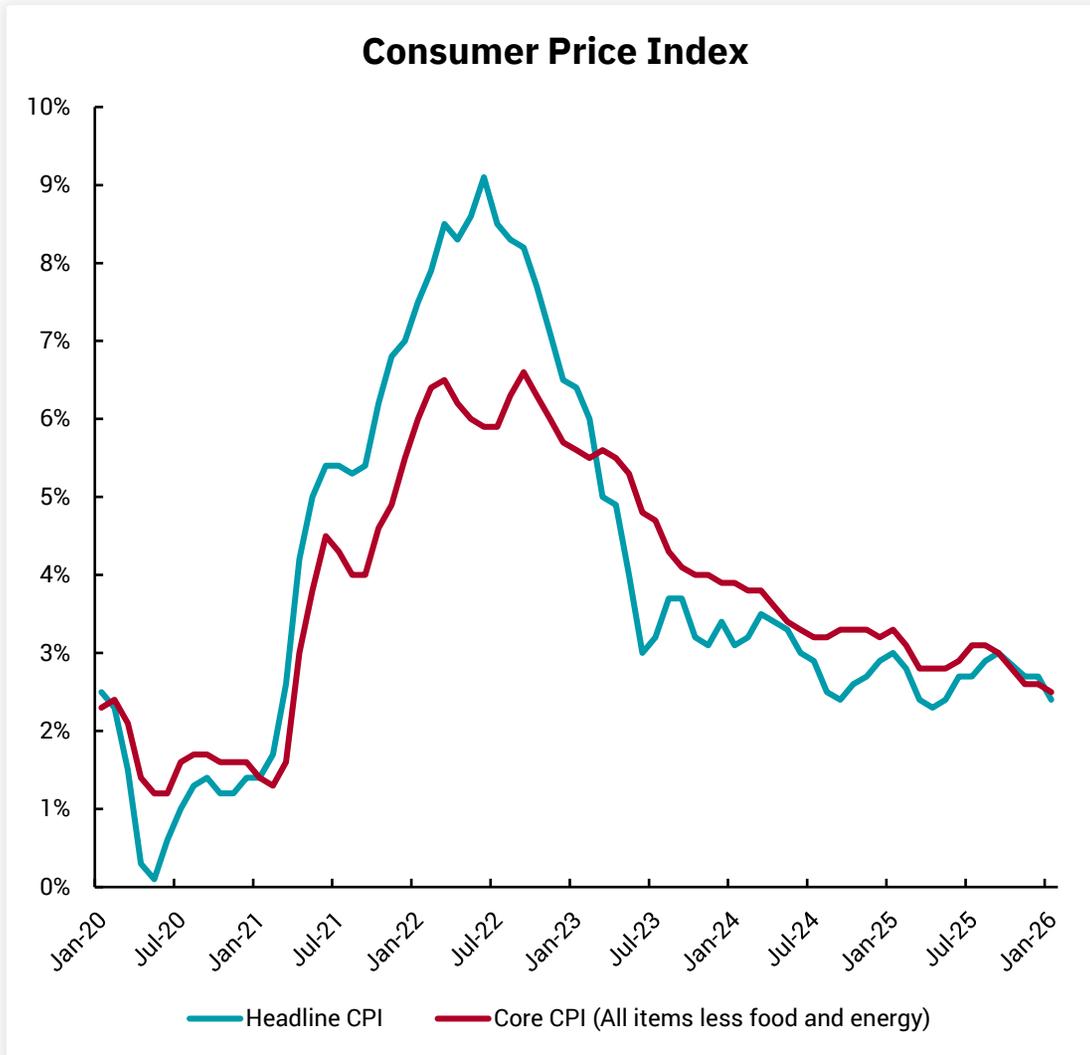


Weekly market update



Chart of the week (Feb. 13, 2026)



Concerns and debate about politicizing the Federal Reserve aside, the real driving factors of interest rates and monetary policy are the labor market and inflation. They represent the two pillars of the Fed’s dual mandate, price stability and full employment. Last week, we got reports on both measures.

The [January employment report](#) from the Bureau of Labor Statistics (BLS) was delayed but reported on Wednesday. Likewise, the [Consumer Price Index \(CPI\) report](#) was delayed but reported on Friday. Going into these reports, the risks for employment seemed to be skewed to the downside—that is, higher risk of a weak report. Going into the CPI report, it seemed risks were skewed to the upside, a risk of somewhat higher inflation. In both cases, we received reports that were surprising in the opposite direction.

The jobs report showed higher-than-expected new job growth at 130,000, versus expectations of around 55,000, and a decline in the headline unemployment rate to 4.3%. The CPI report showed headline CPI at 0.2%, below expectations of 0.3%, and core inflation at 0.3%. Looking at year-over-year inflation, we now have headline inflation running at 2.4% and core inflation at 2.5%. Focusing on the more important measure (for Fed monetary policy, anyway) of core inflation, it rose 2.5% year-over-year, which is the lowest level since March 2021.

This is not to say we can sound the “all clear” on either of the Fed’s mandates at this time. Job growth has slowed dramatically over the last 12 months, and the BLS’ annual benchmark revision showed far fewer jobs created than first reported. Open jobs within the [Job Openings and Labor Turnover Survey \(JOLTS\)](#) have declined, layoff announcements, according to Challenger, Gray & Christmas, have risen to multi-year highs in January, and continuing claims show that those who are losing their jobs are finding it harder to get new work. Within the inflation data, this month’s lower numbers were helped by reduced food inflation and outright declines in energy costs. Within core inflation, lower new- and used-car prices and even auto insurance added to the continued moderation in shelter costs. Yet as consumers, we all know inflation is still an issue, as is the aggregate level of price increases since the onset of the pandemic. Even here, though, recent wage gains are now outpacing inflation, which, over time, should help budget-strapped consumers feel some relief.

There are always concerns and areas of worry within an economy as large, diverse and complex as ours. However, the aggregate mosaic of prices, employment, consumer spending and business investment keeps us more optimistic than pessimistic as we peer further into 2026. Stay with your plan.

Weekly market update



Commentary (Feb. 13, 2026)

Domestic Equities

- U.S. equity markets mostly saw declines for the second week in a row. A largely strong earnings reporting season and better-than-expected inflation data have failed to offset concerns about AI-related disruptions in some sectors. The Nasdaq Composite Index declined and is now down close to 3% year-to-date, while the S&P 500 is flat. The Dow Jones Industrial Average and the Russell 2000 Index also declined for the week but remain positive year-to-date.
- A major theme this week has been a sell-off in sectors like software, real estate and logistics companies over fears that AI will completely disrupt their business models. Earnings reports in technology have been 95% positive so far, but reports of AI buildout spending are weighing on the sector, as is speculation that future earnings may come at a slower pace.
- Interest-rate-sensitive sectors like utilities, staples and small-caps saw gains on Friday as CPI data came in lower than expected, spurring optimism for rate cuts later this year.

Bonds

- The U.S. Treasury yield curve flattened with the front-end remaining relatively unchanged while the long-end moved lower. The move lower in longer-term rates was driven in part by the sell-off in risk assets and weaker-than-expected retail sales, continuing/initial jobless claims and CPI data. The 30-year auction on Thursday was also particularly strong, with primary dealers taking down a near-record-low of 5.9%. Yields also traded through the day as the issue price and the bid-to-cover registered one of their highest readings.
- Private credit remained under pressure with investors believing the sector's exposure to loans issued by software-service firms makes it particularly vulnerable to AI disruption. According to Barclays, software now makes up 20% of all loans held by BDCs, which is ~7% higher than software allocation in the U.S. leverage loan market based on the Morningstar LSTA LL Index.
- Long-term Japanese bond yields dropped, and yen made one of its biggest weekly gains against the U.S. dollar since 2024, with investors believing the decisive win by the Liberal Democrat Party will allow Prime Minister Takaichi to expand fiscal stimulus while maintaining the trust of the markets.

International Equities

- Global investors sent foreign stock markets higher during the week despite lingering concerns about AI's potential impact across various industries. Solid corporate earnings continue to support higher stock prices.
- Developed markets advanced during the week, led by strong gains in Japan. Japanese stocks rose after Prime Minister Sanae Takaichi secured a strong parliamentary victory. Takaichi now has a multi-year mandate to execute a focused economic growth platform, which may include looser monetary policy, tax reforms and higher government spending. Investors see these policies as beneficial for the corporate sector and Japanese stocks.
- Emerging markets moved higher with broad gains seen across key markets in Asia and Latin America. Chinese regulators have advised financial institutions to reduce their holdings of U.S. Treasury debt, citing concerns over concentration risks and market volatility. Cutting these positions could further reduce China's reliance on the U.S. However, a rapid selloff in Treasuries might send its currency higher and undermine its exports.

Economics

- On Wednesday, the employment report showed that nonfarm payrolls increased by 130,000, beating the consensus estimate of 70,000. The unemployment rate edged down to 4.3%, which was also better than the expected 4.4%.
- On Thursday, weekly jobless claims came in at 227,000, which was above expectations of 215,000. This higher-than-expected claims number indicates some incremental softening, but not enough to alter the broader narrative of a stable labor market.
- On Friday, the January Consumer Price Index (CPI) report showed headline inflation at 2.4% year-over-year, slightly below the expected reading of 2.5%. Core CPI rose 2.5% year-over-year, matching the consensus estimate. The softer headline number contributed to renewed confidence in the disinflation trend.
- Friday will feature the PCE Index, which is another key indicator of the recent path of inflation.

Weekly Market Update

For Week Ending February 13, 2026

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	49,500.93	-1.2%	3.1%	12.7%
S&P 500 Index	6,836.17	-1.3%	0.0%	13.2%
NASDAQ Composite	22,546.67	-2.1%	-3.0%	13.8%
S&P 400 Midcap Index	3,563.45	-0.6%	7.9%	13.0%
S&P 600 Smallcap Index	1,597.05	-0.8%	8.9%	13.5%
MSCI EAFE	11,432.73	1.9%	7.8%	31.3%
MSCI Emerging Markets	849.36	3.2%	10.8%	42.8%
Bloomberg US Agg	2,378.92	0.9%	1.3%	7.8%
Bloomberg Municipal 5 Yr	527.58	0.3%	1.6%	5.8%
Bloomberg US Corporate	3,589.20	0.8%	1.2%	8.1%
Bloomberg Glb Agg ex US Hdg	615.25	0.5%	0.9%	3.3%
Bloomberg High Yield	2,935.86	0.1%	0.7%	7.9%
MSCI US REIT Index	2,578.10	3.3%	9.7%	8.3%
Bloomberg Commodity Index	296.83	-0.4%	7.4%	15.4%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	3.75%	3.75%	3.75%	4.50%
3-Month Treasury	3.67%	3.67%	3.63%	4.32%
1-Year Treasury	3.42%	3.43%	3.47%	4.26%
2-Year Treasury	3.41%	3.50%	3.47%	4.31%
5-Year Treasury	3.60%	3.76%	3.73%	4.39%
7-Year Treasury	3.81%	3.97%	3.94%	4.46%
10-Year Treasury	4.05%	4.21%	4.17%	4.53%
30-Year Treasury	4.69%	4.85%	4.84%	4.74%

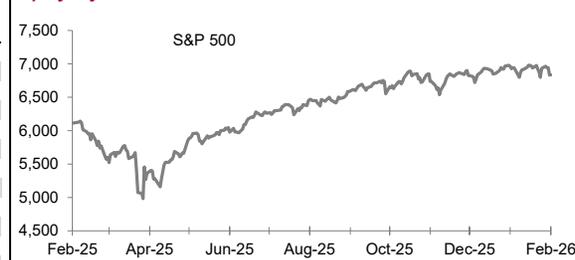
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	6.18%	6.31%	6.25%	5.83%
Prime Rate	7.50%	7.50%	7.50%	8.25%
SOFR	3.66%	3.64%	3.71%	4.33%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold (spot)	5,042.04	4,964.36	4,319.37	2,928.21
Crude Oil WTI	62.89	63.55	57.42	71.29
Gasoline	2.93	2.90	2.83	3.17
Natural Gas	3.24	3.42	3.69	3.63
Copper	5.80	5.88	5.68	4.78

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	21.55	23.14	5.95	1.60
S&P 500	21.43	25.39	5.46	1.17
S&P 500 Value	19.16	20.87	3.62	1.81
S&P 500 Growth	24.06	31.40	9.92	0.57
NASDAQ	25.52	35.15	7.41	0.60
S&P Midcap 400	17.45	19.89	2.85	1.39
S&P Smallcap 600	15.84	18.09	2.06	1.90
MSCI EAFE	16.80	18.36	2.39	2.62
MSCI Emerging Markets	13.08	18.14	2.39	2.15

Source: Bloomberg

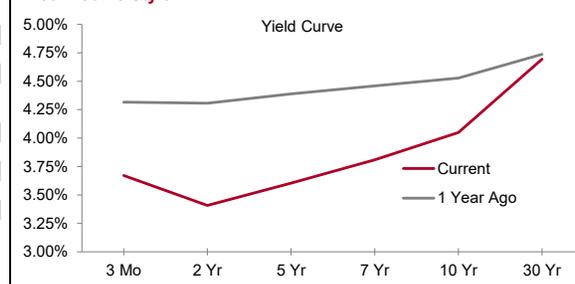
Equity Style



	1 Month*				Year to Date*		
	Value	Core	Growth		Value	Core	Growth
Large	1.65	-1.75	-4.71	> 10%	3.93	-0.02	-3.42
Mid	3.53	2.70	1.94	0% - 10%	8.15	7.93	7.73
Small	4.25	3.54	2.86	< 0%	9.83	8.94	8.09

*S&P Indices

Fixed Income Style



	1 Month*				Year to Date*		
	Short	Interm.	Long		Short	Interm.	Long
Govt	0.52	0.79	2.26	> 10%	0.55	0.79	2.49
Corp	0.54	0.81	1.61	0% - 10%	0.64	0.90	1.97
HY	0.11	0.21	1.35	< 0%	0.52	0.71	1.93

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.4%	3.0%
CPI Core Inflation	2.5%	3.3%
Personal Consumption Exp (PCE) Core	2.8%	3.0%

	Last Release	Year Ago
Jobs		
Unemployment Rate (U3)	4.3%	4.0%
Broader Unemployment Rate (U6)	8.0%	7.5%
JOLT Survey (in millions)	6.54	7.51
Jobless Claims (000's)	227	215
Change in Non-Farm Payroll (000's)	130	-48
Average Hourly Earnings (Y/Y % Change)	3.7%	4.0%

	Last Release	Year Ago
Consumer & Spending		
Consumer Confidence (Conf Board)	84.5	105.3
Consumer Spending (\$ Bil)	21,410	20,314
Consumer Credit (\$ Bil)	5,109	4,948
Retail Sales (\$ Bil)	735	718

	Last Release	Year Ago
Housing		
Housing Starts (000's)	1,246	1,352
Case-Shiller Home Price Index	328.15	323.74

	Last Release	Year Ago
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	24,027	23,479
Quarter over Quarter Change	4.4%	3.3%
Year Over Year Change	2.3%	2.8%
ISM Manufacturing	52.60	50.50
Capacity Utilization	76.26	75.87
Markit US Composite PMI	53.00	52.70

	Last Release	Year Ago
U.S. General		
Leading Economic Indicators	97.9	101.7
Trade Weighted Dollar Index	118.2	128.2
EUR / USD	1.19	1.05
JPY / USD	152.70	152.80
CAD / USD	0.73	0.70
AUD / USD	0.71	0.63

S&P 500 Sector Returns

	1 Month	YTD
Energy	15.81%	21.78%
Materials	8.44%	16.64%
Consumer Staples	10.79%	15.83%
Industrials	6.22%	12.35%
Utilities	8.56%	8.99%
Real Estate	6.85%	8.49%
Health Care	0.60%	1.88%
Communication Services	-4.52%	-2.39%
Information Technology	-5.19%	-4.90%
Consumer Discetionary	-8.66%	-4.94%
Financials	-4.77%	-5.65%

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