

Week in review and ahead (vol.07-26)



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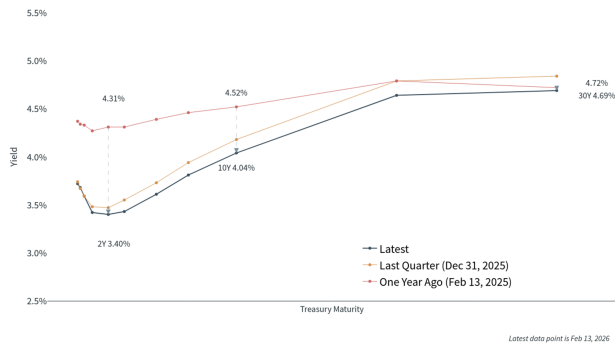
February 14, 2026

Week in review

This past week saw continued volatility influencing markets with the VIX index closing above 20 for the week, or nearly 10% higher over last week's close. AI disintermediation risks extended to other sectors beyond just software and data analytics, seeing stark selloffs in certain real estate (especially commercial real estate), financial services & wealth management, insurance, and logistics & freight related companies. Despite heightened volatility and AI fears fueled selloffs in the market, the indices remained near record levels, albeit all major indices in the US registered declines for the week, contrary to indices globally. Better than expected US labor and inflation data did little to reduce AI fears that have grappled markets and which otherwise would have provided support. The better than expected inflation report, however, did see increased buying of bonds narrowing the 10/2-year treasury spread to 64 basis points ("bps") after nearing a four-year high (of 74bps) last week. The buying of longer maturities accelerated after the inflation report on Friday, amid heightened market volatility, and shrugging off concerns following a \$42 billion worth of 10-year auction that saw weak demand (and pricing at a higher yield than market) mid-week. In contrast, the \$25 billion worth of 30-year treasury auctions a day later did draw strong demand.

Treasury Yield Curve

The shape of the U.S. Treasury curve last year versus today



Latest data point is Feb 13, 2026

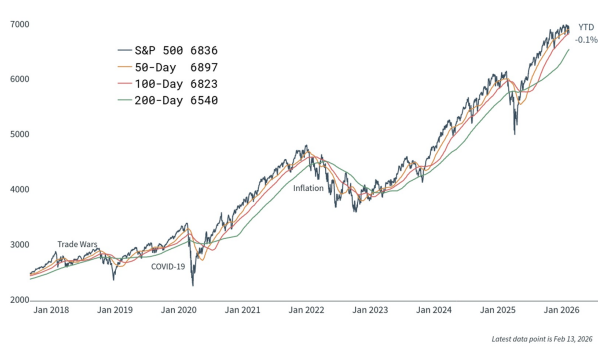
Sources: Cleonomics, Federal Reserve © 2026 Cleonomics, Inc.

The US indices all declined for the week, led by the tech-heavy Nasdaq Composite that lost -2.1% for the week, closing the week more than 6% off its all-time high now. It was followed by the S&P500, declining -1.4% for the week, the Dow Jones, -1.2%, and the Russell-2000, -0.9%, respectively, while they all remained well within their respective all-time highs by 3.2% or less, and despite the Dow Jones setting an all-time closing high (vs intraday high) on Tuesday. For the year, the Nasdaq and the S&P, are now negative with the former down -3.1%, while the S&P500 just turned negative this week, -0.1% for the year.

Internationally, most major markets saw gains for the week except for India. Markets in Asia began the week with a rally on the heels of the US' performance the Friday before, with Japan's Nikkei and South Korea's Kospi, among other, reaching record-highs before ending the week just below those levels. Japan's Nikkei rallied after Japan's LDP party secured 2/3 of the lower house in a landslide win for premier Takaichi. India's Nifty index fell -1.1% for the week following a stark tech sell-off driven by AI disruption fears with the tech specific index losing nearly -10% in two (2) days. In Europe, most equity markets managed to hold to nominal gains for the week with France, Germany, and the UK advancing 0.5%, 0.8%, and 0.7%, respectively.

Stock Market Moving Averages

S&P 500 Index, 50-day, 100-day and 200-day moving averages



Latest data point is Feb 13, 2026

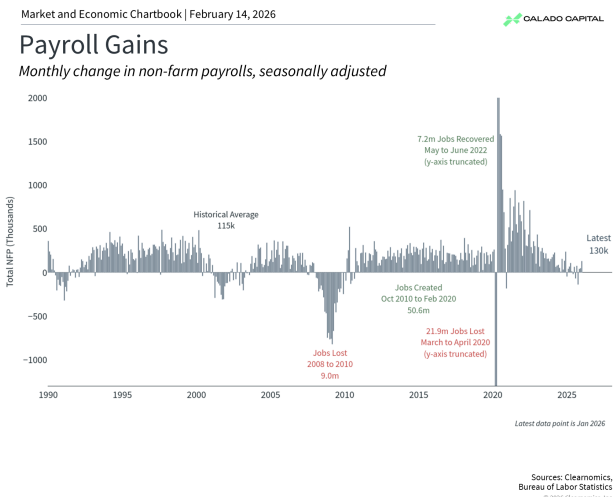
Sources: Cleonomics, Standard & Poor's © 2026 Cleonomics, Inc.

Week in review - US macroeconomics

The week saw key macroeconomic reports for the US; the jobs report, delayed from last week to this week due to a brief government shutdown, and retail inflation, or CPI, for the month of January. Markets also got updated data points on the state of the consumer, with reports on retail sales for December and updated consumer debt for Q4'25, and the housing market with existing home sales for January. The non-farm payroll ("NFP") report surprised markets as did the CPI report for January with both beating expectations.

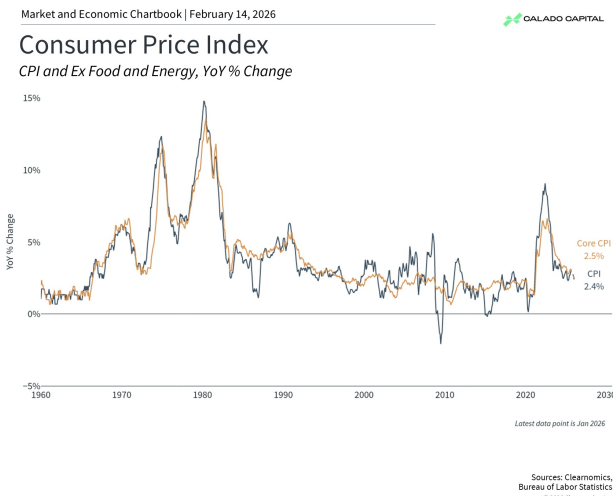
Overall NFP growth for January was 130K, well surpassing expectations of 55K and sequentially (from 48K), the highest since Dec'24. Further, the unemployment rate ticked lower to 4.3% from estimates that saw the rate remain at the same level set previously of 4.4%. Similarly, the U6 unemployment rate of 8%, a broad measure of labor underutilization and for many the "real" unemployment rate, was well below expectations of 8.5% and better sequentially (from 8.4%). The improvement in the U3 and U6 unemployment rates were surprising as labor force participation increased (to 62.5%), the highest since Apr'25, and despite continued cuts in government jobs (-42K), to the lowest level since 1966. The manufacturing and construction sectors saw positive job growth in January, however minimal, with the largest

contribution to NFP growth from healthcare and healthcare related jobs. In fact, with lower revisions to previously reported NFP jobs from Apr'24 to Mar'25 of -860K, rather than the previously estimated -911K, it has been healthcare and healthcare related sectors that have contributed to most of the job growth and offsetting the number of job losses in other sectors, including government. That said, total NFP jobs for all of 2025 was revised downward to +181K from +584K (by more than 400K), marking it the lowest on record, excluding years of crisis, i.e., the great financial crisis from 2008-2009 and the pandemic in 2020. Average hourly earnings returned to 0.4% growth month-over-month (“MoM”) exceeding expectations and outsizing December’s 0.1% growth. On a year-over-year (“YoY”) basis, however, hourly earnings came in level to December’s 3.7% and nominally better than estimates of 3.6%



The CPI report for January surprised too, with headline inflation being sequentially better on a MoM and YoY basis by 0.1%-points. Core inflation reported improvement by the same margin for YoY, however, remained the same on a MoM basis. With respect to (market) expectations for retail inflation in January, headline of 0.2% MoM and 2.4% YoY were better than estimates by 0.1%-points, while core of 0.3% MoM and 2.5% YoY were in-line. Equity markets reacted positively, as they did following the NFP report prior to, however, AI displacement fears quickly overshadowed strong labor and inflation reports dragging markets down. With core

inflation at 2.5%, markets now expect that the Fed may continue with monetary easing as expectations for rate cuts were lifted following the reports. Investors reacted accordingly, purchasing bonds of longer maturities that saw the 10-year, and 30-year treasury yields fall by nearly 5bps on Friday alone to the lowest levels for '26 and the 10/2-year spread decline.



While (retail) inflation and labor data surprised on strong CPI and NFP reports, which was further supported by weekly jobless claims of 227K, while nominally higher than estimates of 225K but lower sequentially, not all macroeconomic data was positive. Retail sales for December on an adjusted basis disappointed somewhat with headline and core, both reporting 0% growth MoM, well below expectations of 0.4% and 0.3%, respectively, and both sequentially lower (from 0.6% and 0.4%, respectively). Similarly, on a YoY basis, headline of 2.4% was the smallest annual gain since Sep'24 and missing

expectations of 2.9% on headline. With the slowdown in adjusted retail sales for December raising concerns on the state of the consumer, so did reports on household debt, which increased by \$191 billion to a new record high of \$18.8 trillion in Q4'25 as delinquency rates for some debts were seen to tick up. Likewise, the update for the housing market was disappointing with existing home sales in January declining by -8.4% MoM, the sharpest drop in four (4) years to the lowest level since Sep'24. At the same time, inventory on the market fell by -0.8% MoM increasing days to sell to 46 from 41 last year, with many being surprised by the decline, noting that a harsher winter likely may have influenced activity somewhat.

Week in review - corporate earnings

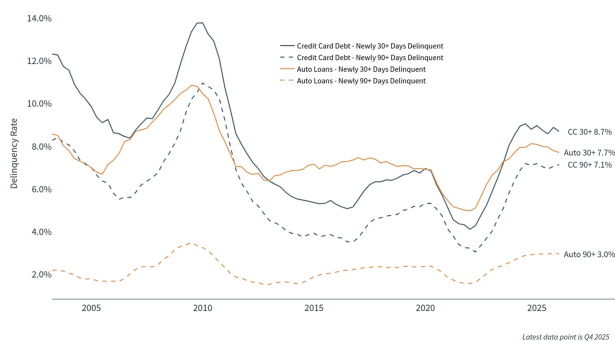
Corporate earnings continued to see solid reports through the end of last week, albeit the percentage of S&P500 companies with favorable earnings surprises has fallen below recent averages, per FactSet. With nearly 75% of the S&P500 companies having reported, about 74% of those have reported earnings above estimates, below the 5-year average of 78% and 10-year average of 76%, while the magnitude of beats is in between the 5- and 10-year averages. While earnings beats are below average, revenues, however, exceed those averages with 73% of the companies reporting greater revenues than estimated, elevating the blended revenue growth rate to 9%, the highest since Q3'22 per FactSet. The sectors leading with better than estimated earnings are communication services and (information) technology, and do lead when it comes to earnings growth as well, however, behind the energy sector. Despite those strong fundamentals, the AI displacement fear has seen significant selloffs in those sectors recently, as markets are trying to figure out which of the Companies may see prospects impacted by AI.

Market and Economic Chartbook | February 14, 2026



Consumer Debt Delinquency Rates

Credit card and auto loan newly 30+ and 90+ days delinquent



Latest data point is Q4 2025

Sources: Clearnomics, Federal Reserve
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Week ahead

The week will begin with (equity and bond) markets closed in the US to observe President's Day. Key macroeconomic reports next week include the delayed PCE report for December, following a good CPI report for January this past week. Moreover, markets will look to the release of Fed's recent meeting minutes, likely focusing on individual member's reasoning to keep rates unchanged in January. Besides, a number of FOMC members are scheduled to speak publicly next week and markets will certainly look to ascertain if better-than-expected labor and inflation reports for January have any influence on

FOMC members' opinions to ease monetary policy as risks to the Fed's dual mandate should have diminished further somewhat.

Besides inflation, markets will look to the first estimate for Q4'25 GDP. With estimates of 2.5% growth, well below the 4.4% growth rate for Q3'25, it is expected that the actual growth rate will be well above it. However, recent estimates of 5%+ growth for the quarter, as recently as late Jan'25, have seen downward revisions throughout February, with the Atlanta Fed now estimating growth of 3.7% for the quarter. With reports of existing home sales in January underwhelming this past week, markets will get data on building permits, housing starts, and new home sales, albeit all delayed for the November and December 2025 periods. Accordingly, markets will likely give home builder confidence for January greater weight to assess the state of the housing market in the US.

Finally, corporate earnings season continues next week, however, volatility is expected to remain elevated somewhat as markets focus likely stays on AI displacement risks rather than earnings report.

Number of the week: 100 years

100-years reflects Alphabet's issuance of £1 billion sterling-denominated century bond maturing in 2126 as part of its multi-currency, multi-tranche bond issuance (likely to total over \$20 billion). The century-bond experience strong demand with orders reaching nearly £9.5 billion, the strongest demand for ultra long corporate debt.

If you have questions about how this may impact your investments, or how you should be positioned, please do not hesitate to contact us at claudio@caladocapital.com.

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