

Market Brief

- U.S. equities finished lower for the week amid volatile, macro-driven trading, with a mild late-week stabilization after softer inflation data. The S&P 500 fell 1.39% week-over-week, while the Nasdaq dropped 2.10%. The Dow declined 1.23%, and small caps underperformed with the Russell 2000 down 0.89%.
- European equities were modestly mixed across benchmarks, with the U.K. continuing to show relative resilience versus the continent. The Euro STOXX 50 slipped 0.22% week-over-week, while the FTSE 100 outperformed, rising 0.74% for the week.
- Treasury yields drifted lower on the week as inflation data cooled rate expectations, even as risk assets remained choppy. The 10-year yield finished around 4.05% on Friday, down roughly 16 bps from the prior Friday's 4.21% level.
- Crude oil eased while precious metals rebounded sharply after a midweek drawdown. WTI crude settled near \$62.71 per barrel, down about 1.14% for the week. Gold futures finished around \$5,043 per ounce, up roughly 1.27% week-over-week, while silver ended near \$77.51 per ounce, down about 1.39% on the week.
- Volatility rose notably on a weekly basis, reflecting a sharp midweek spike and only partial reversal. The VIX finished near 20.60 versus 17.76 the prior Friday, a 15.99% weekly increase, underscoring heavier hedging demand without a sustained capitulation.
- Fund flows stayed active but tilted risk-off at the margin. U.S. equity funds saw \$1.42 billion in net outflows (week ended Feb. 11), while U.S. money market funds recorded \$25.83 billion in net outflows over the same period.

Market Data Snapshot

| Index | Value | WTD | 1-Month | YTD |
|-----------------------------|-----------|--------|---------|--------|
| DOW JONES INDUS. | 49,500.93 | -1.23% | 0.63% | 2.99% |
| S&P 500 INDEX | 6,836.17 | -1.39% | -1.83% | -0.14% |
| NASDAQ COMPOSITE | 22,546.67 | -2.10% | -4.91% | -2.99% |
| RUSSELL 2000 INDEX | 2,646.70 | -0.89% | 0.52% | 6.64% |
| S&P 500/TSX COMPOSITE INDEX | 33,073.71 | 1.86% | 0.61% | 4.29% |
| EURO STOXX 50 PR | 5,985.23 | -0.22% | -0.52% | 3.26% |
| FTSE 100 INDEX | 10,446.35 | 0.74% | 3.05% | 5.19% |
| DAX INDEX | 24,914.88 | 0.78% | -1.99% | 1.73% |
| CAC 40 INDEX | 8,311.74 | 0.46% | -0.42% | 1.99% |
| NIKKEI 225 | 56,941.97 | 4.96% | 6.34% | 13.12% |

| Commodities | Value (\$) | WTD | 1-Month | YTD |
|-----------------|------------|--------|---------|---------|
| Crude Oil (WTI) | 62.71 | -1.14% | 2.56% | 9.18% |
| Gold | 5,042.90 | 1.27% | 9.95% | 16.59% |
| Silver | 77.51 | -1.39% | -10.75% | 8.46% |
| Natural Gas | 3.22 | -5.94% | -5.96% | -13.36% |

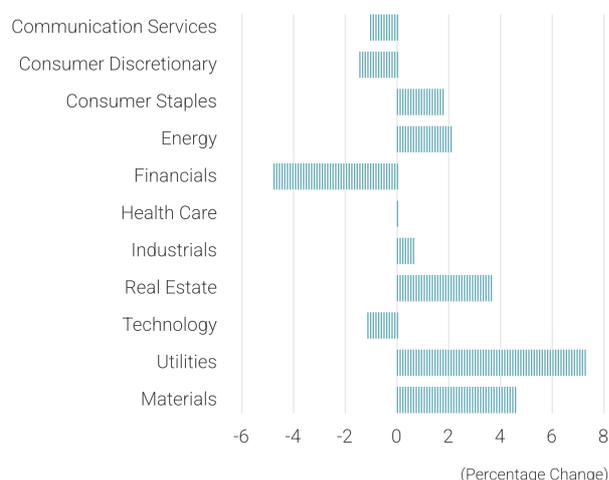
| Fixed Income | Yield | WTD | 1-Month | YTD |
|-----------------------|--------|--------|---------|--------|
| U.S. 2 Year Treasury | 3.418% | -8.60 | -17.40 | -6.50 |
| U.S. 10 Year Treasury | 4.052% | -16.50 | -17.50 | -12.00 |
| Germany 2 Year Bund | 2.045% | -3.24 | -7.69 | -8.78 |
| Germany 10 Year Bund | 2.759% | -8.49 | -7.95 | -10.07 |

(Basis Point Change)

| Currency | Value | WTD | 1-Month | YTD |
|-------------------------|----------|--------|---------|--------|
| U.S. Dollar Index (DXY) | 96.88 | -0.77% | -2.27% | -1.46% |
| EUR/USD | 1.1869 | 0.49% | 1.92% | 0.99% |
| USD/JPY | 152.6985 | -2.82% | -4.00% | -2.51% |
| GBP/USD | 1.3650 | 0.30% | 1.68% | 1.26% |
| USD/CAD | 1.3618 | -0.27% | -1.91% | -0.78% |
| USD/CHF | 0.7679 | -1.03% | -4.11% | -3.06% |
| EUR/JPY | 181.2320 | -2.35% | -2.20% | -1.55% |
| EUR/CHF | 0.9167 | -0.54% | -2.27% | -2.11% |

| Risk Free Rates | 1M | 3M | 6M | 12M |
|-----------------|--------|--------|--------|--------|
| CHF (SARON) | -0.05% | -0.05% | -0.04% | -0.07% |
| EUR (EURIBOR) | 1.95% | 2.00% | 2.147% | 2.248% |
| USD (SOFR) | 3.66% | 3.65% | 3.60% | 3.46% |
| GBP (SONIA) | 3.73% | 3.87% | 3.95% | 4.21% |
| JPY (TORF) | 0.72% | 0.78% | 0.89% | - |

S&P 500 Weekly Sector Performance



Market Drivers

U.S. Markets

U.S. equities finished the week under renewed pressure, with some stabilization into Friday but the broader week still reflecting a de-risking move in high-multiple growth names and ongoing sensitivity to AI disruption headlines and valuation concerns. For the week ending February 13, the S&P 500 fell about 1.39% to 6,836.17, the Dow declined roughly 1.23% to 49,500.93, the Nasdaq dropped about 2.10% to 22,546.67, and the Russell 2000 slipped around 0.89% to 2,646.70. Volatility stayed elevated compared to the prior week, with the VIX closing at 20.60 on February 13, consistent with hedging demand remaining active even as the drawdown at the index level stayed relatively orderly. Rates offered a modest offset late in the week following cooler inflation data, with the 10-year yield easing to about 4.05% by Friday, which helped cap some of the downside but didn't reverse the broader multiple compression pressure in long-duration equities. Fund flows reflected a "trim rather than exit" mentality across the board. U.S. equity funds posted a net outflow of about \$1.42 billion for the week ended February 11, showing incremental de-risking after several consecutive weeks of inflows, though small-cap funds continued to attract net buying interest despite the choppy tape.

European Markets

European equities were choppy but continued to demonstrate resilience, with dips generally met by allocation demand even as the week featured sharp dispersion across sectors and individual names. The STOXX 600 ended essentially flat to slightly higher on the week, up about 0.09% to 617.70, while the FTSE 100 outperformed and finished at 10,446.35, up roughly 0.74% for the week as the UK's defensive tilt and index composition once again proved supportive in a rotation-heavy environment. Flows remained the clearest tailwind for the region. European equity funds drew a record roughly \$17.53 billion for the week ended February 11, reinforcing the view that Europe's ongoing bid appears more allocation-driven than purely momentum-chasing, with investors continuing to lean into the region despite uneven single-stock performance.

Asia-Pacific Markets

Asia-Pacific markets rebounded strongly across the week, with regional performance improving as risk appetite recovered and investors rotated back into North Asia, though day-to-day trading remained sensitive to shifting headlines. The MSCI AC Asia Pacific ex Japan rose to 793.85, reversing much of the prior week's weakness as broader sentiment found more stable footing. South Korea remained a clear focal point and posted outsized strength on the week, with the KOSPI ending at 5,507.01 after touching an intraday record earlier in the session, though late-week profit-taking kept the index from fully holding peak levels. Japan also advanced meaningfully, with the Nikkei 225 closing at 56,941.97 and posting a roughly 4.96% weekly gain, further reinforcing the region's improved tone heading into the weekend. Flows stayed constructive throughout. Asian equity funds took in about \$6.28 billion for the week ended February 11, consistent with ongoing geographic diversification trends even as trading remained selective by sector and factor, with investors continuing to differentiate between quality and momentum plays.

Emerging Markets

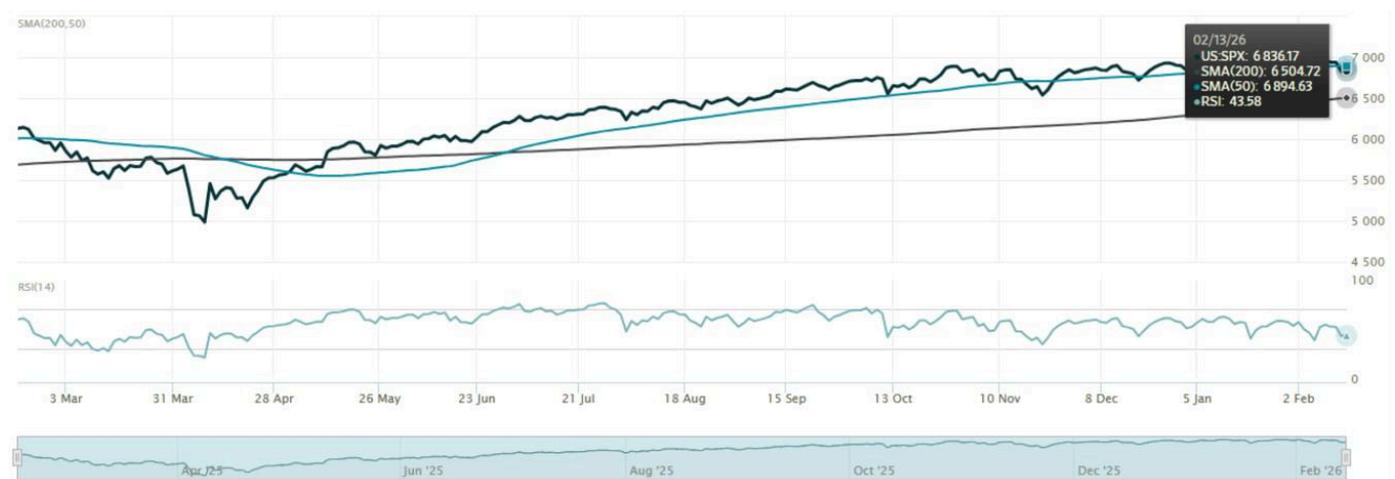
Emerging markets strengthened across the week, supported by improved risk sentiment and continued allocation demand spanning both equity and debt. The MSCI Emerging Markets index rose to 1,555.12, up over 3% versus the prior week's level, as the combination of easing developed-market yields and stabilizing global risk appetite helped EM beta re-engage after recent choppiness. Flows were notably supportive and underscored the ongoing momentum. EM equity funds drew about \$8.52 billion and EM bond funds added roughly \$1.29 billion for the week ended February 11, extending the steady bid for both EM equities and selective carry opportunities as investors leaned into higher-yielding exposures. At the margin, continued interest in commodities and precious metals-linked positioning also remained a supportive backdrop, reinforcing that rotation activity and hedging demand stayed active across the asset class even as EM indices recovered and participation broadened beyond the prior narrow leadership.

Technical Update

The S&P 500 finished the week at 6,836.17, down from the prior week's close after a volatile stretch that started with an early-week rally back toward 7,000 that couldn't hold, turned into a sharp Thursday selloff, and ended with a Friday dip-and-bounce that brought some stability but didn't fully repair the technical picture. The index moved higher early in the week and continued climbing into midweek, touching the week's intraday peak at 6,993.48 on Wednesday, February 11 before momentum faded. From there, selling pressure built and accelerated into Thursday's decisive risk-off session, which broke through key near-term support levels and closed the index at 6,832.76 after hitting an intraday low of 6,824.04. All in, the S&P 500 dropped about 1.39% for the week, and while the late-week stabilization took some of the immediate downside pressure off, the overall action points to a more cautious near-term environment compared to the prior period. From a technical standpoint, the most important development is that the index has fallen below its 50-day moving average and is now relying more heavily on intermediate support, which raises the likelihood of continued choppiness if that level gives way. Looking at the key moving averages, the 50-day currently sits around 6,894.63, the 100-day near 6,812.64, and the 200-day at roughly 6,504.72. That places the current level about 0.9% below the 50-day, 0.3% above the 100-day, and 5.1% above the 200-day. The longer-term uptrend is still technically intact, but the near-term risk parameters have tightened and there's noticeably less cushion than in recent weeks. The main support zone now centers on 6,795 to 6,835, which captures Friday's low and where the market found stability heading into the close. Within that range, the 6,810 to 6,825 area around the 100-day is the more consequential line to hold. On the upside, the first resistance sits at 6,880 to 6,895, the 50-day zone that's now acting as an overhead ceiling, followed by 6,940 to 6,993 as the larger reclaim area back into the prior trading range. Market participation has cooled as well. As of February 13, about 62.42% of S&P 500 constituents were trading above their 50-day moving averages and roughly 64.81% above their 200-day averages. Those figures are still net positive, but they reflect softening internal momentum beneath the headline index. Volatility picked up noticeably, with the VIX closing the week at 20.60, and Treasury yields continued to play an important role. The 10-year yield settled around 4.055% by Friday, which helped support that day's bounce, though stocks remain sensitive to any renewed backup in rates as positioning continues to adjust.

In summary, the week started with a push back toward 7,000 that peaked at 6,993, shifted into a sharp Thursday breakdown that damaged the near-term technical structure, and finished with a Friday undercut to 6,795 that found footing into the close but left the index trading below its 50-day. The setup remains constructive when you zoom out to the longer timeframe, but it's become more tactical in the near term. The 6,795 to 6,835 range is the key support zone to defend, with the 100-day around 6,813 acting as the critical line. On the upside, 6,880 to 6,895 marks the first checkpoint, and 6,940 to 6,993 represents the broader reclaim area. Until the index can push back above the 50-day and rebuild some technical structure, a cautious stance makes sense, and any rallies may prove less durable than they have in recent months.

S&P 500: 50 & 200 Day Moving Average



Source: WSJ

The Week in Focus

The week ahead hinges on whether the market can maintain broadening participation through a packed earnings calendar while rates remain well-behaved following last week's inflation data. This week brings a handful of macro releases that could move rates, including NAHB housing sentiment at 10:00 a.m. ET on Tuesday, February 17, Housing Starts at 8:30 a.m. ET on Wednesday, February 18, FOMC Minutes at 2:00 p.m. ET on Wednesday, February 18, and Friday morning's GDP advance estimate along with Personal Income and Outlays including PCE at 8:30 a.m. ET on February 20, but the main driver will be earnings and what companies say about the path forward.

Monday, February 16 is effectively a positioning day by default since U.S. markets are closed for Presidents Day, which compresses the week's risk into four trading sessions and often amplifies whatever tone emerges when markets reopen Tuesday. The practical dynamic is that investor intent tends to show up quickly.

Tuesday, February 17 delivers the first meaningful macro checkpoint and an early read on rate sensitivity with the NAHB/Wells Fargo Housing Market Index at 10:00 a.m. ET, which serves as a clean gauge of whether higher mortgage rates are starting to weigh on sentiment again. On the earnings front, the focus shifts away from minor beats and toward bellwethers with bigger messages. Palo Alto Networks offers insight into security budgets and consolidation trends, while Medtronic provides a read on procedure volumes and pricing, both useful signals for demand quality beyond the narrowest leadership pockets. What matters isn't just whether they beat estimates but whether they gap higher and hold those gains.

Wednesday, February 18 is the pivotal day for both policy tone and growth signals. The morning brings Housing Starts at 8:30 a.m. ET, which carries weight because housing remains one of the most rate sensitive parts of the economy and can quickly shift the narrative around yields. The main event comes at 2:00 p.m. ET with the FOMC Minutes, where markets will be listening for whether the committee sounds comfortable with its current stance or leans more toward an inflation vigilant posture that could push real yields higher. Earnings remain important in parallel. This is where the quality of cross sector reactions starts to matter. If guidance from key companies supports a steady demand story and the minutes don't cause yields to rise materially, participation can widen. If yields firm and high beta stocks can't hold their post earnings gains, leadership typically narrows pretty quickly.

Thursday, February 19 is the heavyweight test for breadth. On the macro side, Initial Jobless Claims at 8:30 a.m. ET along with other morning releases can influence intraday rate direction heading into the day's earnings reactions. But the real focus is on two major reports. Walmart serves as the anchor read on the U.S. consumer, with investors looking for signals on trade down behavior, basket trends, and inventory discipline. Deere acts as the bellwether for agricultural and industrial capex along with order visibility. This is a classic tape quality session where beat and hold reactions support the case for broadening, while repeated beat and fade outcomes usually serve as an early warning that investors are turning more defensive ahead of Friday.

Friday, February 20 wraps up the week with the second major macro catalyst. The GDP advance estimate for 4Q 2025 and Personal Income and Outlays for December 2025, including PCE inflation, all get released at 8:30 a.m. ET. With a lighter earnings calendar that day, the market's reaction is likely to be more directly driven by rates. The key tell will be whether any surprises in the data lead to an orderly repricing where yields move but equities stay stable and participation remains broad, or a more disorderly repricing where yields spike and leadership quickly concentrates into a narrow group of names.

In all, equal weight versus cap weight performance, sector participation levels, and the pattern of beat and hold versus beat and fade reactions all matter alongside what's happening in rates. If Tuesday's bellwethers can sustain their gains, Wednesday's minutes don't force a hawkish repricing, and Thursday's consumer and industrial anchors from Walmart and Deere deliver guidance the market can get behind, the conditions are in place for a more durable advance with wider participation. On the other hand, if the index manages to hold up while most individual stocks fade after reporting and yields firm heading into Friday's GDP and PCE data, it's a sign the rally is still being led by concentration rather than genuine breadth.