

Weekly Newsletter

February 20th 2026

MUSINGS

"Bull markets are born on pessimism, grown on skepticism, mature on optimism and die on euphoria."

— Sir John Templeton

LAST WEEK IN THE MARKETS

	Closing level	Weekly change	YTD change
S&P 500	6,910	1.08%	0.94%
Nasdaq Composite	22,886.07	1.51%	-1.53%
10Y UST Yield	4.086	0.89%	-1.85%
Crude oil	66.3	5.57%	15.51%
Gold	5,108.36	1.31%	18.31%
DXY	97.789	0.93%	-0.50%
USD/INR	90.681	0.19%	0.95%
Bitcoin	67,992	-1.19%	-22.29%
Euro STOXX 50	6,058.85	1.19%	4.23%
India (Nifty)	25,571.25	0.39%	-2.14%
Japan (Nikkei)	56,825.70	-0.20%	12.88%
China (CSI 300)	-	-	0.66%
Saudi (TASI)	10,947.25	-2.71%	4.35%
Abu Dhabi (ADX)	10,580.85	-0.52%	5.89%
Dubai (DFM)	6,560.40	-2.52%	8.49%

NEWS FROM THE MARKETS

The week was defined by a "tale of two halves."

Initially, global indices were weighed down by a deepening AI-driven correction and rising geopolitical friction between the U.S. and Iran.

Sentiment pivoted on Friday following the U.S. Supreme Court's decision to overturn sweeping global tariffs. The Supreme Court overturned the administration's sweeping global tariffs, removing a major "inflation tax" concern and boosting global trade-dependent stocks.

In the U.S., the Nasdaq Composite led the recovery, gaining 1.51% for the week, its first positive weekly performance since early January. The S&P 500 rose over 1%, while the Dow Jones Industrial Average managed a modest 0.25% gain. Europe saw even more enthusiasm; the FTSE 100 touched a fresh record high of 10,745. Asia, however, remained a mixed bag; while Indian markets rebounded on the back of banking and metal stocks, Japan's Nikkei 225 fell by 1.3% as profit-taking in the tech sector overshadowed domestic economic expansion.

To us, the impact of the Supreme Court judgment feels more nuanced. **We believe the Administration will seek to retain as much of the tariffs as possible using other legal means available to it**, even as it has lost some "face". Refund of tariffs that have already been levied is also likely to be a very slow and complex process.

Liquidity concerns surfaced in the private credit market after major players like Blue Owl Capital tightened redemption rules, leading to a sell-off in alternative asset managers like Apollo and Blackstone.

Minutes from the Federal Reserve's January meeting revealed a "divided house." While some members favor easing, others are wary of sticky core PCE inflation, which rose to 3.0% year-over-year.

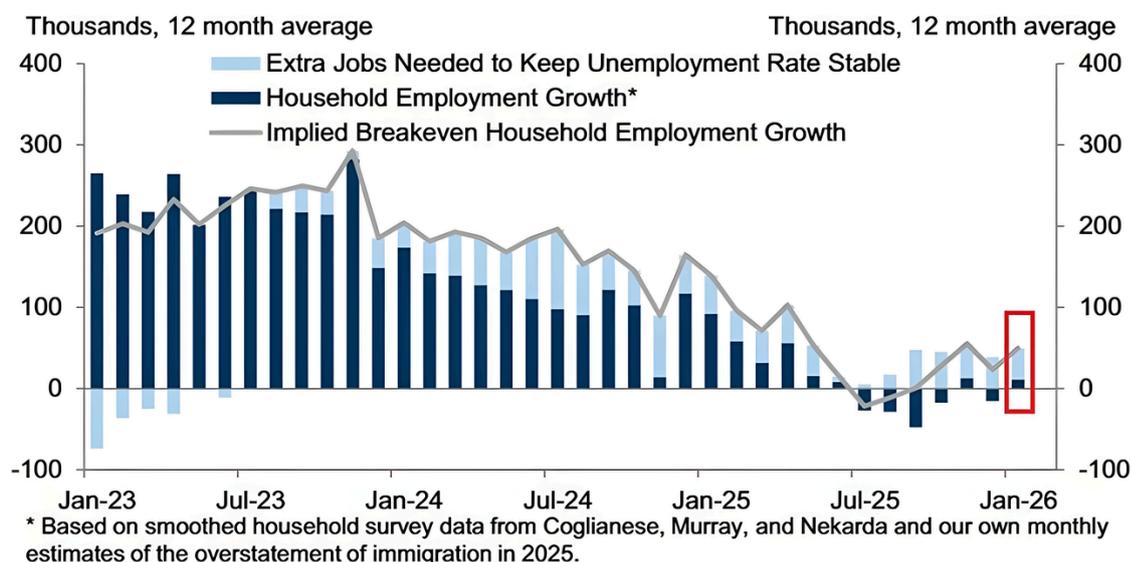
Right now, the Fed Funds Futures Market puts the chances of three or more cuts in 2026 at 43%. That's up from 25.6% just a month ago.

KEY ECONOMIC EVENTS COMING THIS WEEK

February 23rd	<ul style="list-style-type: none">• China Market Holiday (Chinese New Year).• Japan Market Holiday (Emperor's Birthday).• Him & Hers earnings.
February 24th	<ul style="list-style-type: none">• Home Depot, Workday, Mercado Libre, Constellation Energy, American Tower, Standard Chartered, Workday earnings.
February 25th	<ul style="list-style-type: none">• Nvidia, Salesforce, Snowflake, Trade Desk, Synopsys, HSBC Holdings earnings.
February 26th	<ul style="list-style-type: none">• Baidu, Warner Bros., Coreweave, Rocket Labs, Allianz, Schneider Electric, Dell Technologies, Warner Bros Discovery earnings.
February 27th	<ul style="list-style-type: none">• India GDP Data (Q4).• US PPI Data (Jan).
February 28th	<ul style="list-style-type: none">• Berkshire Hathaway earnings.

CHART OF THE WEEK

Exhibit 4: Our Backward-Looking Estimate of the Breakeven Rate of Household Employment Growth Over the Last 12 Months Is 50k, Adjusting for the Likely Overstatement of Immigration in the Official Data



Source: Goldman Sachs Global Investment Research, Coglianesi, Murray, and Nekarda (2025)

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