



WEEK OF FEBRUARY 23, 2026

# Market Navigator

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Thanks to Friday's rally, markets were up across the board last week. Sector performance continued to show solid breadth, which was an encouraging sign. Fixed income markets were down marginally. Fourth-quarter GDP missed expectations, which had already been revised lower because of the government shutdown.

## Quick Hits

1. **Beyond the headlines:** Although struck down, tariffs aren't going away.
2. **Report releases:** Fourth-quarter GDP came in below already-lowered expectations tied to the government shutdown.
3. **Financial market data:** Stocks were up across the board, and sector performance illustrated continued market breadth.
4. **Looking ahead:** February consumer confidence and Nvidia earnings are this week's highlights.

## Beyond the Headlines: Although Struck Down, Tariffs Aren't Going Away

On Friday, the Supreme Court struck down the bulk of the tariffs that the Trump administration put in place over the past year. In its decision, the court determined that imposing tariffs under the International Emergency Economic Powers Act (IEEPA) exceeded the statute's intended authority, which is restricted to national emergencies.

### What Does It Mean for Tariffs Already Collected?

IEEPA was used to justify reciprocal tariffs implemented on most countries, along with drug-related tariffs on Mexico, Canada, and China. The Penn Wharton Budget Model, a bipartisan group that produces analysis of fiscal policy impacts, estimated that roughly \$175 billion has been collected under IEEPA in the past year.

The Supreme Court did not weigh in on whether these collected tariffs need to be refunded; instead, it left it to lower courts to determine if, when, and how that might occur when they rule on lawsuits filed by tariff payers. Treasury Secretary Scott Bessent has indicated it could take weeks or months to resolve.

### Tariffs Likely to Persist

There are other ways President Trump can levy tariffs that are within the scope of the Trade Act of 1974, legislation enacted to give presidents the ability to negotiate trade deals. Section 122 of the Act allows for tariffs of 15 percent for 150 days to target trade imbalances, and these tariffs were announced over the weekend, effective immediately, on all countries. After 150 days, Congress would need to extend them.

The administration is also likely to use Section 301 of the Act, which targets unfair trade practices and requires a formal investigation. It is the mechanism by which tariffs were placed on China in 2019. Such investigations take several months.

### Uncertainty Remains

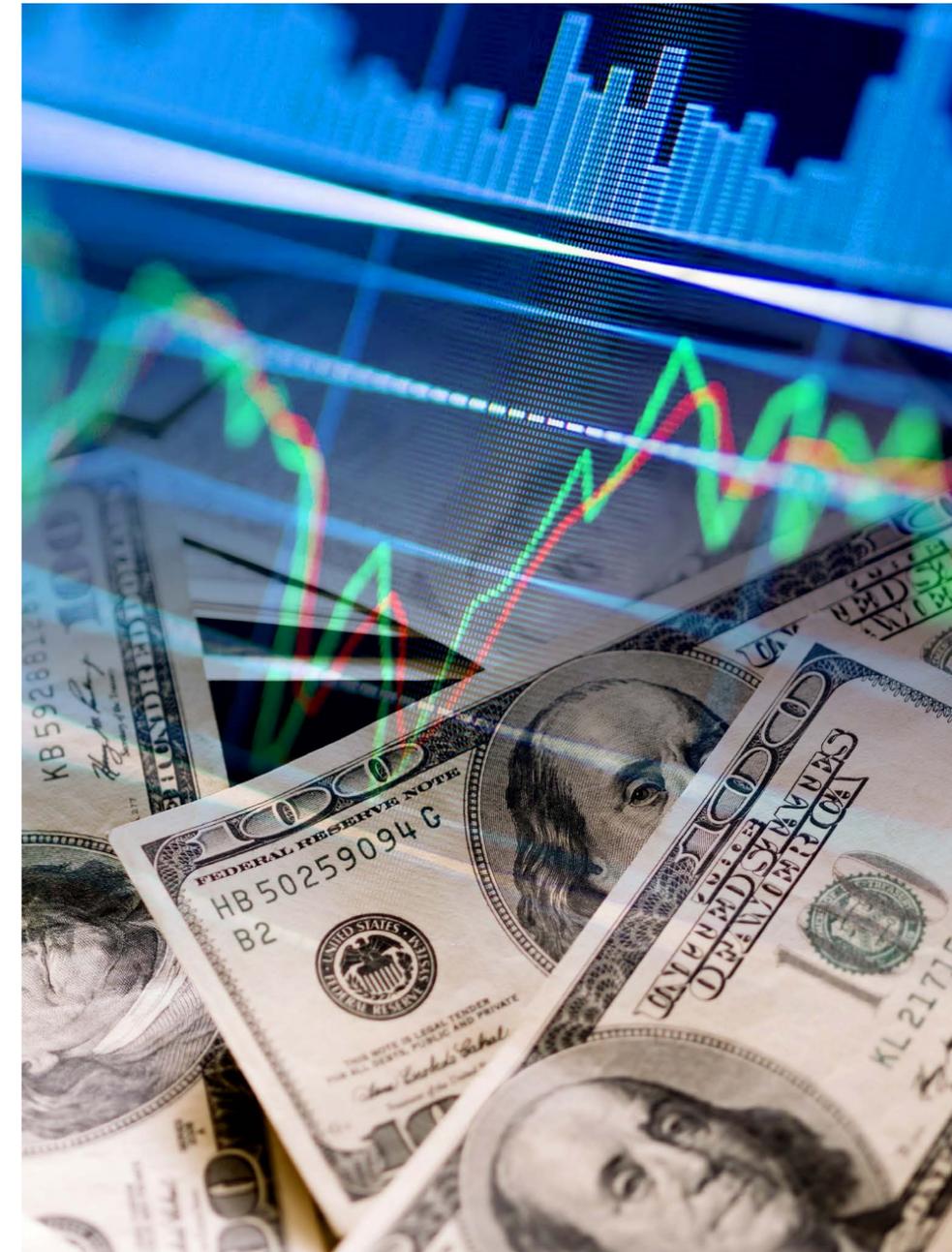
Domestically, companies are unsure if—and when—refunds will come. If the collected tariffs are returned in a timely manner, companies could reinvest that cash in their businesses, providing a boost for the economy. But companies could also react cautiously, holding off on growth-related capital decisions until the outlook becomes clearer.

The tariffs were originally implemented to force trade partners to the negotiating table. Some agreements have been completed, while others are ongoing. How our trade partners react to the ruling—and whether they view the implementation of Sections 122 or 301 as similar negotiating leverage or an escalation—will be an important factor shaping global trade dynamics.

### Volatility Likely, but Fundamentals Will Still Lead the Way

Tariff headlines are expected to increase, contributing to short-term market fluctuations. Over the longer term, earnings growth remains the primary driver of market performance. Fourth-quarter earnings are projected to grow more than 13 percent—and that is a solid foundation for market support.

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## Report Releases: February 17–20, 2026

### Federal Open Market Committee (FOMC) Meeting Minutes January (Wednesday)

Minutes from the Federal Reserve's (Fed's) January FOMC meeting showed that central bankers viewed the risks of inflation and the job market as roughly balanced to start the year, signaling a potential pause in interest rate adjustments.



### Advance GDP Annualized Fourth Quarter (Friday)

Economic growth slowed notably, with the annualized growth rate falling from 4.4 percent in the third quarter to 1.4 percent in the fourth quarter. Although a slowdown was expected, this result was below consensus expectations.

- Expected/prior quarter GDP growth: +2.8%/+4.4%
- Actual GDP growth: +1.4%



### Personal Spending and Personal Income December (Friday)

Personal income and spending showed solid growth to end the year, which is positive for the consumer outlook.

- Expected/prior personal income monthly change: +0.3%/+0.3%
- Actual personal income change: +0.3%
- Expected/prior personal spending monthly change: +0.3%/+0.5%
- Actual personal spending change: -0.4%



## >> The Takeaway

- Personal spending and personal income remained at solid levels through the end of the year.
- Fourth-quarter GDP missed expectations, and though a slowdown was expected, the magnitude was unexpected.

## Financial Market Data

### Equity

U.S. equity markets were up during the holiday-shortened week, rallying on Friday after the Supreme Court tariff decision. The Nasdaq Composite led the way on strength in big technology. The rally continued to be broad, with communication services, consumer discretionary, industrials, financials, and technology each rising more than 1.5 percent. Some defensive sectors relinquished recent gains; consumer staples, health care, and utilities fared worst. International markets were higher.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.11%	-0.34%	1.09%	14.36%
Nasdaq Composite	1.53%	-2.41%	-1.47%	15.42%
DJIA	0.29%	1.61%	3.44%	14.24%
MSCI EAFE	0.87%	3.36%	8.77%	32.96%
MSCI Emerging Markets	0.79%	2.60%	11.69%	42.18%
Russell 2000	0.67%	1.98%	7.48%	19.40%

Source: Bloomberg, as of February 20, 2026

### Fixed Income

Bonds were mixed, with the broad market down marginally. The Treasury yield curve flattened a small amount, with the 10-year rising slightly, 4 basis points (bps), to 4.09 percent. Fixed income markets had little reaction to Friday's tariff headlines.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	-0.08%	1.09%	1.20%	7.48%
U.S. Treasury	-0.12%	1.12%	1.03%	6.46%
U.S. Mortgages	-0.10%	1.09%	1.50%	8.93%
Municipal Bond	0.23%	0.92%	1.86%	5.38%

Source: Bloomberg, as of February 20, 2026

### >> The Takeaway

- U.S. equity markets closed higher after rallying Friday. Continued breadth was seen in the mix of positive sector returns. International markets were also positive.
- Fixed income markets were down marginally.

## Looking Ahead

After consumer confidence dropped to its lowest level since 2014, investors will pay close attention to February's Conference Board Consumer Confidence Index. Earnings season continues, with all eyes on Nvidia's report, which will come after the market closes on Wednesday.

- On Tuesday, we expect the **Conference Board Consumer Confidence Index** for February. Expectations are for consumer confidence to improve modestly after falling sharply in January.
- On Friday, we'll see the **Producer Price Index (PPI)** for January. After surprising to the upside in December, producer inflation is expected to grow at a slightly lower rate.
- As earnings season continues, the highlight will be **Nvidia's report** after the market closes Wednesday.





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convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®

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Pickler Wealth Advisors

1135 Halle Park Circle | Collierville, TN 38017  
901.316.0160 | 901.316.0155 fax | [www.picklerwealthadvisors.com](http://www.picklerwealthadvisors.com)