



The Week in Brief

Markets rallied across the board this week, with Russell 2000 leading at +2.77% and USD Index lagging at +0.79%. On the safe-haven front, Gold climbing 2.68% to \$2,942.10 while the 10-year yield rising to 4.53% while the dollar strengthening 0.79% to 109.05.

The macro picture was busy. CPI (Year-over-Year) came in above expectations (3.1% vs. 2.9%). Initial Jobless Claims came in below expectations (218000 vs. 225000). Retail Sales (Month-over-Month) came in above expectations (0.6% vs. 0.3%). The combination of hot inflation and strong consumer spending paints a picture of an economy that's running warm -- good for earnings, but it keeps rate cuts off the table for now.

Looking ahead, the key events to watch are: FOMC Meeting Minutes, S&P Global Flash US Manufacturing PMI, S&P Global Flash US Services PMI. Position sizing and hedges should reflect the potential for volatility around these releases.

Index Snapshot

LARGE CAP	BROAD MARKET	FIXED INCOME
S&P 500 +1.12%	Russell 2000 +2.77%	10Y Treasury +5 bps
Dow Jones +1.07%	Gold +2.68%	
Nasdaq +1.66%		

Market Snapshot

INDEX	CLOSE	WEEKLY %	WEEK RANGE
Russell 2000	2,343.20	+2.77%	2,270.00 – 2,365.00
Gold	2,942.10	+2.68%	2,858.20 – 2,948.20
Nasdaq	20,005.80	+1.66%	19,620.50 – 20,080.50
S&P 500	6,106.40	+1.12%	6,020.10 – 6,130.50
10Y Treasury	4.53	+5 bps	4.46 – 4.60
Dow Jones	44,795.10	+1.07%	44,250.00 – 44,800.00

INDEX	CLOSE	WEEKLY %	WEEK RANGE
USD Index	109.05	+0.79%	107.90 – 109.40
▲ Best: Russell 2000 (+2.77%)			▼ Worst: USD Index (+0.79%)

Last Week's Economic Events

DATE	EVENT	ACTUAL	EXPECTED	PREVIOUS	SURPRISE
2026-02-10	CPI (Year-over-Year)	3.1%	2.9%	2.9%	Above
2026-02-11	Core CPI (Month-over-Month)	0.3%	0.3%	0.2%	Inline
2026-02-12	Initial Jobless Claims	218000	225000	222000	Below
2026-02-13	Retail Sales (Month-over-Month)	0.6%	0.3%	0.4%	Above

🔥 CPI (YEAR-OVER-YEAR)

Hotter-than-expected inflation pressures the Fed to hold rates higher for longer. Bond prices may fall, and rate-sensitive sectors (REITs, utilities) could underperform. Consider inflation hedges like TIPS or commodities.

➡ CORE CPI (MONTH-OVER-MONTH)

In-line core CPI is neutral -- no new signal for the Fed. Markets may look through this and focus on the headline number that came in hot.

💼 INITIAL JOBLESS CLAIMS

Fewer layoffs than expected signals continued labor market strength. Good for consumer spending and cyclical stocks, but reinforces the Fed's case to stay hawkish.

🛒 RETAIL SALES (MONTH-OVER-MONTH)

Consumers are spending more than expected -- bullish for retail and discretionary ETFs (XLY, XRT). But strong demand can also feed inflation, keeping rate-cut expectations in check.

Upcoming Week

DATE	EVENT	IMPORTANCE
2026-02-16	Presidents' Day -- Markets Closed	Low
2026-02-18	FOMC Meeting Minutes	High
2026-02-19	Housing Starts	Medium
2026-02-20	S&P Global Flash US Manufacturing PMI	High
2026-02-20	S&P Global Flash US Services PMI	High

Positioning Tips

USD Index strengthened +0.79% this week	A stronger dollar weighs on multinational earnings and commodities. Consider reducing exposure to export-heavy sectors and commodity ETFs (GLD, DJP).
CPI came in hot at 3.1% vs. 2.9% expected	Inflation-sensitive sectors may see pressure. Consider TIPS (TIP) or defensive tilts (XLU, XLP).
Jobless claims came in lower than expected (218,000 vs. 225,000)	Labor market remains tight, supporting risk-on positioning.
Retail sales surprised to the upside (0.6% vs. 0.3%)	Consumer discretionary (XLY) and cyclicals may benefit.
FOMC Meeting Minutes on 2026-02-18	Expect volatility. Consider trimming position sizes or hedging with VIX calls.
Flash Manufacturing PMI on 2026-02-20	A key read on factory activity. Watch industrials (XLI) for directional cues.