

The Data

- Equities moved lower last week as uncertainty weighed on investors.
 - S&P 500 -0.50% Dow -1.31% Russell 2000 -1.21%, Nasdaq -0.95%.¹
 - The All-Country World Index rose +0.35%.¹
 - S&P 500 sub-sectors were mostly higher last week despite indices being lower.
 - Energy & Staples led performance to the upside with gains over +1.5%.¹
 - Technology & Financials were the lone negative sectors last week.¹
 - The CBOE Volatility Index (VIX) rose 4% to end at 19.85.¹
- US Treasury bond yields ended the week substantially lower.
 - US 2yr -0.09% at 3.39%, 10yr -0.12% to 3.96%, 30yr -0.09% to 4.63%.¹
 - This appeared to be classic risk-off price action as investors seeking safety drove yields lower.
- Commodities as an aggregate asset rose last week.
 - WTI Crude was up +0.42%.¹
 - Gold rose +3.31%.¹
 - The US Dollar index declined -0.17%.¹
- In our opinion, U.S. economic data was mixed last week.
 - Consumer confidence rose slightly in the latest data.¹
 - The Producer Price Index rose well above expectations showing inflation could be reemerging.¹
- An index of equities outside the US (FTSE All-World ex-US) gained +0.42%.¹

¹ Source: Bloomberg – 2/27/2026

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Conclusion

- Stocks declined last week and gave back gains from the previous week.
 - The small-cap tracking Russell 2000 led major indices lower with a loss of -1.21%.¹
 - Small caps are still the year-to-date leader by a wide margin as they're up over 6% so far in 2026.¹
 - The Nasdaq & S&P 500 mega-cap gauges continued their multi-month sideways move as both closed lower by under a percent.¹
- Structurally, the markets remain in a very shaky position.
 - Market makers are in a “negative gamma” situation which long-story-short causes increased downside pressure on markets.
 - Volatility is close to being in a position where an increase would cause rapid deterioration in the indices.
 - Institutional systematic investment pools of various types are close to readings that would cause quick liquidations of long positions.
- Despite the previous point, in the big picture, there are some very large fiscal impulses coming into the global economy that will likely provide some nature tailwinds to asset prices.
- S&P 500 subsectors were generally positive last week.
 - This speaks to the wide dispersion in returns so far in 2026 as major indices were all negative.
 - Individual stock volatility is much larger than that of the benchmarks which leads to this type of differing performance.
 - Financials have come under pressure by both “AI disruption” concerns and growing concerns about credit worthiness, especially with private credit.
- US Treasury yields closed out the month with their biggest rally in a year.
 - Short-term yields fell to the lowest levels since 2022.
 - This was despite producer prices rising much higher than expected, pouring cold water on Federal Reserve rate cut expectations.
 - Despite inflation and ongoing deficit dynamics, US Treasuries appear to be the “go-to” risk off play for investors as they have been.
 - However, we believe the classic risk-off in bonds has caused them to possibly overshoot to the downside on the long-end if add'l fiscal deficit spending were to come to fruition.
- Non-US equities continued their outperformance of domestic measure as they finished positive.¹
 - As of yet, it appears to be all new money flowing into int'l markets as opposed to reallocation of monies invested domestically.
 - If investment dollars in the US were to truly start to move to foreign markets, returns could accelerate from here.

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