



February 23, 2026

The Supreme Court Rules Against Trump's Tariffs

In a highly anticipated ruling last Friday morning, the Supreme Court (SCOTUS) ruled 6-3 that President Trump overstepped his authority by using a 1977 emergency powers law (IEEPA) to impose broad global tariffs on imports from nearly every country.

SCOTUS said tariffs are basically taxes, and in normal circumstances, only Congress has the authority to impose them, not the president acting alone. The Court's decision knocks out most of the wide-reaching tariffs from 2025, but leaves other specific ones in place (such as those on steel and aluminum, for security reasons or unfair practices from China).

With SCOTUS' announcement coming out just days ahead of President Trump's State of the Union speech, set for tomorrow night (Tuesday), he hit back quickly. In a press conference on Friday, Trump called the ruling "deeply disappointing" and announced a new temporary 10% tariff on imports from almost everywhere (using a different old trade law, Section 122, which lasts up to 150 days). Then on Saturday, Trump upped the new tariff to 15%. For many countries, even the 15% is lower than the previous rates on their imports, so it's short-term relief. The exception is China, where existing tough tariffs stay unchanged and could even rise.

Now the big headline – and headache – is refunds. The government collected \$140 billion to \$200 billion from the now-illegal tariffs. Businesses may be fighting in court for years to get money back, creating uncertainty surrounding the refunds, international trade, and the federal deficit, which would rise if the government must refund the tariffs it collected. Even so, markets liked the SCOTUS announcement overall. Stocks rose modestly on Friday because the decision dials back some extreme trade-war risks and eases fears of big price hikes or profit hits for companies. Still, the new 15% blanket tariff adds some costs, and more twists could come, so keep an eye open for further developments.

Markets Often Get Ahead of Themselves – And Then Catch Their Breath

There's an old Wall Street saying: "The market has predicted eight of the last four recessions." It's a reminder that investors can get overly pessimistic and call economic downturns that never arrive. (By the way, the same is true about them getting overly optimistic.)

A common pattern during economic expansions shows a meaningful correction (a 10%+ drop) occurring about halfway through the growth cycle. Why? Stock markets are essentially forward-looking "derivatives" of the economy – so they don't move in perfect lockstep with it. Markets tend to run ahead, get overbought (too many buyers pushing prices too high, too fast), and then pull back to reset valuations, shake out weak hands, and re-position for the next ride up.

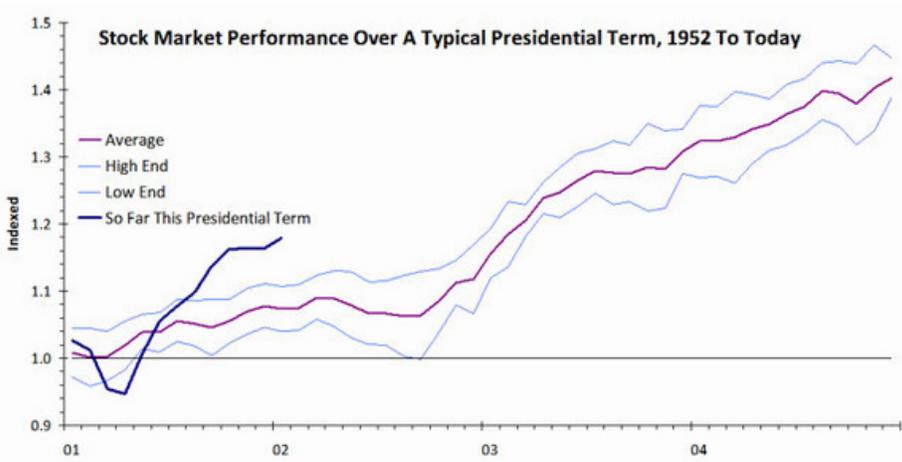
Historically, this creates two distinct tactical market cycles within one longer economic cycle:

- A strong first half run-up, followed by
- A correction in the middle of the economic expansion – to clear overbought conditions,
- Then a powerful "second wind" rally, often bigger and broader than the first phase.



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The S&P 500 So Far In This Presidential Cycle



Source: Standard & Poor's, Sanctuary Wealth, February 19, 2026

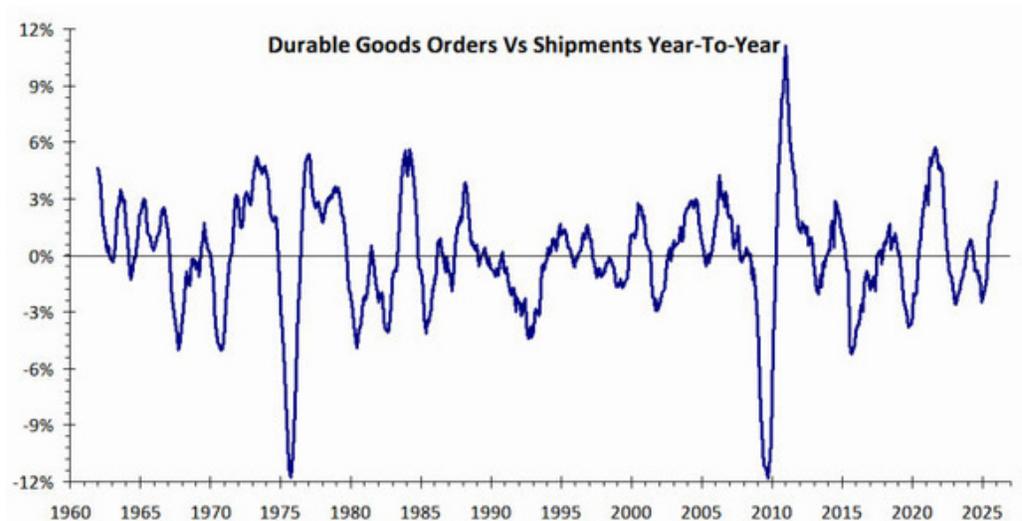
Inflation Stubborn, Growth Slowed By Shutdown

Economic data released last Friday painted a mixed picture for the U.S. economy at the end of 2025. The Personal Consumption Expenditures (PCE) price index (the Federal Reserve's preferred inflation gauge) showed year-over-year increases that came in higher than expected: Headline PCE at around 2.9% (vs. Bloomberg consensus forecasts closer to 2.8%), and Core PCE (excluding food and energy) also ticking up to 3.0%. At the same time, real GDP growth for the fourth quarter came in at just 1.4% annualized – about half of the roughly 3% pace anticipated by economists. The Bureau of Economic Analysis (BEA) attributes much of this shortfall to the October–November 2025 government shutdown, estimating that the reduction in federal services provided subtracted about a 1.0 percentage point from real GDP growth in the quarter. So far, these figures have not triggered any material shift in market expectations for interest rate cuts by the Federal Open Market Committee (FOMC). Investors still anticipate lower rates later in 2026 rather than any immediate action.

Durable Goods Point to More Growth Ahead

One encouraging sign for the economy: The growth in new orders for durable goods (long-lasting items like machinery, appliances, and equipment that businesses buy to expand or operate) is running well ahead of shipments (what's actually being delivered). This backlog suggests plenty of real economic activity is still in the pipeline. Businesses are committing to spend, and that should support growth in the months ahead.

Orders Are Running Ahead Of Shipments On A Year-To-Year Basis



Source: Census Bureau, Sanctuary Wealth, February 19, 2026

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U.S. Strength Lifting the World: Opportunities in Global Stocks

The robust U.S. economy is providing a tailwind to the rest of the world. As American demand stays solid, it helps boost global activity and trade. That creates attractive opportunities beyond just U.S. stocks. We believe investors should consider diversified global exposure through benchmarks such as the MSCI ACWI ex USA Index, which captures developed and emerging markets outside the U.S. The relative performance of non-U.S. markets to the S&P 500 appears to have bottomed and suggests the early stages of outperformance. We believe international markets have entered a new secular bull market that can last the next 10-15 years.

ACWI Ex-U.S. Is Outperforming

iShares MSCI ACWI Ex U.S. ETF (ACWX) (Top) With Relative Price To S&P 500 (Bottom)

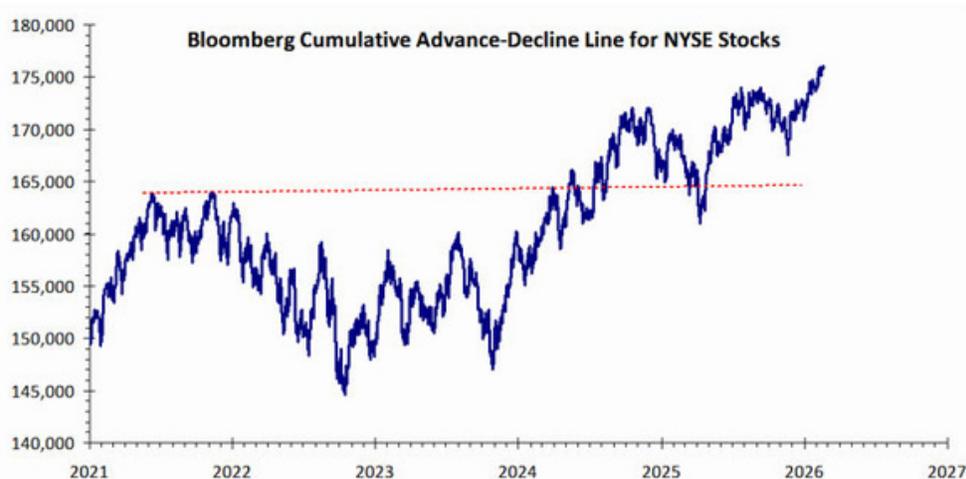


Source: StockCharts.com, Annotations by Sanctuary Wealth, February 19, 2026

The Rally Is Broadening: Good News Beneath the Surface

Even with recent headline-grabbing weakness in some large-cap technology and growth names, the overall market continues to show underlying strength. A key measure of this is the Advance-Decline (A/D) line, a simple but powerful indicator that tracks cumulative daily advances versus declines across the market. When the A/D line reaches new highs even as a handful of mega-caps lag, it signals broad participation, meaning the uptrend is being supported by a wide range of stocks rather than concentrated in a few index heavyweights.

Advance-Decline Line Reveals A Broadening Market

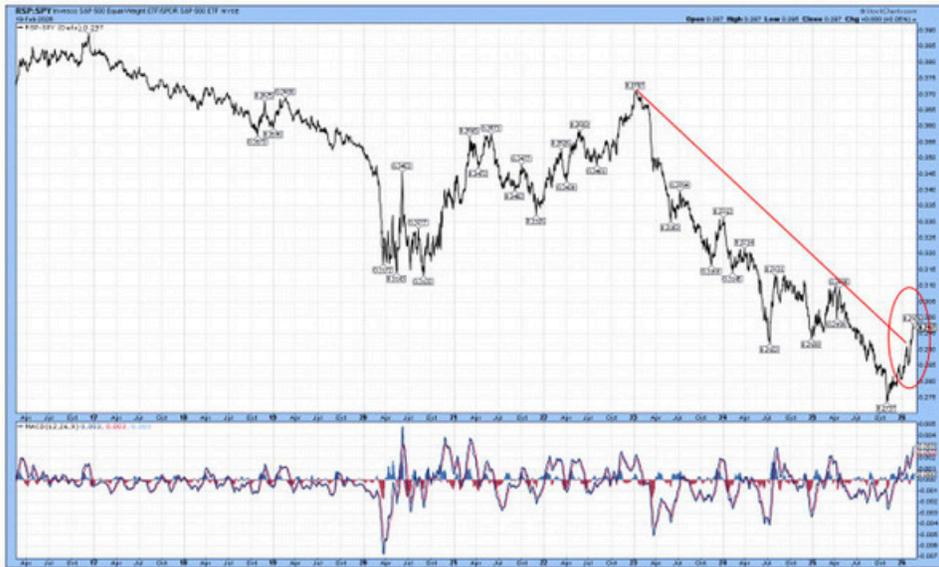


Source: Bloomberg, Annotations by Sanctuary Wealth, February 19, 2026

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This kind of breadth is typical of healthy bull markets and often precedes stronger, more durable gains. Notably, mid-cap and small-cap stocks are now outperforming their large-cap counterparts, as reflected in the relative performance of the Invesco S&P 500 Equal Weight ETF (RSP), an equal-weight version of the S&P 500 that gives similar influence to each stock, compared with the SPY ETF, the traditional market-cap-weighted index dominated by the largest companies.

Invesco S&P 500 Equal Weight ETF (RSP) Vs. State Street SPDR S&P 500 ETF Trust (SPY) (Top) With Moving Average Convergence/Divergence (MACD) (Bottom)



Source: StockCharts.com, Annotations by Sanctuary Wealth, February 19, 2026

Corporate Earnings: Strong And Still Beating Expectations

As we move deeper into earnings season, 74% of S&P 500 companies have reported as of February 13. The earnings growth rate for 4Q25 stands at 13.2%, unchanged from the prior week but up significantly from 8.3% at the end of the quarter. If 13.2% holds as the final figure, it will mark the fifth consecutive quarter of double-digit (year-over-year) earnings growth for the index. On the revenue side, FactSet reports a blended revenue growth rate of 9.0%, the highest since 3Q 2022, and the 21st consecutive quarter of revenue growth. Profit margins reached 13.2%, the highest level since 2009.

Of the reporting companies, 74% beat earnings-per-share (EPS) estimates (below the 5-year average of 78%), with an aggregate surprise of about +7.2% (in line with historical norms). Revenue surprises were stronger, with 73% beating estimates (above the 5-year average of 70%). Looking ahead, analysts project continued solid growth: 11.1% earnings growth in 1Q 2026, 14.9% in 2Q, and 14.4% for full-year 2026, though revenue estimates show some moderation (e.g., 8.7% in 1Q).

So far, earnings season has been strong, but results have not delivered enough upside surprises to drive markets significantly higher.

Fed Still Leans Toward Easier Policy

The latest FOMC (Federal Open Market Committee) minutes show a divided but cautious group. No voting members are pushing for tighter policy (higher rates) right now. Two of them clearly favor rate cuts soon, three lean toward easing, and three (including Chair Powell) appear neutral/data-dependent. Overall, the balance still tilts toward potential loosening if inflation keeps cooling and the economy needs support. This is good news for stocks and rate-sensitive sectors.

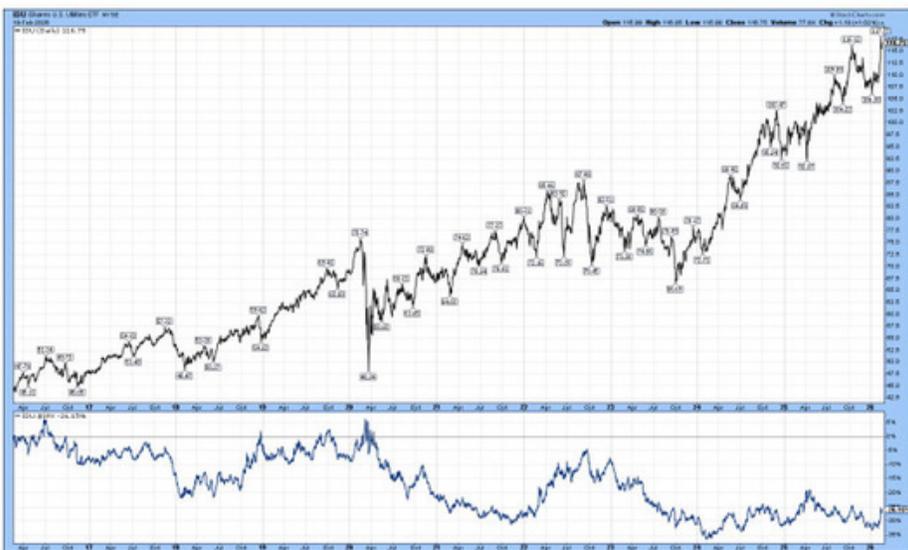
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Rate-Sensitive Sectors Waking Up

Utilities and REITs (Real Estate Investment Trusts, companies that own and rent out properties like apartments, offices, and shopping centers) are classic interest-rate plays. They tend to perform better when rates fall or stabilize, as borrowing costs drop and their high dividend yields become more attractive relative to bonds

We view Utilities as growth and income investments for investors. The sector is hitting record highs and appears to be improving relative to the S&P 500.

iShares U.S. Utilities ETF (IDU) (Top) With Relative Price To S&P 500 (Bottom)



Source: StockCharts.com, February 19, 2026

Homebuilders Are Responding To Lower Mortgage Rates

Housing-related stocks (homebuilders) and building materials companies are responding positively, too, as lower rates make mortgages more affordable and spur demand.

State Street SPDR S&P Homebuilders ETF (XHB) (Top) With Relative Price To S&P 500 (Bottom)



Source: StockCharts.com, Annotations by Sanctuary Wealth, February 19, 2026

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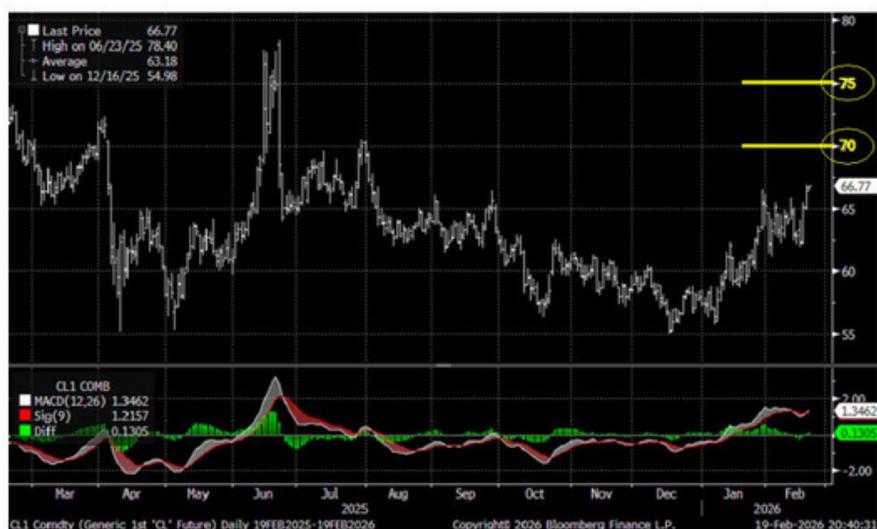
On Oil: Geopolitical Risks in Focus

Tensions with Iran are heating up. There have been open discussions in policy and media circles about possible U.S. strikes on Iran. On Tuesday of last week, tanker traffic through the Strait of Hormuz (the narrow waterway between the Persian Gulf and the open ocean) was briefly interrupted by Iranian military live-fire drills. (Note: over 20% of the world's daily oil supply passes through the Strait of Hormuz.) Also the U.S. and NATO allies moved more than 120 aircraft to the Middle East.

In response to these actions, crude oil prices rose, with our near-term targets around \$70 per barrel, and a push toward \$75 if risks escalate further.

Crude Oil Prices Rise Amid Middle East Tensions With Risks Of \$70 Or \$75

West Texas Intermediate Crude Oil (Top) With Moving Average Convergence/Divergence (MACD) (Bottom)



Source: Bloomberg, Annotations by Sanctuary Wealth, February 19, 2026

Energy Is Powering Ahead In New Bull Market

Energy stocks have broken out of a multi-year trading range with the relative price to the S&P 500 appearing to have bottomed. The energy sector is one of the most attractive value sectors within the market. We are overweight the sector.

State Street Energy Select Sector SPDR ETF (XLE) (Top) With Relative Price To S&P 500 (Bottom)



Source: StockCharts.com, Annotations by Sanctuary Wealth, February 22, 2026



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Government Shutdown: Limited Impact So Far

The current partial federal government shutdown is not expected to create economic ripples to the degree of the shutdown last fall, because this shutdown is limited in scope, primarily focused on the Department of Homeland Security. Prediction markets like Polymarket and Kalshi see this shutdown lasting 35–40 days on average. Essential services (e.g., Coast Guard and Secret Service protection) continue, though workers are going without pay for now, and there are reductions in areas such as cybersecurity support and new FEMA disaster grants.

Sector Readings: Energy Strongest, Followed By Materials And Industrials; Financials Weakest

Energy was strongest last week, followed by Materials, then Industrials. Financials were in last place, followed by Consumer Discretionary. The positions of these 5 sectors are unchanged from last week. Information Technology continues to correct after many months of being top ranked.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-11 with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Feb 20	Feb 13	Feb 6	Jan 30	Jan 23	Jan 16	Jan 9	Jan 2
Consumer Discretionary	10	10	8	6	5	4	3	5
Consumer Staples	6	5	6	8	8	10	10	11
Energy	1	1	1	2	3	5	8	8
Financials	11	11	9	9	9	8	7	6
Healthcare	5	6	5	7	6	6	5	3
Industrials	3	3	3	4	7	2	4	4
Information Technology	8	8	7	5	4	3	2	2
Materials	2	2	4	3	2	7	6	7
Communication Services	4	4	2	1	1	1	1	1
Utilities	7	7	11	10	10	9	9	9
Real Estate	9	9	10	11	11	11	11	10

Source: Bloomberg, Sanctuary Wealth, February 20, 2026



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OBOS List: Industrials, Materials, Energy, and Consumer Staples Overbought, Information Technology Near Oversold

Industrials, Materials, Energy, and Consumer Staples are all overbought. Information Technology is near oversold. It is unusual that so many sectors are overbought at once. Industrials are very extended.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

Sector Overbought / Oversold List as of 20 February 2026

rank	S&P Sector	normalized Oscillator
1	Industrials	3.4666
2	Materials	2.8526
3	Energy	2.0037
4	Consumer Staples	1.2231 <i>Overbought</i>
5	Real Estate	0.4433 <i>Neutral</i>
6	Utilities	0.1933
7	Communication Services	0.0688
8	Consumer Discretionary	-0.4553
9	Financials	-0.4705
10	Healthcare	-0.5808 <i>Neutral</i>
11	Information Technology	-0.7433 <i>Near Oversold</i>

Source: Bloomberg, Sanctuary Wealth, February 23, 2026



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Market Performance: Energy Best Performing Sector Year To Date, Even Better Than Gold, Followed By Silver; Bitcoin Remains The Worst Performing Asset

	Last 2/20/2026	Month End 1/30/2026	Month to Date	Quarter End 12/31/2025	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 2/20/2025	Year To Year
S&P 500	6909.51	6939.03	-0.4%	6845.50	0.9%	6845.50	0.9%	6117.52	12.9%
NASDAQ Composite	22886.07	23461.82	-2.5%	23241.99	-1.5%	23241.99	-1.5%	19962.36	14.6%
NASDAQ 100	608.81	621.87	-2.1%	614.31	-0.9%	614.31	-0.9%	537.23	13.3%
Russell 2000	2663.78	2613.74	1.9%	2481.91	7.3%	2481.91	7.3%	2261.74	17.8%
S&P Consumer Discretionary Sector	1863.81	1961.14	-5.0%	1928.43	-3.4%	1928.43	-3.4%	1819.15	2.5%
S&P Consumer Staples Sector	976.59	929.89	5.0%	864.89	12.9%	864.89	12.9%	897.96	8.8%
S&P Energy Sector	838.29	786.14	6.6%	687.34	22.0%	687.34	22.0%	702.68	19.3%
S&P Financial Sector	870.85	887.83	-1.9%	911.60	-4.5%	911.60	-4.5%	853.31	2.1%
S&P Health Care Sector	1825.23	1802.62	1.3%	1805.89	1.1%	1805.89	1.1%	1712.79	6.6%
S&P Industrials Sector	1498.92	1400.05	7.1%	1313.14	14.1%	1313.14	14.1%	1165.82	28.6%
S&P Information Technology Sector	5484.42	5587.88	-1.9%	5684.00	-3.5%	5684.00	-3.5%	4711.08	16.4%
S&P Materials Sector	667.30	624.06	6.9%	574.41	16.2%	574.41	16.2%	564.41	18.2%
S&P Real Estate Sector	276.41	262.03	5.5%	255.03	8.4%	255.03	8.4%	267.56	3.3%
S&P Communications Sector	451.34	478.15	-5.6%	452.39	-0.2%	452.39	-0.2%	364.50	23.8%
S&P Utilities Sector	469.35	439.54	6.8%	433.81	8.2%	433.81	8.2%	406.70	15.4%
S&P 500 Total Return	15388.65	15441.15	-0.3%	15220.46	1.1%	15220.46	1.1%	13453.54	14.4%
3 month Treasury Bill Price	99.08	99.08	0.0%	99.09	0.0%	99.09	0.0%	98.92	0.2%
3 month Treasury Bill Total Return	269.39	268.82	0.2%	268.01	0.5%	268.01	0.5%	258.47	4.2%
10 Year Treasury Bond Future	112.94	111.83	1.0%	112.44	0.4%	112.44	0.4%	109.17	3.4%
10 Year Treasury Note Total Return	319.65	315.84	1.2%	316.61	1.0%	316.61	1.0%	296.86	7.7%
iShares 20+ Year Treasury Bond ETF	89.41	87.13	2.6%	87.16	2.6%	87.16	2.6%	88.54	1.0%
S&P Municipal Bond Total Return	294.52	292.15	0.8%	290.00	1.6%	290.00	1.6%	280.04	5.2%
iShares S&P National Municipal Bond NAV	108.29	107.66	0.6%	106.85	1.3%	106.85	1.3%	106.67	1.5%
S&P 500 Investment Grade Corporate Bond Total Return	505.65	500.40	1.0%	499.46	1.2%	499.46	1.2%	470.04	7.6%
S&P Investment Grade Corporate Bond	93.31	92.61	0.8%	92.75	0.6%	92.75	0.6%	90.68	2.9%
S&P Investment Grade Corporate Bond Total Return	539.55	534.21	1.0%	532.99	1.2%	532.99	1.2%	501.15	7.7%
SPDR Bloomberg High Yield Bond ETF	97.62	97.82	-0.2%	97.21	0.4%	97.21	0.4%	96.77	0.9%
iShares iBoxx High Yield Corporate Bond ETF	81.00	81.12	-0.1%	80.63	0.5%	80.63	0.5%	79.80	1.5%
Gold	5107.45	4894.23	4.4%	4319.37	18.2%	4319.37	18.2%	2938.98	73.8%
Bitcoin	67798.62	84162.39	-19.4%	87647.54	-22.6%	87647.54	-22.6%	98131.18	-30.9%
Silver	84.65	85.20	-0.6%	71.66	18.1%	71.66	18.1%	32.96	156.8%

Source: Bloomberg, Sanctuary Wealth, February 20, 2026

All Eyes On PPI And Nvidia Earnings

This week we push past headline drama to read the real economic story told in data and earnings.

While the SCOTUS tariff ruling can be expected to generate more headlines this week, let's shift our attention to the economic calendar. This week brings several important data releases. Factory orders will offer a broader gauge of manufacturing demand, while Friday's Producer Price Index (PPI) will provide insight into upstream inflation pressures. The PPI can be more volatile than the Consumer Price Index (CPI) because it reflects earlier-stage pricing dynamics within the supply chain. Corporate earnings remain in focus as well. Nvidia (NVDA) reports Wednesday afternoon, February 25, after the market close – this is a potential market-mover given its significant market influence.

There will also be several Fed governors speaking this week.

Keep an eye on all these datapoints and commentary for clues on whether the economic momentum holds. As always, stay diversified and focused on the long game: Be fearless!



Calendar

Mon.

8:00 am Fedgovernor Christopher Waller speaks
10:00 am Factory orders

Tue.

8:00 am Chicago Fed President Austan Goolsbee speaks
9:00 am S&P Case-Shiller home price index (20 cities)
9:00 am Atlanta Fed President Raphael Bostic speaks
9:15 am Fed governor Christopher Waller speaks Fed
9:30 am governor Lisa Cook speaks Wholesale
10:00 am inventories Consumer confidence Home Depot
10:00 am Earnings

Wed.

9:35 am Richmond Fed President Tom Barkin speaks
11:00 am Kansas City Fed President Jeffrey Schmid speaks
Earnings Nvidia

Thu.

8:30 am Initial jobless claims
Earnings CoreWeave

Fri.

8:30 am Producer price index (delayed report)
8:30 am Core PPI
8:30 am PPI year over year
8:30 am Core PPI year over year
10:00 am Construction spending (delayed report)
10:00 am Construction spending
9:45 am Chicago Business Barometer (PMI)

*Earnings reflect highlights
Source: MarketWatch/Kiplinger's/CNBC

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