The Weekly Market Update – 2/9/26: Equity Markets Show Resilience Despite Tech Weakness

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	Trailing 12-Months	All-Time High	% to High
S&P 500	6,932.30	-0.10%	1.27%	1.27%	14.76%	6,978.60	0.7%
Dow Jones Industrial Average	50,115.67	2.50%	4.27%	4.27%	12.51%	50,115.67	0.0%
NASDAQ Composite	23,031.21	-1.84%	-0.91%	-0.91%	17.34%	23,958.47	4.0%
Russell 2000	2,670.34	2.17%	7.59%	7.59%	16.73%	2,718.77	1.8%
MSCI EAFE (USD)	3,057.92	0.50%	5.71%	5.71%	28.50%	3,061.48	0.1%
MSCI Emerging Markets (USD)	1,506.38	-1.42%	7.26%	7.26%	37.77%	1,556.80	3.3%
Bloomberg Commodity Index	117.96	-2.27%	7.54%	7.54%	15.31%	237.95	101.7%
Barclays U.S. Aggregate Bond	94.10	0.20%	0.02%	0.02%	3.74%	112.07	19.1%

Source: FactSet

The S&P equity index increased +2.0% on Friday, 2/6/26, its best one-day gain since November 2025 and the first daily increase above +2.0% since May 2025. The Friday surge followed three days of declines totaling -2.6%, the largest S&P 500 pullback so far in 2026 (although admittedly, still very early in the year). Equity market action to begin 2026 starts with the Technology (Tech) sector, which has been volatile. While just one of 11 S&P 500 sectors (as measured by the MSCI Global Industry Classification Standards, or GICS), Technology comprises the largest weighting in the index (33.4% of total market capitalization, as of 1/30/26, compared to the second largest sector, Financials, at 12.9%). In 2026, the Tech sector volatility received headlines, but volatility across other sectors has not been extreme. For the full week ended 2/6/26, the S&P 500 was modestly lower (-0.1%), but the Equal Weight S&P 500 and the Dow Jones Industrial Average both closed at new all-time highs. The most recent S&P 500 all-time closing high was just two weeks ago (on 1/27/26), and 8 of the 11 GICS sectors have closed at new highs this year. The Technology sector's most recent new high was over three months ago, 10/29/25. The sector gained +4.1% on 2/6/26 to lead the Friday rally but remained down -3.0% year-to-date (YTD) and was down -9.1% from the October high. Tech sector weakness has been dominated by selling in the Software sub-industry group as the S&P 500 Software index is down -28.2% since its high on 10/28/25 (including -19.8% YTD in 2026). By contrast, the S&P 500 Semiconductor & Semi Equipment index is down just -1.5% since 10/28 (and has increased +3.8% YTD in 2026). We attribute the latest period of Tech sector volatility to investors moving to a more discerning view of the generative artificial intelligence (GenAI) impact (threats and opportunities) and an understanding there will be both winners and losers along the way. For the past three years, the sector enjoyed sustained gains as GenAI capital investment swelled and large language models (LLMs) were trained. Fast forward to 2026 and LLMs have continued to advance rapidly and are already capable of performing advanced tasks at the enterprise level, posing a distinct threat to software subscription platforms that must be followed closely. Will corporate customers increasingly develop (using AI) custom software solutions in house? This could change the relationship with current software vendors. More information is needed, and uncertainty likely leads to ongoing volatility in both the Technology sector and Software sub-industry group in 2026.

The S&P 500 has increased +1.3% in 2026, and 8 of 11 sectors are positive YTD through 2/6/26. The rotation of sector leadership YTD is notable given the Tech sector's YTD decline. S&P 500 earnings results for the fourth quarter (4Q25) have exceeded expectations with full-quarter earnings now expected to increase (per FactSet) +13%, up from an +8% increase estimated at the end of December. 4Q25 revenues are on pace to increase +8.7% Y/Y, an indication of a solid economic backdrop despite perceived headwinds from tariffs and the six-week government shutdown throughout October and early November.

Speaking of the outlook for U.S. economic growth, the week of 2/9/26 has a full set of data releases scheduled. On Tuesday, we get the December data for retail sales, a key input to consumer spending, and on Wednesday we expect the January jobs report, which was delayed last week. On Friday, the Bureau of Labor Statistics will report January inflation (consumer price index, or CPI) that is expected to show an increase of +2.5% Y/Y compared to December's +2.7%. We expect volatility in both the inflation and jobs numbers in early 2026, which could lead to market volatility.

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Market Indices: The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees, or other expenses. You may not invest directly in an index. Past performance is not an indicator of future results. The S&P 500 Index is a market cap weighted index that is designed to measure the US large-cap equity performance. The index is composed of the 500 leading publicly traded US companies based on size, liquidity, industry, and profitability criteria. The Dow Jones Industrial Average is a price weighted index that tracks 30 large, exchange-traded companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. Today the NASDAQ Composite includes over 3,000 companies. The Russell 2000® Index is a market cap weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The S&P 500 Equal Weight Index is compiled by S&P Dow Jones. It is an equal-weight version of the widely used S&P 500. The index includes the same constituents as the capitalization-weighted S&P 500, but each company is allocated a fixed weight, or 0.2%, of the index total at each quarterly rebalance.

The Global Industry Classification Standard (GICS) is a four-tiered, hierarchical industry classification system. Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. The 11 sectors are: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities. Growth sectors are those that generally drive expected annual sales and earnings growth that exceed market and sector average. Value stocks will typically trade at valuation levels below peer group averages. Cyclical sectors tend to be more economically sensitive, with more volatility in sales and earnings growth when the economy is either decelerating or accelerating. Defensive sectors (which often include Consumer Staples, Health Care and Utilities) tend to outperform during periods of economic uncertainty or slow down, as many of the products and services in these sectors are essential in daily life and less impacted by economic swings. Both the S&P 500 Software sub-industry group and Semiconductors and Semiconductors Capital Equipment subgroup are part of the broader Information Technology sector. The subgroups are provided by S&P Global and MSCI. The weighting of the Information Technology sector was provided by S&P Global's S&P 500 fact sheet as of 1/31/26.

FactSet is a data aggregation software utilized by D.A. Davidson's Wealth Management Research. The FactSet consensus refers to the aggregate of all analysts' estimates from firms that submit estimates to FactSet for a given financial metric. Calculations on the percentage price change on indices is provided by FactSet.

S&P 500 earnings growth reflects the year-over-year change in operating earnings on a per share basis. Earnings data are aggregated for all S&P 500 constituents and are measured according to the relative market capitalization weights for each company. Estimated earnings are the combined FactSet estimates of analysts covering each company included in the index.

The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics, while the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey is drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work.

The consumer price index (CPI) is a measure of average change, over time, in the prices paid by urban consumers for a market basket of goods and services. It is reported monthly by the U.S. Bureau of Labor Statistics.

Gross domestic product (GDP) refers to the monetary measure of the market value of all final goods and services produced within a country's borders within a specific time period. Real GDP is adjusted for the impact of inflation. GDP numbers are compiled by the Bureau of Economic Analysis (BEA), a division within the U.S. Department of Commerce. Quarterly GDP is reported as a percentage change from the prior quarter, annualized. The BEA also reports data as a year-over-year percentage change from the same period one year prior. The most recent GDP report can be found at www.bea.gov. Major components of GDP include personal consumption expenditures, non-residential fixed investment, residential investment, government expenditures and adjustments for inventories and net exports (imports). Non-Residential Fixed Investment includes several subcategories including software and information processing equipment that measure investment in technology. Imports of

goods and services are subtracted from GDP data (products are not produced or performed in the U.S) while exports are added to GDP. On 12/23/25 the BEA reported that 3Q25 GDP increased +4.4% annualized from the previous quarter. This was inflation-adjusted, or "real GDP.

Generative Artificial Intelligence (GenAI): We think of artificial intelligence as using advanced computers to process large amounts of data to ultimately approach human problem solving and decision making. While still predictive models, generative AI can give detailed responses, much better than a search engine, which does a good job of telling the user where to go to find additional information. As generative AI systems access more data, they become larger and learn to make better decisions. At each iteration, the system gains knowledge, enhancing its predictive (reliable) capabilities and ability to produce original content. Generative AI systems become more robust as they are used as all new data can be trained into the system, creating new challenges and opportunities. Large Language Models (LLMs) are advanced AI systems based on deep learning and transformer architectures, trained on large datasets to understand, summarize, generate, and predict text and code.