

# TALKING POINTS

Data through February 2026

## Climate

Numerous developments contributed to the prevailing investment climate in February. Perhaps most notable was the start of U.S. and Israeli joint military operations in Iran, which sent global investment markets into a tailspin and crude oil prices surging at the start of March. Prior to this development, investors had been grappling with the impact of newly released artificial intelligence (AI) models on the software industry. While the long-term influence of technological advancement is notoriously difficult to predict, recent corporate AI investment may provide insight into expectations regarding its efficacy. Bloomberg reported that four of the companies that comprise the Bloomberg Magnificent 7 Index are expected to spend a record \$650 billion on capital expenditures (CAPEX) related to AI investment in 2026. Supply constraints from AI-specific industries are beginning to impact mainstream consumer goods. The current shortage of DRAM (Dynamic Random Access Memory), a crucial component in consumer electronics ranging from smartphones to automobiles, has led to surging prices in many categories. As an example, DRAM is expected to account for 30% of smartphone costs in 2026, up from just 10% in 2025. Investors continued to broaden their allocations in February, likely the result of an increasingly precarious geopolitical environment, record CAPEX, and jitters regarding AI's potential economic impact.

## Stock Market

The S&P 500 Index ("Index") closed at 6,878.88 on 2/27/26, representing an increase of 15.52% (price-only) year-over-year (y-o-y), according to data from Bloomberg. The Index now stands 38.05% above its most recent low of 4,982.77, which occurred on 4/8/25. The Index posted a total return of -0.76% in February 2026. Seven of the 11 major sectors that comprise the Index registered positive total returns for the month. Utilities were the top performer, increasing by a stunning 10.35%. Consumer Discretionary had the worst showing, declining by 5.38%. Investors continued to broaden their equity holdings in February, sending the S&P 500 Equal Weight, S&P MidCap 400, and S&P SmallCap 600 Indices up by 3.55%, 4.12% and 2.17% (total return), respectively, during the month. By contrast, the Bloomberg Magnificent 7 Index declined by 7.28% (total return) over the same period. Earnings results remain compelling, with each of the Index's eleven sectors reporting y-o-y earnings growth in Q4'25 as of 2/27/26. As of the same date, FactSet reported that the Index's Q4'25 blended, y-o-y earnings growth rate stood at 14.2%, marking the fifth consecutive quarter of double-digit earnings growth for the Index. Revenue growth has been outstanding. The Index's blended revenue growth rate was 9.4% in Q4'25, marking the 21st consecutive quarter of revenue growth and the highest quarterly revenue growth rate since Q3'22, according to FactSet.

## Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 3.94% at the close of trading on 2/27/26, down 27 basis points (bps) from its 4.21% close on 2/28/25, according to data from Bloomberg. The 3.94% yield stood 121 bps above its 2.73% average for the 10-year period ending February 2026 and 105 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood at 3.38% on 2/27/26, down 61 bps from when it stood at 3.99% on 2/28/25. Surging geopolitical risk, elevated equity market valuations, and stagnant global economic growth forecasts initiated an influx of investors seeking haven assets in 2026. As revealed in the "Bloomberg Fixed Income Indices" table to the right, each of the fixed income indices we track posted gains year-to-date through February. Even so, gold and silver prices cooled, declining from their all-time highs during the month. Notably, one troy ounce of gold was priced at \$5,278.93 at the end of February 2026, down from \$5,417.21 (record high) on 1/28/26. Silver settled at \$93.79 per troy ounce at the end of February, a decline of 19.63% from its record high of \$116.70 set on 1/28/26. That said, recent price declines among these assets belie their meteoric increase so far in 2026. Prices for one troy ounce of gold and silver surged by 22.22% and 30.87%, respectively, year-to-date through 2/27/26.

## Takeaway

Unsurprisingly, we expect near-term volatility to remain elevated as military operations in Iran play out. There is debate regarding the war's duration, but the White House insists its goals should be achieved in no more than four to five weeks. We will see. Interest rate policy expectations were little changed in February, with the federal funds rate futures market pricing in just two cuts for 2026 as of 2/27/26. Inflation, as measured by the trailing 12-month rate of change in the Consumer Price Index, stood at just 2.4% in January 2026, down from 3.0% in January 2025. Gross domestic product (GDP) came in at 1.4% in Q4'25, below the consensus estimate of 2.8%. These results appear underwhelming on the surface, but much of the contraction was due to declining government purchases, which dropped at a 16.6% rate during the quarter. Meantime, the world continues to grapple with AI's long-term implications. A recent paper, published by Citrini, forecasts a future where policymakers are unable to stop AI from upending the global economy and claiming workers' jobs (rather than boosting productivity). Another study, published the same day by Michael Bloch, argues the opposite: that AI will unleash a period of never-before-seen economic abundance. While we cannot know the outcome, we suspect it lies somewhere in the middle of these two dichotomies.

Sources: Bloomberg, FactSet, and Investment Company Institute

**Past performance is no guarantee of future results.** Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index. There can be no assurance past trends will continue or estimates will be realized.

Open-End Net Fund Flows (\$)	1/26	12/25	YTD (Jan)
Equity	-86.4B	-148.8B	-86.4B
Taxable Bond	36.5B	13.7B	36.5B
Municipal Bond	4.3B	1.4B	4.3B
Hybrid	-5.9B	-8.8B	-5.9B
Taxable Money Market	-24.3B	151.0B	-24.3B

Key Interest Rates/Yields	2/27/26	1/30/26	2/28/25
Federal Funds Target Rate	3.75%	3.75%	4.50%
2-Year T-Note	3.38%	3.52%	3.99%
5-Year T-Note	3.50%	3.79%	4.02%
10-Year T-Note	3.94%	4.24%	4.21%
Bond Buyer 40	4.65%	4.82%	4.37%

Commodities/U.S. Dollar	2/26	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.64%	-0.73%	-9.30%
FTSE/CC CRB Excess Ret.	-2.32%	4.65%	3.59%
Crude Oil/WTI (per Barrel)	2.78%	16.72%	-3.93%
Natural Gas (per million BTUs)	-34.34%	-22.44%	-25.43%
Gold Bullion (Ounce)	7.86%	22.22%	84.72%

S&P 500 Full-Year Earnings Estimates	2025	2026
2/27/26	273.99	313.79
12/31/25	270.90	311.25
12/31/24	274.13	311.07

## Total Return Performance

U.S. Stock Indices	2/26	YTD	12 Mo.
S&P 500	-0.76%	0.67%	16.96%
DJIA	0.31%	2.12%	13.59%
Nasdaq 100	-2.26%	-1.06%	20.35%
S&P MidCap 400	4.12%	8.33%	17.22%
Russell 2000	0.80%	6.24%	23.37%
Russell 3000	-0.48%	1.06%	16.99%

U.S. Styles/Market Caps	2/26	YTD	12 Mo.
S&P 500 Growth	-3.44%	-2.93%	18.93%
S&P 500 Value	2.27%	4.81%	14.81%
S&P MidCap 400 Growth	5.79%	10.00%	20.65%
S&P MidCap 400 Value	2.38%	6.59%	13.75%
Russell 2000 Growth	-0.24%	3.72%	21.86%
Russell 2000 Value	1.92%	9.01%	25.04%

Foreign Stock Indices (USD)	2/26	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	4.81%	9.75%	35.48%
MSCI Emerging Markets NET	5.50%	14.83%	49.96%
MSCI Europe NET	3.27%	7.87%	31.81%
MSCI BRIC NET	-2.61%	-0.05%	17.87%
MSCI EM Latin America NET	3.81%	19.73%	72.41%
Nikkei 225	9.28%	17.18%	55.57%

Bloomberg Fixed Income Indices	2/26	YTD	12 Mo.
U.S. Treasury: Intermediate	1.20%	1.20%	5.72%
GNMA 30 Year	1.58%	2.18%	7.21%
Municipal Bond (22+)	1.67%	2.18%	3.08%
U.S. Aggregate	1.64%	1.75%	6.26%
Intermediate Corporate	0.96%	1.19%	7.09%
U.S. Corporate High Yield	0.19%	0.69%	7.18%
Global Aggregate	1.12%	2.06%	8.23%
EM Hard Currency Aggregate	1.05%	1.71%	11.23%

# HIGH/LOW SNAPSHOT

Data through February 2026

Index	10-Yr.		10-Yr.		Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
	High Value	Date	Low Value	Date				
S&P 500	6978.60	1/27/2026	1932.23	2/29/2016	6878.88	-1.43%	0.67%	1.15%
S&P 500 Growth	5090.93	10/29/2025	1093.23	2/29/2016	4821.53	-5.29%	-2.93%	0.56%
S&P 500 Value	2189.20	2/6/2026	814.98	3/23/2020	2187.67	-0.07%	4.81%	1.79%
S&P MidCap 400	3606.95	2/20/2026	1218.55	3/23/2020	3575.27	-0.88%	8.33%	1.31%
S&P MidCap 400 Growth	1737.06	2/26/2026	610.53	3/23/2020	1727.86	-0.53%	10.00%	0.67%
S&P MidCap 400 Value	1152.01	2/6/2026	373.28	3/23/2020	1122.19	-2.59%	6.59%	2.00%
S&P 100	3481.00	10/29/2025	859.44	2/29/2016	3347.38	-3.84%	-2.31%	1.05%
DJIA	50188.14	2/10/2026	16516.50	2/29/2016	48977.92	-2.41%	2.12%	1.56%
Nasdaq 100	26119.85	10/29/2025	4201.06	6/27/2016	24960.04	-4.44%	-1.06%	0.65%
Russell 2000	2718.77	1/22/2026	991.16	3/18/2020	2632.36	-3.18%	6.24%	1.22%
Russell 2000 Growth	1807.25	1/22/2026	625.53	2/29/2016	1712.22	-5.26%	3.72%	0.52%
Russell 2000 Value	3011.05	2/9/2026	1067.63	3/23/2020	2953.75	-1.90%	9.01%	1.96%
Russell 3000	3971.58	1/27/2026	1133.56	2/29/2016	3917.03	-1.37%	1.06%	1.16%
MSCI World Net (ex U.S.) (USD)	11923.38	2/27/2026	4246.27	3/23/2020	11923.38	0.00%	9.75%	2.55%
MSCI Emerging Markets Net (USD)	884.84	2/26/2026	318.94	2/29/2016	880.23	-0.52%	14.83%	2.07%
Bovespa/Brazil (USD)	37180.91	2/25/2026	10754.93	2/29/2016	36663.36	-1.39%	25.20%	6.02%
RTS/Russia (USD)	1919.58	10/25/2021	742.91	2/24/2022	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	461.76	9/26/2024	129.66	3/23/2020	399.01	-13.59%	-3.98%	1.18%
Shanghai Composite/China (USD)	606.67	2/27/2026	358.39	10/18/2018	606.67	0.00%	6.99%	2.23%
KOSPI/South Korea (USD)	4.39	2/26/2026	1.16	3/19/2020	4.34	-1.31%	48.55%	1.03%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	3404.66	-19.72%	3.43%	2.88%
MSCI Euro (USD)	2363.34	2/25/2026	865.50	3/18/2020	2355.10	-0.35%	7.19%	2.67%
S&P 500 Consumer Discretionary	2017.26	1/12/2026	590.19	2/29/2016	1854.80	-8.05%	-3.76%	0.64%
S&P 500 Consumer Staples	1003.08	2/27/2026	500.59	12/24/2018	1003.08	0.00%	16.26%	2.22%
S&P 500 Energy	855.10	2/27/2026	179.94	3/18/2020	855.10	0.00%	25.22%	2.77%
S&P 500 Utilities	482.91	2/27/2026	227.75	3/23/2020	482.91	0.00%	11.86%	2.56%
S&P 500 Financials	937.48	1/6/2026	283.61	2/29/2016	853.79	-8.93%	-6.13%	1.56%
S&P 500 Banks	640.17	1/6/2026	191.12	6/27/2016	575.99	-10.03%	-5.94%	2.34%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	829.54	-15.36%	10.62%	3.79%
S&P 500 Health Care	1864.30	2/27/2026	763.33	11/3/2016	1864.30	0.00%	3.52%	1.62%
S&P 500 Pharmaceuticals	1406.43	2/27/2026	551.81	11/3/2016	1406.43	0.00%	9.03%	2.00%
NYSE Arca Biotechnology	7711.58	1/22/2026	2776.57	3/17/2016	7257.83	-5.88%	1.51%	0.24%
S&P 500 Information Technology	6064.80	10/29/2025	675.63	2/29/2016	5365.45	-11.53%	-5.51%	0.54%
Philadelphia Semiconductor	8467.43	2/25/2026	622.11	2/29/2016	8098.37	-4.36%	14.42%	0.62%
S&P 500 Communication Services	479.76	2/2/2026	130.86	12/24/2018	453.56	-5.46%	0.36%	0.70%
S&P 500 Industrials	1498.92	2/20/2026	412.06	3/23/2020	1497.59	-0.09%	14.26%	1.20%
S&P 500 Materials	675.69	2/27/2026	241.67	3/23/2020	675.69	0.00%	17.82%	1.55%
Philadelphia Gold & Silver	470.37	2/27/2026	61.61	3/1/2016	470.37	0.00%	37.55%	0.64%
FTSE/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	312.67	-5.13%	4.65%	N/A
ICE BofA Perpetual Preferred	345.64	2/19/2026	224.43	2/29/2016	344.83	-0.23%	1.70%	6.53%
ICE BofA U.S. High Yield Constrained	622.86	2/20/2026	327.03	2/29/2016	620.95	-0.31%	0.59%	7.16%

Source: Bloomberg

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