

# GLOBAL MARKET SQUARE



## Equities Advance as Growth Moderates, Inflation Persists, and Policy Shifts Fail to Derail Risk Appetite

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The **U.S. and European stock markets closed higher** as investors weighed softer near-term growth signals, **persistent inflation** pressures, and evolving geopolitical and trade developments against continued economic expansion and resilient consumer demand. The session reflects a market increasingly comfortable navigating moderating growth without pricing in a downturn.

### U.S. Markets

**U.S. equities finished solidly higher** after early caution faded, with investors reassessing revised fourth-quarter GDP data showing the economy expanded at a 1.4% annualized pace. While below expectations, the softer quarter largely reflected temporary disruptions to government spending, and full-year 2025 growth of 2.2% confirms that activity continues to expand at a sustainable pace. Inflation data reinforced the Federal Reserve's gradualist posture. Core PCE rose 0.4% for the month and 3.0% year-over-year, signaling that price pressures remain sticky but not accelerating. Markets interpreted the data as consistent with a slow normalization path rather than a renewed tightening cycle.

Consumer fundamentals remain supportive. Personal spending increased 0.43% while sentiment edged higher to 56.60, indicating that household demand remains intact even as income growth softened. Housing signals were mixed, with new home sales slipping modestly but remaining near historically solid levels.

Despite reports of potential geopolitical tensions tied to Iran negotiations and volatility in oil prices near \$66 per barrel, markets largely treated these developments as contained risks rather than structural threats to growth.

### Trade Policy Shift Implications

**A major institutional development came from the U.S. Supreme Court's decision striking down global tariffs implemented** under the International Emergency Economic Powers Act. The ruling removes a key pillar of the administration's trade framework and introduces uncertainty around roughly \$175 billion in tariff revenues, including unresolved questions regarding repayment or corporate refund eligibility.

For markets, the decision may ultimately reduce long-term trade friction and pricing distortions, even as it introduces short-term legal and fiscal uncertainty. Investors will now focus on how policymakers recalibrate trade strategy and how companies adjust supply chains and pricing assumptions in response.

### Technology & Sector Positioning

Technology shares stabilized ahead of Nvidia's February 25 earnings release, which is expected to serve as a critical signal for AI-related investment trends. Following a period of repricing—particularly across software—valuations have reset closer to historical norms, allowing investors to reassess selective opportunities across the sector.

Broader sector leadership continues to rotate toward a more balanced mix of cyclicals and

defensives, with industrials, health care, and consumer-linked sectors attracting renewed flows alongside a more neutral stance on mega-cap technology.

## European Markets

European equities advanced broadly, supported by solid earnings results and improving investor confidence following the U.S. tariff ruling, which may reduce global trade uncertainty.

The STOXX 600 rose as investors digested corporate updates from companies including Moncler and Anglo American. Moncler rallied after reporting stronger-than-expected sales growth, while Anglo American showed improved operating performance and reduced net debt despite impairment-related losses tied to its De Beers business.

The region's gains reflect continued corporate resilience and growing confidence that global trade conditions may become less restrictive over time.

## GDPNow Growth Outlook

The Atlanta Fed's GDPNow initial forecast for Q1 2026 came in at 3.10%, signaling that economic momentum entering the year remains firm despite softer late-2025 data. Together with steady consumption and improving sentiment, the forecast reinforces the base case of moderating but durable expansion.

## Economic Data:

- **U.S. Index of Consumer Sentiment:** rose to 56.60, up from 56.40 last month.
- **U.S. PCE Price Index YoY:** rose to 2.90%, compared to 2.82% last month.
- **U.S. Core PCE Price Index YoY:** rose to 3.00%, compared to 2.83% last month.
- **U.S. Personal Income MoM:** fell 0.33%, compared to 0.37% last month.
- **U.S. Personal Spending MoM:** rose 0.43%, compared to 0.38% last month.
- **U.S. New Single-Family Houses Sold:** fell to 745,000, down from 758,000 last month.
- **Germany Producer Price Index YoY:** fell -3.00%, compared to -2.50% last month.
- **UK Retail Sales YoY:** rose to 4.50%, up from 1.90% last month.

## Eurozone Summary:

- **Stoxx 600:** closed at 630.56, up 5.23 points or 0.84%.
- **FTSE 100:** closed at 10,686.89, up 59.85 points or 0.56%.
- **DAX Index:** closed at 25,260.69, up 217.12 points or 0.87%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,625.97, up 230.81 points or 0.47%.
- **S&P 500:** closed at 6,909.51, up 47.62 points or 0.69%.
- **Nasdaq Composite:** closed at 22,886.07, up 203.24 points or 0.90%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,166.58, down 6.36 Points or 0.15%
- **Birling Capital U.S. Bank Index:** closed at 8,898.69, down 92.99 Points or 1.02%.
- **U.S. Treasury 10-year note:** closed at 4.08%.
- **U.S. Treasury 2-year note:** closed at 3.48%.

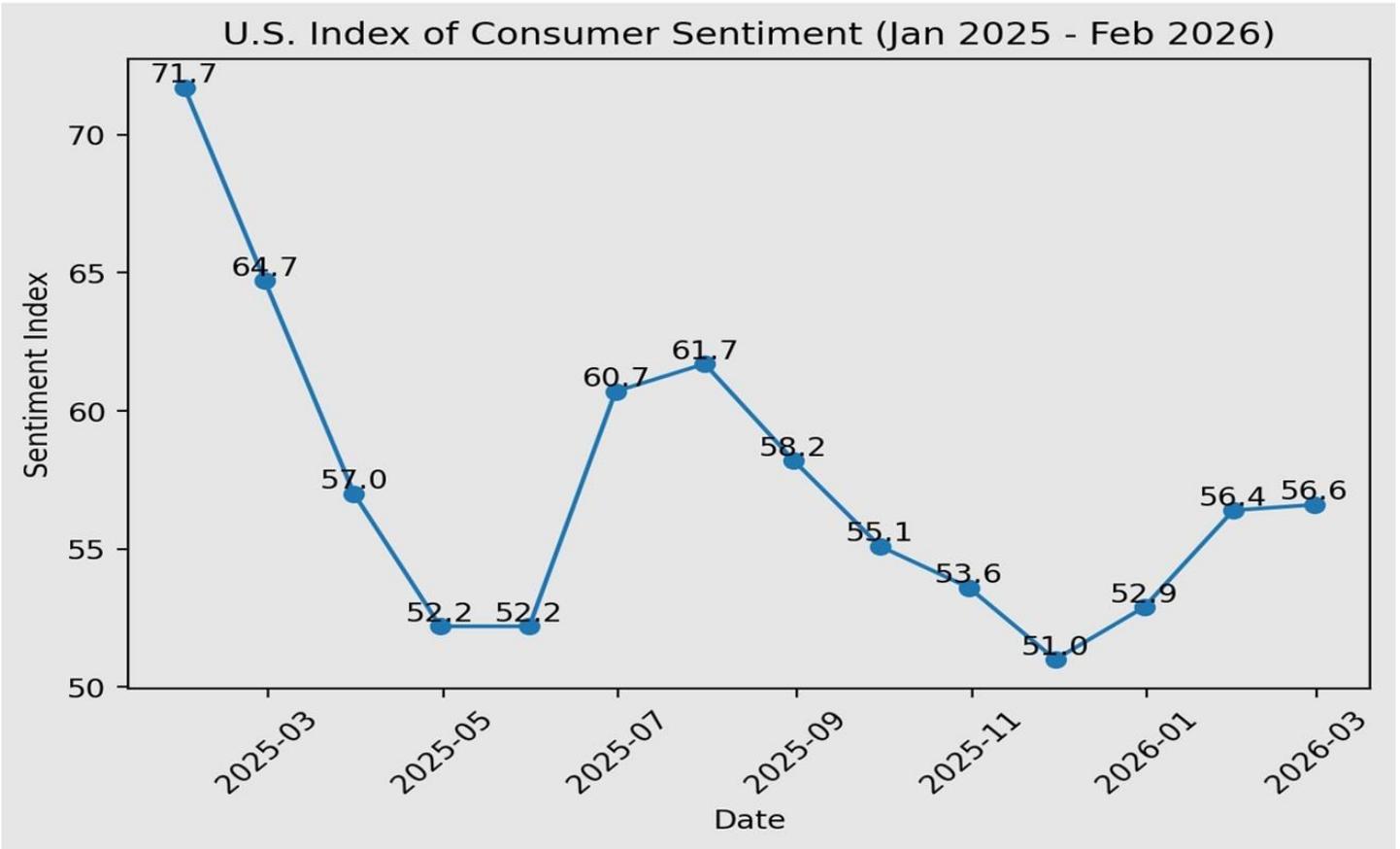
# GDPNow

## First Quarter 2026

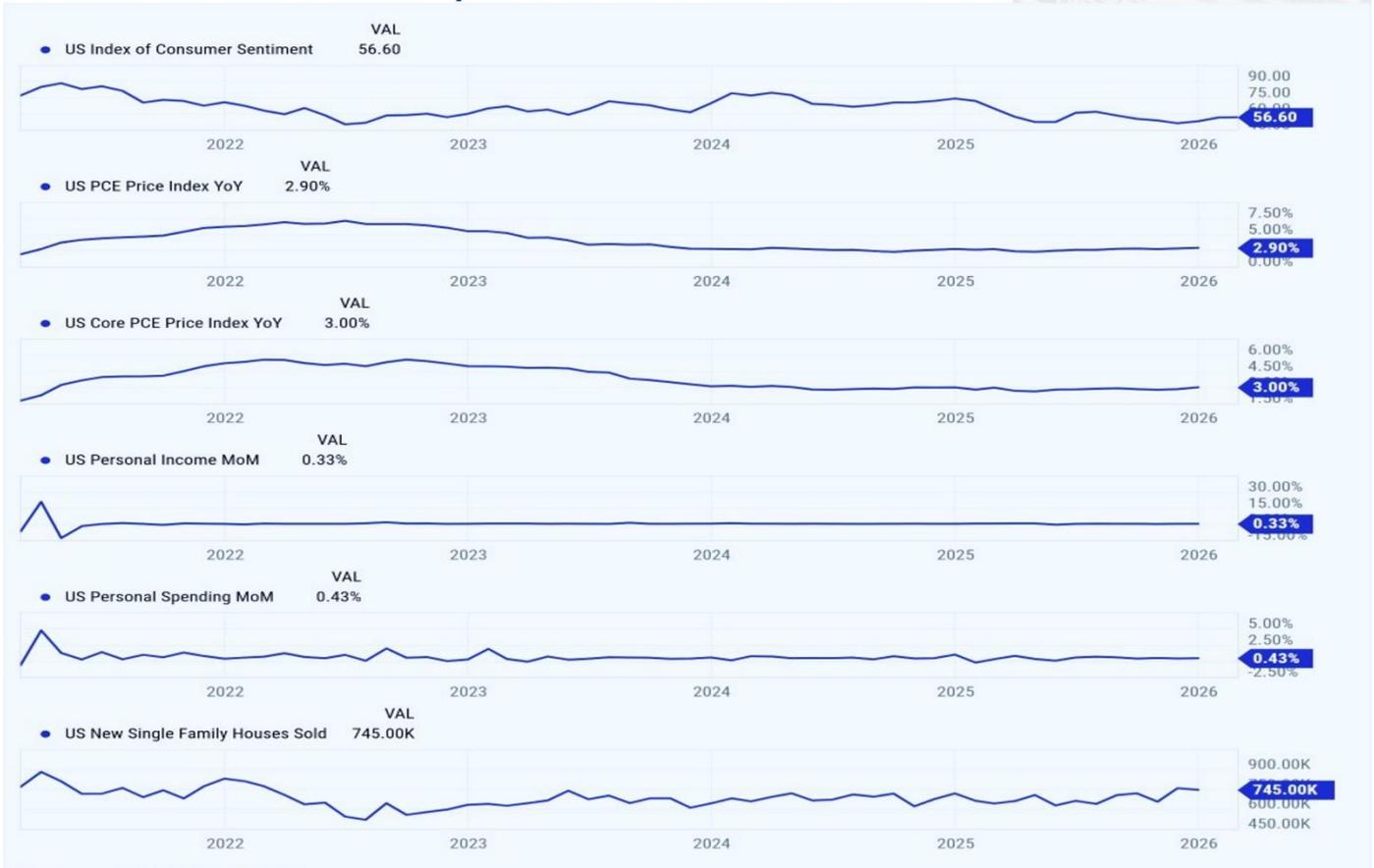
Date	GDPNow 1Q26	Change
2/20/2026	3.10%	Initial Forecast



# U.S. Index of Consumer Sentiment 2025 to YTD 2026



# US Index of Consumer Sentiment; US PCE Price Index YoY; US Core PCE Price Index YoY; US Personal Income MoM; US Personal Spending MoM & US New Single Family Houses Sold



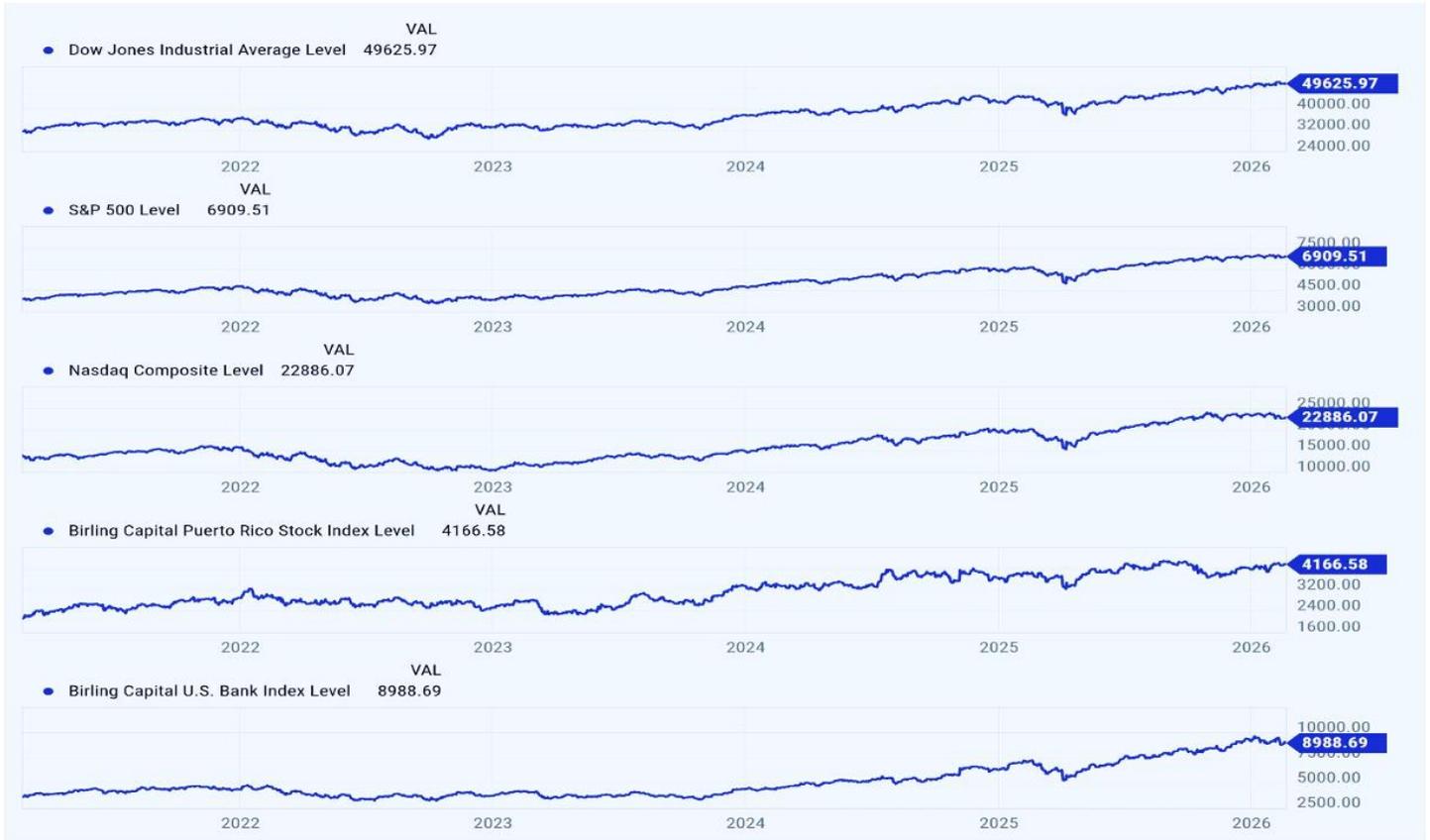


# BIRLING Wall Street Update

CAPITAL ADVISORS, LLC

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