

THE WEEK'S BIG THEMES

ECONOMY:

- **US growth engine decelerated:** Impacted by the extended 43-day shutdown last year, Q4 GDP came in at 1.4% (2.5% expected), far below the 4.4% in Q3. The full year still showed a c. 2.2% expansion for 2025. Atlanta Fed Nowcast for Q1 GDP was revised lower to 3.1%. While remaining in expansionary area, the Flash Composite PMI came in at a 10-month low, with both manufacturing and service sectors edging down. The December PCE price index rose 0.4%, with the +2.9% yoy gain representing the highest level since March 2024. FED Minutes revealed policymakers remained divided regarding the path forward for monetary policy, as sticky inflation tempered hopes for immediate easing
- **Euro area business activity rose:** While the industrial production data declined 1.4% in December, Eurozone PMI for February surprised to the upside, marking the 14th consecutive month of expansion. Some speculations that ECB Pst. C. Lagarde may step down before her eight-year term ends in October 2027 fueled speculation about her successor.
- **Easing UK inflation:** inflation eased to 3.0% yoy in January, its lowest level in almost a year. Unemployment rate hit a five-year high of 5.2% in the three months to December. Wage growth slowed, boosting expectations for a rate cut in March.
- **Concerns over the aggressive Japanese spending plans persists:** The Prime Minister, who won a solid victory in the recent snap election, tried to reassure investors, by pledging to pursue a responsible and proactive fiscal policy that balances capital investment (in Security, Agriculture, Health and Energy services) with fiscal discipline. The economy grew by less than expected over Q4 2025 (+0.2% versus 1.6% expected) and inflation rose at the slowest pace in two years in January (+2% yoy, down from 2.4% in December).
- **IMF expects China to grow at 4.5% in 2026,** acknowledging that the economy has been resilient to shocks but flagged increased challenges to its historical growth model. Transition towards a consumption-led growth model is a priority. Authorities rise the telecom VAT rate at 9%

RISING GEOPOLITICAL TENSION

- The **US Supreme Court invalidated Pst D. Trump's central tool for US trade policy**, arguing the Administration exceeded its authority by imposing tariffs on imports from major trade partners. It is unclear if collected revenue must be refunded. Following the invalidation, Trump signed an order to impose 10% global tariffs under section 122 of the Trade Act of 1974. He could use the section 301 to target specific countries or section 232 to apply sector-based tariffs tied to national security.
- **Tension between the US and Iran are rising**, with Pst Trump saying Iran has "10 to 15 days at most" to agree to a deal over its nuclear program

US EARNINGS RESULTS


- Out of the 425 S&P 500 companies that have reported results, 66% have beat on the top line while 75% have beat on the bottom line. Revenue growth has been +8.93% yoy while earnings-per-share growth is tracking at 12.36%. (Source. Schwab)


CHARTS OF THE WEEK


U.S. Tariffs That Would Fall vs. Survive
a Supreme Court Ruling on IEEPA


If the Supreme Court strikes down IEEPA authority for imposing tariffs, some tariffs would dissolve while others would remain or be replaced.

 **IEEPA Tariffs That Would Likely FALL**

 Legally vulnerable if IEEPA is struck down

- ✓ Reciprocal tariffs
 - ✓ Fentanyl-related tariffs
 - ✓ Other emergency-based IEEPA trade tariffs
- 

 These tariffs may be replaced under:

 **Tariffs That Would NOT Fall, But Could Replace IEEPA Quickly**

✓ **Section 122 Tariffs**
(Trade Act of 1974)


- ✓ Allows tariffs up **15%** for 150 days to address

May replace IEEPA tariffs temporarily or aggressively

✓ **Section 338 Tariffs**
(Trade Act of 1930)

- ✓ Allows tariffs up to **50%** for "unfair practices"

May replace IEEPA tariffs Aggressive/Uncertain


 **Tariffs That Would CLEARLY SURVIVE**

✓ **Section 301 Tariffs**
targeting unfair practices (famously used on China)

✓ **Section 232 Tariffs**
for national security threats (steel, autos, semiconductors)

✓ **Section 201 Tariffs**
for import surges

✓ **Section 232 Tariffs**
for national security threats (steel, autos, semiconductors)

 **Tariffs That Would CLEARLY SURVIVE**

- ✓ Section 122 Tariffs
- ✓ Section 338 (aggressive, uncertain)



MARKET'S REACTION

EQUITY

- In a context of increasing geopolitical tensions, **global stocks hedged higher in a choppy week**. The MSCI World (+1,05%) outperformed the MSCI Emerging Markets (+0,79%).
- US equities ended the holiday-shortened week higher**, with the tech-heavy Nasdaq (+1,15%) outperforming. Small caps (Russell 2000:+0,67%) underperformed Large caps (S&P 500: +1,11%). Growth stocks (+1,65%) outperformed Value stocks (+0,54%) and Cyclical (+1,27%) outperformed Defensives (-0,69%). Consumer Staples (-2,30%), Healthcare (-0,58%), Utilities (-0,49%) and Materials (-0,34%) were detractor of performance while Communication Services (+2,31%), Consumer Discretionary (+1,72%), Industrials (+1,69%), Financials (+1,55%) and Information Technologies (+1,51%) drove the performance. Magnificent 7 posted a return of 2,34%
- European markets outperformed their US peers**. The Stoxx 600 (+2,15%) hit a new high in a context of broadly supportive macroeconomic data and the desire of investors to diversify beyond the technology-heavy U.S. market. European Financials posted strong return (Banks: +5,40%, Insurance: +3,18%) while Utilities (-0,51%), Chemicals (-0,67%) and Autos Parts (-0,52%) were detractor of performance.
- Japanese stocks saw small decline** (Nikkei:-0,20%), with rising geopolitical tensions weighting on investor's appetite for risk.
- Financial markets in mainland China were closed** for the Lunar New Year holidays. The MSCI Korea (+5,72%) and MSCI Brazil (+3,30%) outperformed

FIXED INCOME

- U.S. Treasuries generated negative returns**: U.S. Treasury yields rose modestly last week while German bunds declined slightly.
- Credit bonds outperformed Treasuries**: Investment Grade corporate bonds were little changed while High Yield rated bonds outperforming, both in EUR and USD. New corporate bonds' issuance were generally oversubscribed. Emerging markets were unchanged over the week, both local and hard currency.

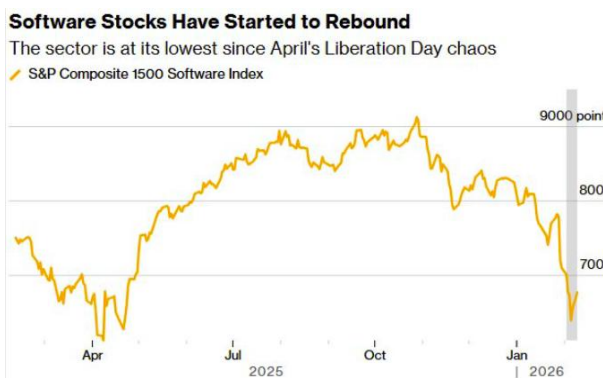
COMMODITIES

- Gold (+1,30%) and silver (+9,34%) rallied** on global uncertainty (US-Iran tensions, Supreme Court's decision) despite the rising US Dollar. Gold surpassed \$5'000 an ounce
- Oil prices surged to a six-month peak (WTI: +5,57%, Brent: +5,92%)** to above \$70 per barrel, with escalating U.S.–Iran tensions added a risk premium to oil prices. Industrial metals (+0,94%) and Agriculture (+0,83%) posted positive returns

CURRENCIES & CRYPTO

- The US Dollar outperformed its currencies basket**, its best weekly gain since November, boosted by hawkish FOMC Minutes. The EUR and JPY lost ground versus the USD. **Cryptocurrencies suffered again**

CHARTS OF THE WEEK



Source: SYZ, LinkedIn



Source DBS

ECONOMIC EVENTS TO WATCH

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<ul style="list-style-type: none"> Factory orders (US) GDP final (MX) 	<ul style="list-style-type: none"> Consumer confidence, House price (US) 	<ul style="list-style-type: none"> Pst Trump's State of the Union Address (US) Inflation (AU) Inflation final (EZ) 	<ul style="list-style-type: none"> Economic and industrial sentiment(EZ) Claims (US) 	<ul style="list-style-type: none"> Retail sales, Industrial production, Tokyo CPI (JP) Consumer confidence, Nationwide house prices (UK) PPI, Construction spending (US)



WEEKLY MARKET INSIGHTS

13 Feb 2026 – 20 Feb 2026

WEEKLY MARKETS REVIEW (As of 20 February 2026)

EQUITY MARKETS

	WoW	MTD	YTD
MSCI World (USD)	+1,1%	+0,5%	+3,0%
MSCI Emerging (USD)	+0,8%	+5,0%	+11,7%
S&P 500 (USD)	+1,1%	-0,9%	+1,1%
NASDAQ (USD)	+1,2%	-2,8%	-0,9%
RUSSELL 2000 (USD)	+0,7%	+1,0%	+7,5%
STOXX 600 (EUR)	+2,2%	+2,3%	+6,7%
DAX (EUR)	+1,4%	+1,9%	+2,9%
CAC 40 (EUR)	+2,5%	+3,8%	+4,2%
FTSE 100 (GBP)	+2,6%	+3,6%	+7,9%
NIKKEI (JPY)	-0,2%	+7,9%	+9,6%
CSI 300 (CNY)	+0,0%	+1,3%	+0,9%
BOVESPA (BRL)	+2,2%	+4,2%	+18,7%
HANG SENG (HKD)	-0,6%	+1,0%	+5,6%

FIXED INCOME MARKETS

	WoW	MTD	YTD
Global Aggregate USD (Hedged)	+0,1%	+1,0%	+1,2%
Global Aggregate EUR (Hedged)	+0,4%	+1,1%	+1,2%
US Investment Grade	+0,0%	+1,2%	+1,3%
US High Yield	+0,2%	+0,3%	+0,9%
EU Investment Grade	+0,0%	+0,4%	+1,1%
EU High Yield	+0,3%	+0,3%	+0,9%
EM Local Ccy. Gov (Unhedged)	-0,1%	+1,0%	+1,8%
EM Hard Ccy. Aggregate (Unhedged)	+0,0%	+1,0%	+1,5%

CRYPTO CURRENCY MARKETS

	WoW	MTD	YTD
Bitcoin	-1,6%	-15,9%	-28,0%
Ethereum	-3,9%	-22,0%	-36,7%
Ripple	+0,9%	-15,3%	-25,4%

COMMODITY MARKETS

	WoW	MTD	YTD
Gold	+1,3%	+10,2%	+18,9%
WTI Crude	+5,6%	+6,1%	+14,8%
Brent Crude	+5,9%	+7,4%	+16,6%
Silver	+9,3%	+8,3%	+19,8%
Natural Gas	-6,0%	-3,0%	-14,8%
Copper	+0,6%	-0,2%	+2,3%

CURRENCY MARKETS

	WoW	MTD	YTD
US Dollar Index (DXY)	+0,9%	-0,1%	-0,9%
EURUSD	-0,7%	-0,3%	+0,6%
GBPUSD	-1,3%	-1,3%	+0,3%
AUDUSD	+0,1%	+1,9%	+6,1%
USDCHF	+1,0%	-0,1%	-2,6%
USDJPY	+1,5%	-0,2%	-1,4%

Source: Bloomberg

GET IN TOUCH



E53, Avenue De La Cannelle, Ebene, Mauritius



heritagewealth.mu



+(230) 408 4130



info@heritagewealth.mu

DISCLAIMER

This publication is intended for information purposes only and does not constitute investment advice or a solicitation to purchase or sell any securities, funds, or strategies. The information provided is general in nature and does not account for the specific investment objectives or circumstances of any particular investor. You should consult a licensed investment professional before acting upon any information contained herein. Statements of opinion are those of Heritage Wealth Partners Ltd and are current at the time of issue, given in good faith, and are subject to change at any time. Neither Heritage Wealth Partners Ltd nor its staff accepts liability for the information or opinions expressed. All investments carry a level of risk. Past performance is not a guide to future returns. Any scenarios presented are estimates based on historical evidence and are not exact indicators of future performance.

Heritage Wealth Partners Ltd is licensed and regulated by the Financial Services Commission (FSC) of Mauritius.