CLARUS WEALTH ADVISORS

Market Watch

February 23, 2026

Primary Market Drivers

Earnings & Economic Data

This week marks the last major week of the earnings season, with 57 S&P 500 companies reporting. The main event will be Nvidia (NVDA), which reports on Wednesday after the closing bell. As always, the expectations are high and the implications are widespread. Tech has been in a volatile rut for months despite record earnings, though no company's earnings announcements carry quite the same weight as Nvidia's these days. Elsewhere, there are numerous high profile earnings being reported: Home Depot (HD 2/24), HP, Inc (HPQ 2/24), Lowe's Cos (LOW 2/25), TJX Cos (TJX 2/25), Salesforce (CRM 2/25), Warner Bros Discovery (WBD 2/26), Block, Inc (XYZ 2/26), Dell Technologies (DELL 2/26), Intuit (INTU 2/26), Monster Beverage (MNST 2/26), and Berkshire Hathaway (BRK.B 2/27), among others. While Nvidia's results will be the market's main focus this week, Thursday's busy slate should be impactful as well. The economic calendar is light this week with just Consumer Confidence (2/24), Wholesale Inventories (2/24), Chicago PMI (2/27), Constrution Spending (2/27), and January PPI (2/27).

Tariffs & Geopolitical Landcape

Tariffs and geopolitics are back in focus after SCOTUS ruled 6-3 against reciprocal tariffs under the IEEPA last week. The immediate response from the trump administration was to sign an executive order imposing a temporary 10% global tariff on all imports under Section 122 of the Trade Act of 1974, which allows up to 150 days without Congressional extension. The next day, Trump announced an increase to 15% effective immediately. Treasury Secretary Scott Bessent communicated that the administration believes 2026 tariff revenue will remain "unchanged" despite the upheaval. Dissent from China and the EU has led to the President to warn other nations that the US won't tolerate renogotiations. Elsewhere, the US and Iran will hold another round of nuclear talks on Thursday in Geneva. The US has recently deployed significant military assets to the region. Markets are certainly on edge and monitoring the situation. Finally, over the weekend the Mexican military (in conjunction with US intelligence) eliminated CJNG cartel leader "El Mencho." The cartel retaliated with coordinated attacks across the country, focused in Guadalajara and Puerto Vallarta. The US Embassy has issued a shelter-in-place alert for Americans in numerous regions for the time being. It's unclear if this situation will escalate or spill over into the US, though it is worth monitoring and contributes to the tense current geopolitical landscape.

Fear Narratives & Basket Trades

Last week's "AI is coming for us all" fear trade spilled over into Financials as Financial Services sold off hard (see: SCHW, LPLA, MS) following the release of new AI-driven tax tools. Cybersecurity was also under fire following the release of the Claude Code Security tool, which caused heavy volatility in cloud and cybersecurity names (see: CRWD, PANW, NET). With every small AI tool upgrade being viewed as a "Deepseek moment" for entire industries, traders have reverted to capital preservation mode amidst the panic. Low growth, low margin defensive names are going parabolic and trading at P/E's significantly higher (CL 36, HSY 50, WMT 44) than the high growth, high margin big tech responsible for the field (MSFT 24, META 27, AMZN 28). Traders remain committed to the narrative that "AI is a bad investment" (hyperscalers) but concurrently pushing that "AI is so powerful that it will spell the end of traditional work" (software, financial services, cybersecurity, etc). Analysts and corporate leaders have started to communicate that the panic is overblown, though for now, growth remains a volatile segment.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

Market Returns		2/20/2026
Category	*Ticker*	*YTD%*
Domestic Equity		
S&P 500	SPY	1.10%
Dow Jones	DIA	3.39%
Large-Cap Growth	QQQ	-0.90%
Large-Cap Value	IVE	4.30%
Mid Caps	MDY	9.17%
Small Caps	IWM	7.50%
International Equity		
Developed Intl	EFA	9.24%
Emerging Markets	EEM	13.95%
Fixed Income		
Core Bonds	AGG	1.35%
Corporate Bonds	LQD	1.65%
High Yield Bonds	HYG	0.95%
ST Treasuries	IEI	0.87%
LT Treasuries	TLT	2.97%
International Bonds	BNDX	1.60%

Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

What's Working	What's Not	What's Next
Inflation Subdued	Uncertain Labor Market	**Nvidia Earnings (2/25)**
Historically Strong Earnings Growth	Continued Volatility in Growth Assets	**Others: HD, LOW, TJX, CRM, DELL, INTU**
AI & Tech Revolution Long-Term Theme	Cryptocurrency Crash	January PPI (2/27)
Trade & Global Investment Deals	Tariff Uncertainty Post-SCOTUS Ruling	Iran Negotiations; Mexico Fallout
Fed Easing Cycle	Trade Narratives Making Little Sense	Global Reaction to SCOTUS Tariff Ruling
Mid- & Small-Caps Rallying	Iran & Mexico Potential Conflicts	Software Volatility Continues

Portfolio Manager Commentary

Ken Hartley, CFA

Since we last looked in on global events, here is what happened (list not inclusive). The Seahawks won the Super Bowl. The Supreme Court FINALLY ruled on tariffs, and the market yawned. Economic growth in the US moderated (think government shut down). US inflation has turned lower (tariffs?). The US Men's and Women's hockey team won GOLD in Italy! Maybe Canada should revisit that 51st state offer from POTUS. Overall, it was a very busy three weeks.

The Supreme Court finally got around to doing what the market had discounted since the oral arguments were given, several months back. When the decision hit the tape, there were several companies whose stock price reacted, but for the most part the market had it right. So, there was a collective yawn. But hold my beer, the current administration wasn't happy. There was almost an immediate announcement that "a 10% tariff was on, starting now, for everybody". All the deals made since last April were now in question. It's time to strap in and get ready for "headline volatility bingo".

The market leadership has been moving sideways since August. There has been a new group of leaders (small and mid-caps). The question is: Can they continue to lead? They haven't been in the leadership role for arguably three years now. Is it like riding a bicycle, just hop on and pedal away? The market is giving this new group a chance, but how patient will it be? I can't help but wonder if all the tariff reshuffling will continue to benefit companies that do most of their production domestically. History says it may be worth taking a look.

Around the world there seems to be a collective loss of focus. The Persian Gulf now looks like a maintenance port for the US Navy. Iran seems to be determined to defy its people and risk having their economy destroyed all to keep the current regime in power. I mean, where does a deposed religious despot go to find meaningful work? The quest for power will ultimately lead to a gaza-like outcome in yet another middle eastern nation. A prominent Mexican cartel leader was killed late last week. The remaining members decide to set fire to Costco Warehouses in major, tourist supported, cities. Maybe they should stop using their product and come up with a clearer strategy. Why do these violent thugs (not just in Mexico) always think it's a good strategy to burn down their own cities?

Remember, don't let the noise define your strategy. Focus on the things that drive markets: interest rates, earnings and valuation. There have been many periods of volatility in the markets over the years. Those investors that get spooked out and sold usually regret the decision. Focus on the plan.

Don Moenning

This week is a pivotal one for a market that has been full of noise in 2026.

Nvidia reports earnings on Wednesday and seemingly as usual, the entire tech ecosystem hangs in the balance. While I expect the results to be stellar, the question at this juncture is, "does it even matter?" Traders have been running panic trades across Tech for months, turning every day into a potential "Deepseek moment" (remember that?) for any industry that could seemingly benefit from or be disrupted by AI tools. First it was SaaS, then Trucking (yes, Trucking), then Financial Services, then Cybersecurity. Who knows what's next. The narratives are absolutely out of control and logic has left the building. Unfortunately, historically strong earnings figures and record forecasts are largely being ignored. So, what is the market even measuring at this point? Daily sentiment?

Next up is US/Iran nuclear talks in Geneva on Thursday. The US has sent a massive amount of military assets into the region that remain on standby. Whether this is a negotiation tactic, a sign of an imminent strike, or both remains unclear. What is known is that the leash is extremely short with Iran and this administration can usually be taken at face value given its recent track record (Maduro, El Mencho).

Speaking of El Mencho, the CJNG cartel leader was eliminated on Sunday morning by the Mexican military in conjunction with US intelligence. The news triggered widespread retaliation from the cartel – drone strikes, blockades, burning cars and buildings, firefights on the streets, etc. I'm not sure if this has market implications unless it spills into the US, but with the geopolitical landscape already tense, it certainly doesn't inspire a lot of confidence.

Then there's the tariff ruling. SCOTUS ruled 6-3 against the reciprocal tariffs under the IEEPA last week. The response was a 15% global tariff under the Trade Act of 1974 that can't be challenged for at least 150 days. Bessent expects 2026 tariff revenue to remain unchanged. So, while one side of the political spectrum is rejoicing in their "victory," it does not appear that anything noteworthy was achieved other than more confusion and renewed dissent from the usual suspects (China, EU). Great job.

January PPI comes out on Friday, though inflation over the last few months has been a non-factor. The market remains stuck in irrational panic over technology it still doesn't understand and geopolitical conflicts that have little-to-no bearing on corporate earnings. This week's events certainly loom large.

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