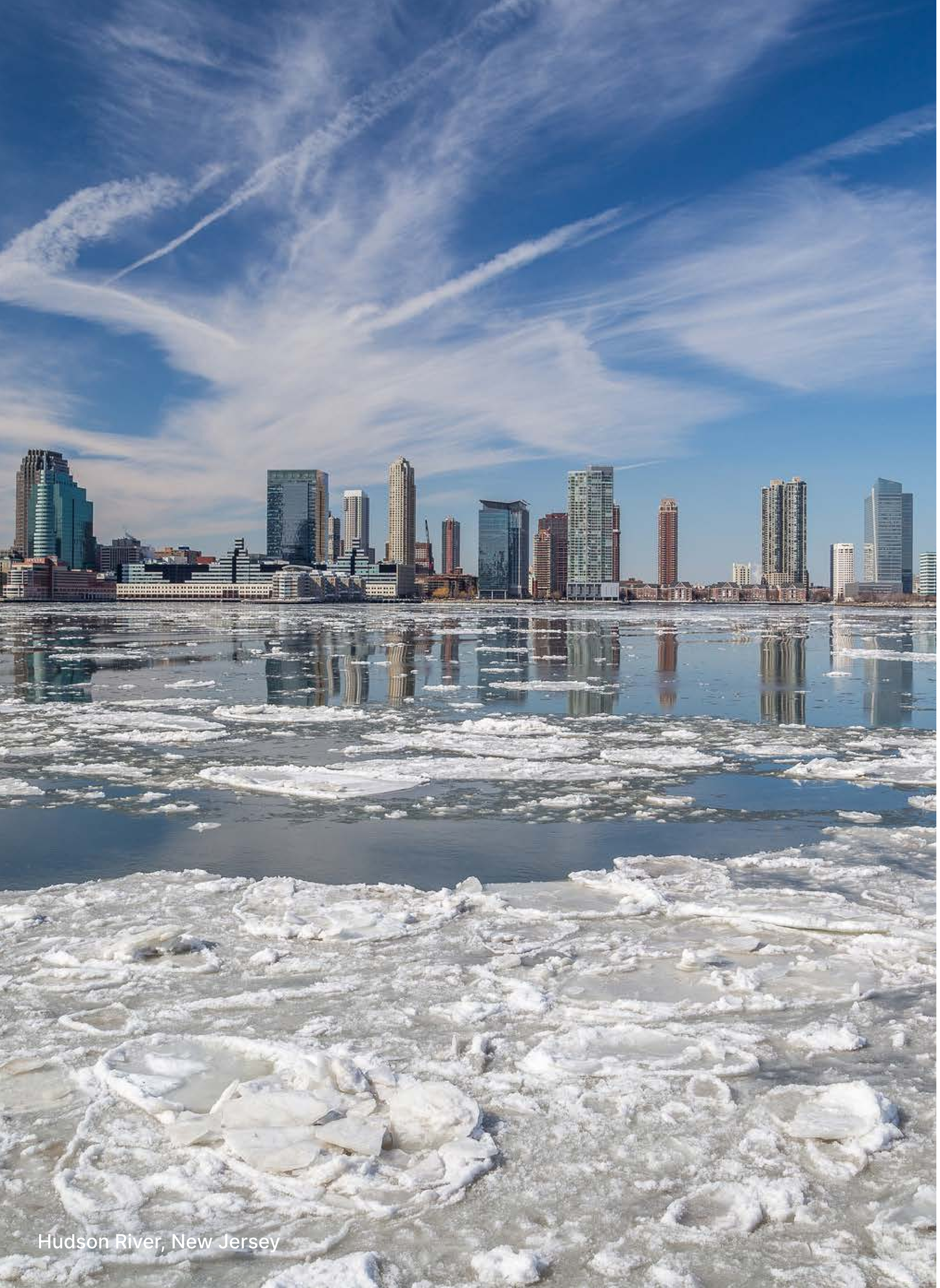

Hudson River, New Jersey

WEEK OF FEBRUARY 9, 2026

Market Navigator

Markets rallied Friday to salvage what had been a challenging week. The Dow Jones Industrial Average led the way, eclipsing 50,000 for the first time. The rally continued to illustrate a broadening market. Economic data exceeded expectations, with good news on manufacturing, services, and consumer confidence.

Quick Hits

1. **Beyond the headlines:** Strong earnings growth leads to a broadening market.
2. **Report releases:** Manufacturing confidence, services confidence, and consumer sentiment improved.
3. **Financial market data**: After rallying Friday, the Dow Jones closed above 50,000 for the first time.
4. **Looking ahead:** This week's highlights include the delayed January employment report and more fourth-quarter earnings reports.

GRAZIANO BUDNY WEALTH MANAGEMENT EST 1987

Beyond the Headlines: Strong Earnings Growth Leads to a Broadening Market

Corporate America's resilience, a bright spot for investors, has played a strong part in the S&P 500 Index posting three consecutive years of strong returns. Entering 2026, it was expected that those trends would continue. It was the magnitude of those returns, however, that would be critical in determining what investors should anticipate this year. So far, so good.

A Familiar Pattern Emerges

In October, entering the fourth quarter, analysts expected earnings to grow 7.2 percent. By quarter-end, analysts were more optimistic—growth expectations rose to 8.3 percent. As forecasts increase, the bar companies need to clear to satisfy investors also rises. So do the chances that results will be perceived as disappointing.

Thus far, just under 60 percent of companies that make up the S&P 500 have reported fourth-quarter earnings. According to Factset, 76 percent of those companies have exceeded analysts' views. Because of that strength, S&P 500 earnings growth is on track to rise a remarkable 13 percent in the final quarter of 2025. If that holds, it would be another impressive quarter that would be well received by investors.

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How Has It Happened?

Equity markets have exhibited more breadth lately, with participation in the rally from areas beyond artificial intelligence–themed stocks. For that to continue, fundamentals for those other sectors of the market need to improve.

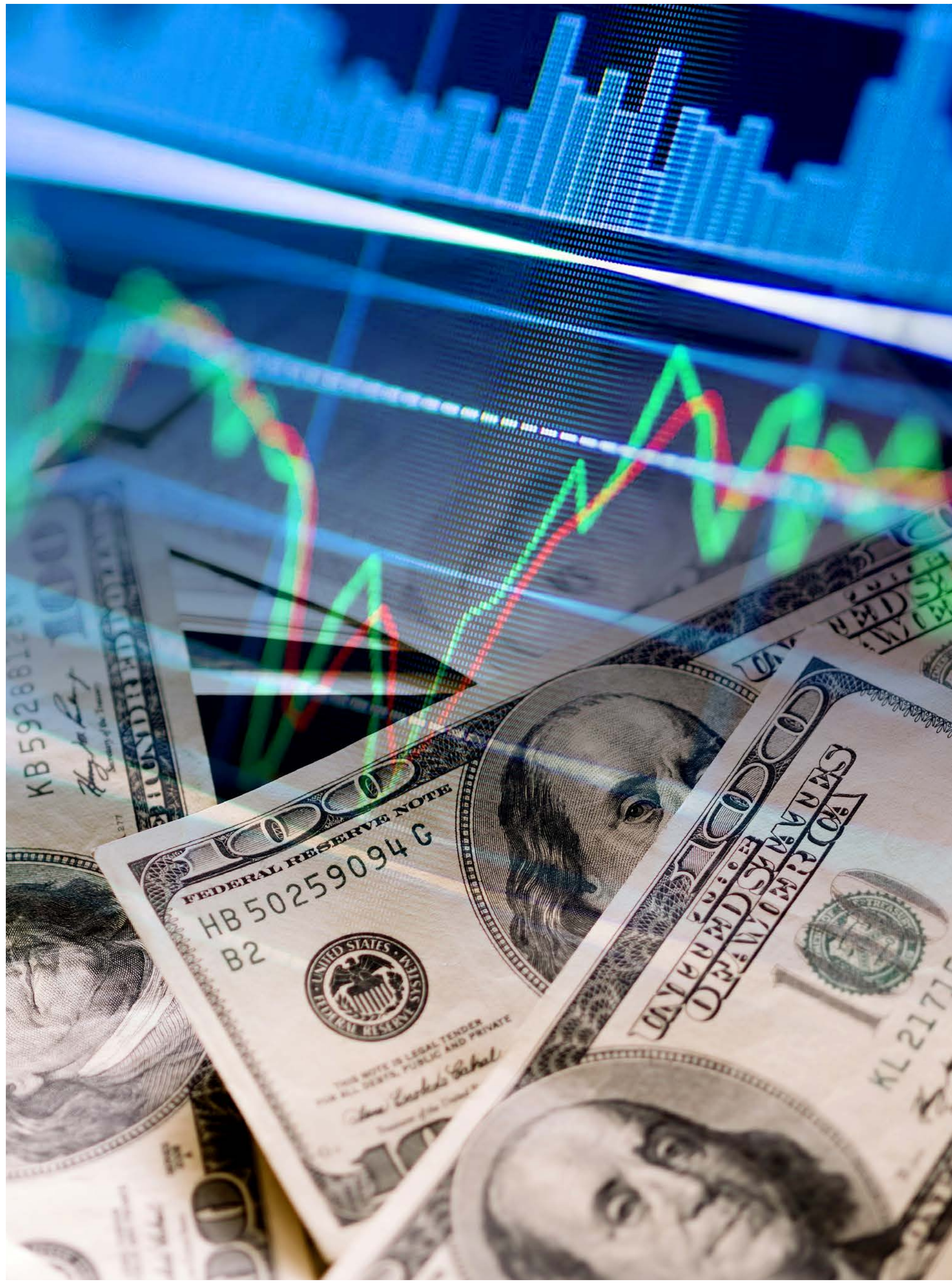
And there is good news on that front. Of the 11 sectors, 9 have reported year-over-year earnings growth; only health care and consumer discretionary have reported a decline in earnings. In addition, 10 of the 11 sectors are reporting earnings above expectations, with only real estate failing to do so. In yet another good sign for increasing participation from other sectors and industries, industrials has the highest percentage of earnings reported above expectations.

Market Rotation Is Likely to Continue

One year ago, when companies beat earnings estimates, analysts anticipated earnings were being pulled forward, and full-year estimates didn't rise; instead, analysts reduced them due to concerns that headwinds affecting the economy would also cause companies to struggle. This year is different. Over the past week, full-year estimates for 2026 have ticked slightly higher, an encouraging sign for market support.

Broader earnings growth has been reflected in sector performance. Seven sectors have positive returns this year, led by double-digit returns for energy, basic materials, consumer staples, and industrials. The worst-performing sectors are technology and communication services—favored areas of the market the past few years—each with negative returns in the low single digits.

Investors always find and eventually allocate capital to relatively cheap valuations and improving fundamentals. They seem to be doing so currently on the belief that it will continue. Diversification has historically been the best way to position portfolios for markets with broadening participation.



Report Releases: February 2–6, 2026

ISM Manufacturing Index
January (Monday)

Manufacturer confidence improved far more than expected last month, driven in part by a surge in new orders, bringing the index into expansionary territory for the first time in 12 months.

- Expected/prior ISM Manufacturing index: 48.5/47.9
- Actual ISM Manufacturing index: 52.6

ISM Services Index
January (Wednesday)

Service sector confidence was unchanged last month. This was slightly better than expected, leaving the index in expansionary territory.

- Expected/prior ISM Services index: 53.5/53.8
- Actual ISM Services index: 53.8

Preliminary University of Michigan Consumer Sentiment Survey
February (Friday)

Consumer sentiment rose more than expected to start the month, lifting the index to a six-month high.

- Expected/prior consumer sentiment: 55.0/56.4
- Actual consumer sentiment: 57.30

>> The Takeaway

- Economic data exceeded expectations, with manufacturing and services confidence improving month-over-month.
- In good news for continued economic growth, consumer sentiment for February jumped, reaching a six-month high.

Financial Market Data

Equity

Markets were mixed, thanks to a strong rally on Friday. The Dow Jones was the star, rising 2.5 percent and topping 50,000 for the first time. Small-cap stocks rallied more than 2 percent. Big technology lagged, pulling the S&P 500 down marginally. The Nasdaq Composite fell nearly 2 percent. Strong sector performance was seen in consumer staples, industrials, energy, and materials, each of which rose at least 3.5 percent. Consumer discretionary and communication services each lost more than 4 percent.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	–0.09%	–0.09%	1.35%	15.39%
Nasdaq Composite	–1.83%	–1.83%	–0.88%	17.15%
DJIA	2.50%	2.50%	4.35%	13.93%
MSCI EAFE	0.51%	0.51%	5.78%	31.68%
MSCI Emerging Markets	–1.41%	–1.41%	7.33%	40.46%
Russell 2000	2.18%	2.18%	7.69%	17.35%

Source: Bloomberg, as of February 6, 2026

Fixed Income

Fixed income markets rallied, with the broad fixed income market up 0.28 percent. Yields across the Treasury curve declined, with the 10-year dropping 3 basis points (bps) to close at 4.2 percent.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.28%	0.28%	0.39%	6.42%
U.S. Treasury	0.33%	0.33%	0.24%	5.31%
U.S. Mortgages	0.23%	0.22%	0.64%	7.94%
Municipal Bond	0.30%	0.30%	1.24%	4.43%

Source: Bloomberg, as of February 6, 2026

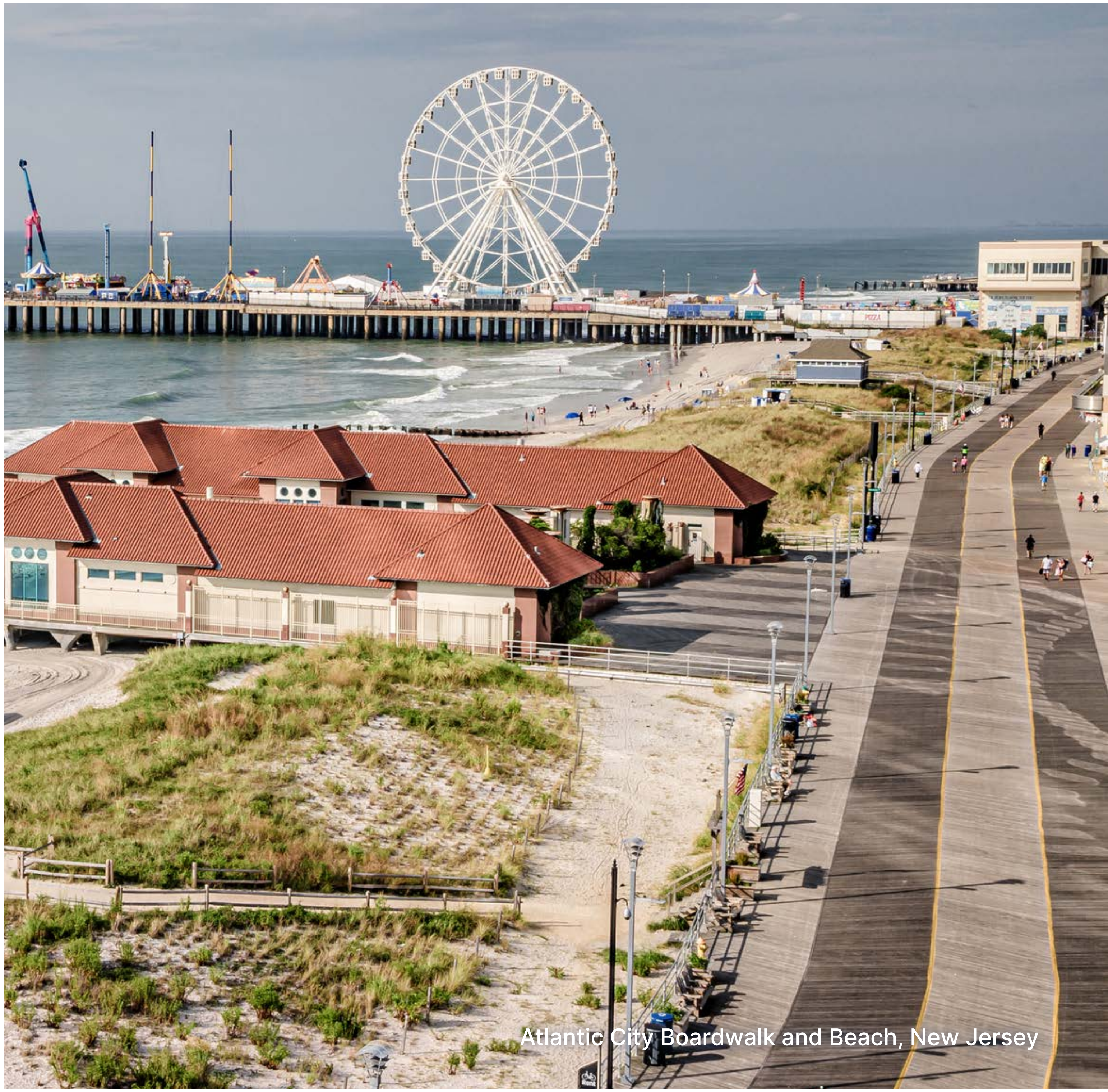
>> The Takeaway

- Equity markets rallied on Friday, with areas outside of technology leading the way. The equal-weight S&P 500 closed at a record high, further illustrating market breadth.
- Fixed income markets had positive returns. Yields across the Treasury curve declined.

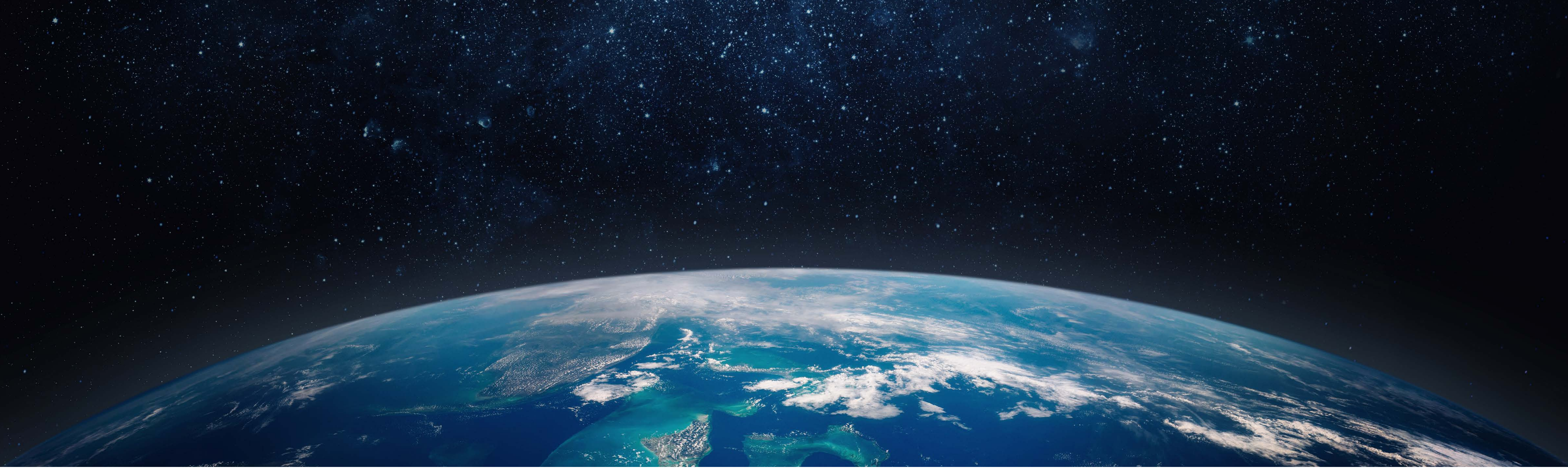
Looking Ahead

Slightly delayed employment and consumer inflation reports highlight this week's economic data. They are expected to show improved job creation and moderating inflation, which would be positive developments. Earnings season continues, with a wide swath of companies expected to report.

- The week kicks off Tuesday with the release of the delayed **retail sales report** for December. It's expected to show solid sales growth.
- On Wednesday, we anticipate the January **employment report**. Economists expect 75,000 jobs to be created, which would be up month-over-month but still historically low.
- On Friday, the **Consumer Price Index (CPI)** for January is expected to show that inflation has moderated to start the year.
- Fourth-quarter earnings season continues, with key reports expected from Applied Materials, Coca-Cola, Lyft, and Humana.



Atlantic City Boardwalk and Beach, New Jersey



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Bonds are subject to availability and market conditions; some have call features that may affect income. Bond prices and yields are inversely related: when the price goes up, the yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than $50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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