



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

February 20, 2026

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	49,625.97	125.04 / 0.25%	3.25%
S&P 500 [®]	6,909.51	73.34 / 1.07%	0.94%
Nasdaq	22,886.07	339.40 / 1.51%	-1.53%
Russell 2000 [®]	2,663.78	17.08 / 0.65%	7.33%

	02/20/26 CLOSE	02/20/25 CLOSE
10-Year U.S. Treasury	4.09%	4.50%

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

On Friday, the Supreme Court ruled President Trump's IEEPA tariffs illegal; the decision impacted the 10% "Liberation Day" blanket tariffs on more than 100 countries, the reciprocal tariffs on dozens of countries, and the 25% fentanyl-related tariffs on Mexico, Canada and China. The markets reacted favorably: the Nasdaq (1.51%) rebounding after five consecutive weekly losses, followed by the S&P 500[®] Index (1.07%), the Russell 2000[®] Index (0.65%) and the Dow Jones Industrial Average (0.25%). The yield on the 10-Year U.S. Treasury Note increased to 4.09% from 4.05% last Friday.

The Supreme Court decision left many issues, including potential refunds of the estimated \$175 billion already collected, unanswered. Companies will look to the Court of International Trade and other U.S. authorities for guidance. The process and timing of any repayment is uncertain; nevertheless, some companies have already filed lawsuits to seek refunds. A President immediately announced a temporary 10% global surcharge citing Section 301 of the 1974 Trade Act. At day's end, companies, and countries, face the prospect of lower tariffs and on-going trade uncertainties.

Corporate commentaries from earnings calls this week stressed that many manufacturers, which absorbed tariffs last year, will be unwilling to do so this year; consequently, prices will begin to fully reflect the tariff charges. Meanwhile, the Federal Reserve's preferred inflation gauge, the **core PCE** index, rose more-than-expected; the monthly gauge increased 0.4% while the 3.0% year-over-year increase was the highest since March 2024. Higher-than-anticipated inflation focuses attention on the Administration as affordability emerges as a key concern in the run up to the mid-term elections.

The initial 1.4% reading of **Q4 GDP** fell well below estimates and the third quarter reading of 4.4%. Annualized, the 2025 2.2% GDP reading fell below consensus of 3.0% and 2024's 2.8%. The preliminary data do not estimate the effect of the October to mid-November government shutdown. **Initial jobless claims** (206,000) were below estimates of 225,000; continuing claims (1.869 million) rose modestly above consensus (1.860

million). The final **February University of Michigan Consumer Sentiment** index, 56.6, down from earlier projections of 57.3, was the highest reading since August 2025.

85% of companies in the S&P 500® have reported earnings results; the average earnings growth rate near 14% is higher than estimates. *Deere* reported strong demand for construction and agriculture and *Quanta's* backlog for power generation solutions continues to grow. The geopolitical uncertainties in the Middle East, and the continuing assessment of tariffs may drive market momentum as fourth quarter earnings season winds down.

¹The Dow Jones Industrial Average is an unmanaged, price weighted measure of 30 U.S. stocks selected by the Averages Committee to represent the performance of all U.S. stocks outside the Transportation and Utilities sectors. The S&P 500® Index is an unmanaged, market capitalization weighted index which measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy. The Nasdaq Composite Index is an unmanaged, market capitalization weighted measure of all domestic and international common stocks listed on The Nasdaq Stock Market. The Russell Midcap® Index measures the 800 smallest companies within the Russell 1000® Index based on a combination of their market cap and current index membership. The Russell 2000® Index is an unmanaged, market-weighted measure of stock market performance. It contains stocks of the 2,000 smallest publicly traded companies of the Russell 3000® Index. It is not possible to invest in the Indices.

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