

# Weekly Market Wrap

Week Ending 27<sup>th</sup> February 2026



[Office@giagcc.com](mailto:Office@giagcc.com)

## Executive Summary

The week was defined by rising geopolitical risk, valuation recalibration in equities, and defensive positioning across asset classes. While macro data remained broadly stable, markets shifted focus toward liquidity concerns in private credit, sector-specific weakness in financials, and escalating Middle East tensions that intensified into the weekend.

### Key Themes:

- Geopolitical Escalation: U.S.–Israel strikes on Iran and subsequent retaliation drove a sharp risk premium in energy markets.
- Defensive Rotation: U.S. 10-year yields fell below 4% as investors moved into Treasuries, while gold traded above \$5,200/oz. Equities softened modestly, led by financials and cyclicals.
- Private Credit Scrutiny: Activist tender offers targeting credit funds at 20–25% discounts to reported NAV raised concerns that portfolio valuations may be overstated and highlighted liquidity mismatches in semi-liquid structures. The development pressured BDCs and alternative asset managers, weighed on financials, and contributed to the Dow’s underperformance during the week.

## Asset Class Performance

### Equity Market

Week ending >>>					
	20-Feb-26	27-Feb-26	YTD Returns	Growth for the month	Growth for the week
<b>Equity Indices</b>					
S&P 500 (USD)	6,909.5	6,878.9	0.3%	(0.5%)	(0.4%)
NASDAQ (USD)	25,012.6	24,960.0	(1.0%)	(2.5%)	(0.2%)
Dow Jones (USD)	49,626.0	48,977.9	1.2%	(0.2%)	(1.3%)
SENSEX (INR)	82,814.7	81,287.2	(5.2%)	(0.3%)	(1.8%)
Stoxx 600 (EUR)	630.6	633.9	6.3%	4.2%	0.5%
Nikkei (JPY)	56,825.7	58,850.3	16.9%	9.3%	3.6%
Hang Seng (HKD)	26,413.4	26,630.5	1.1%	(0.4%)	0.8%

### US Equities:

- U.S. equities drifted lower over the week (S&P 500 -0.4%, Nasdaq -0.2%) despite strong headline earnings in mega-cap technology. NVIDIA reported record Q4 FY2026 revenue of \$68.1bn (+73% YoY), with \$62.3bn from Data Center, yet fell ~5% post-results, reflecting valuation sensitivity. However, the Nasdaq was partially supported by strong gains in select high-beta names such as Netflix (+25.6% WoW), Palantir (+3.7%), Costco (+2.8%), and Walmart (+4.0%).
- The S&P 500 underperformed primarily because of weakness in financials and broader cyclicals, which have larger weight in the S&P relative to Nasdaq. Declines in Apple (-3.2%), Microsoft (-2.2%), Oracle (-5.1%), and JPMorgan (-2.6%) weighed on the broader index, while Nasdaq’s composition skewed more heavily toward growth and semiconductor exposure helped cushion downside. In short, S&P’s broader sector exposure, particularly financials, drove relative weakness versus the tech-concentrated Nasdaq.
- The Dow Jones (-1.3% WoW) underperformed the S&P 500 and Nasdaq as financials and high-priced constituents came under significant pressure. Concerns around private credit intensified after a hedge fund launched tender offers for certain Blue Owl credit funds at 20–25% discounts to reported NAV, raising questions about liquidity and valuation transparency. The financials sector fell more than 3% at peak weakness, weighing on names such as American Express (-9.6%), Goldman Sachs (-5.8%), and JPMorgan (-2.6%), while declines in IBM and Apple added further drag. Given the Dow’s price-weighted structure, losses in these high-priced stocks disproportionately pulled the index lower relative to broader benchmarks.
- Macro data remained stable. 4Q GDP printed at 1.4%, while manufacturing and services PMIs held above 50 (51.2 and 52.3), confirming expansion. The equity decline therefore reflects multiple compression and sector rotation, not growth deterioration.

- **Sensex:**
  - The Sensex declined 1.8% WoW primarily due to spillover from global risk aversion rather than a domestic macro shock. Renewed volatility in U.S. technology stocks and weakness in global financials triggered foreign portfolio outflows (~\$0.8 Bn) from India.
  - Additionally, the decline was amplified by sensitivity to global yields and risk sentiment. As investors rotated defensively into U.S. Treasuries and safe-haven assets, high-beta markets like India experienced pressure. The move reflects positioning and external flow dynamics rather than deterioration in India's growth, earnings outlook, or domestic policy framework.
  - India rolled out a new GDP series addressing IMF-raised concerns around data methodology and coverage, improving alignment with global standards. The move enhances statistical credibility, though markets will watch whether revised growth prints materially shift policy expectations.
- **Stoxx 600:**
  - European equities extended gains (0.5% WoW), with the STOXX 600 touching fresh highs earlier in the week. Investors continued reallocating toward regions less concentrated in AI mega-cap exposure, supporting relative outperformance.
  - Inflation data was mixed but manageable: Germany's CPI eased to 1.9% YoY, France printed 1.1%, while Spain rose to 2.5%. This supports expectations that the ECB can remain patient after holding rates steady.
- **Nikkei:**
  - Japanese equities rallied strongly closing 3.6% higher WoW. Political continuity following the LDP's election victory reinforced confidence in fiscal expansion and corporate reform momentum.
  - On policy, Tokyo core CPI rose 1.8% YoY (vs 1.7% expected), keeping the Bank of Japan on a gradual normalization path.
- **Hang Seng:**
  - Chinese equities rebounded modestly (0.8% WoW) as markets reopened post-Lunar New Year, with the CSI 300 rising 1.08%. Participation improved ahead of the "Two Sessions" policy meetings.
  - Policy supports continued, with Shanghai easing homebuying restrictions to stabilize the property sector. However, consumption data showed mixed signals: total tourism spending rose to ¥803.5bn, but per-trip spending declined slightly, suggesting demand remains uneven

## Credit Market

	Week ending >>>				
	20-Feb-26	27-Feb-26	YTD Returns	Growth for the month	Growth for the week
<b>Credit</b>					
US Bond Yield (%)	4.1	3.9	(6.0%)	(6.8%)	(3.6%)
JGB yield	2.1	2.2	4.9%	(3.2%)	2.8%
S&P BDC Index	50.2	48.2	(12.8%)	(13.0%)	(4.0%)

- **US Bond Yield:**
  - The U.S. 10-year Treasury yield declined from ~4.10% to ~3.95% over the week, reflecting a clear flight-to-quality move as equity markets softened and financial stocks came under pressure. Concerns around private credit liquidity and broader risk sentiment prompted investors to rotate into government bonds, compressing yields despite stable economic data.
  - Importantly, the move was not driven by a deterioration in growth. 4Q GDP remained positive at 1.4% and PMIs stayed in expansionary territory, suggesting the rally in Treasuries was more about positioning and risk moderation than recession fears. The decline also reflects some easing in term premium after yields had stayed elevated earlier in the month, with markets maintaining expectations of a gradual and data-dependent Federal Reserve path.
- **JGB Yield:**
  - The 10-year Japanese Government Bond (JGB) yield rose modestly over the week, reflecting domestic policy normalization dynamics rather than global duration flows. Stronger-than-expected Tokyo core CPI (around 1.8% YoY) reinforced expectations that inflation remains sustainably above prior deflationary levels, supporting the Bank of Japan's gradual tightening bias.

- **London Credit Event:** UK nonbank lender Market Financial Solutions (MFS) entered insolvency after court filings cited “serious irregularities” and a collateral shortfall on a loan book that had peaked at £2.4bn (~\$3.2bn). Major counterparties were exposed, including Barclays (~£600m), Atlas SP (~£400m), and Jefferies (~£100m), intensifying scrutiny around private credit structures and collateral practices, including alleged double pledging of assets.
- **Private Credit / BDCs:**
  - The private credit market faced renewed stress during the week, driven by liquidity and valuation concerns in listed vehicles. Activist investors moved to acquire stakes in certain Blue Owl credit funds at 20–25% discounts to reported NAV, raising questions about the accuracy of underlying loan valuations and the ability of semi-liquid structures to meet redemption pressure without markdowns. This triggered sharp declines in listed BDCs and alternative asset managers, with private credit-linked equities falling meaningfully during the week.
  - The episode reinforced broader concerns in private credit, with JPMorgan CEO Jamie Dimon warning of “cockroaches” in credit markets, implying that isolated blowups may signal deeper, emerging risks rather than one-off events.
  - The episode does not yet signal broad credit deterioration, as public high-yield spreads remained relatively contained. However, it highlights structural vulnerabilities in parts of the market particularly exposure to tech- and software-linked borrowers and the liquidity mismatch between private assets and periodic redemption features. Going into the next month, the key risk is whether discount-to-NAV pressure forces repricing across portfolios or remains localized to specific vehicles.

## Currencies

Week ending >>>					
	20-Feb-26	27-Feb-26	YTD Returns	Growth for the month	Growth for the week
<b>Currency</b>					
EUR/USD	1.1784	1.1812	0.8%	(0.1%)	0.2%
GBP/USD	1.3480	1.3482	0.2%	(1.2%)	0.0%
USD/INR	90.9863	90.9775	0.9%	(1.1%)	(0.0%)
CHF/USD	1.2893	1.2999	3.0%	1.4%	0.8%
USD/JPY	155.0500	156.0500	(0.5%)	0.2%	0.6%

- **Currencies:**
  - The U.S. dollar softened marginally as falling Treasury yields narrowed rate differentials. EUR/USD rose to ~1.18 and GBP/USD to ~1.35
  - USD/JPY moved toward 155–156 as markets interpreted new BoJ board nominations as relatively dovish, tempering expectations of rapid tightening.
  - The Swiss franc strengthened modestly, reflecting mild safe-haven demand during equity volatility.

## Commodities

Week ending >>>					
	20-Feb-26	27-Feb-26	YTD Returns	Growth for the month	Growth for the week
<b>Commodities</b>					
Gold (USD per troy ounce)	5,107.5	5,278.9	21.9%	5.8%	3.4%
Silver (USD per troy ounce)	84.6	93.8	28.8%	(9.1%)	10.8%
Oil (USD per barrel)	66.4	67.0	16.9%	9.7%	0.9%
Natural Gas (Henry Hub)	3.0	2.9	(21.0%)	(45.8%)	(6.2%)
Copper (US cents per pound)	583.9	600.5	5.5%	1.0%	2.8%
Aluminium (USD per metric tonne)	3,092.4	3,139.4	4.7%	(0.7%)	1.5%
Wheat (US cents per bushel)	573.5	591.3	16.7%	11.8%	3.1%
Sugar (US cents per pound)	14.3	14.3	(2.1%)	(2.9%)	-

- **Oil:**
  - Oil edged higher, with Brent trading above \$70/bbl, supported by renewed Middle East tensions and a modest geopolitical risk premium. The weekly move was driven more by supply-side risk perception than by a shift in global demand data.
  - Over the weekend, tensions intensified significantly following direct military exchanges between the U.S. and Iran-backed forces, including reported airstrikes on strategic infrastructure and retaliatory missile activity across the region. The escalation raised concerns about potential spillovers toward critical shipping lanes such as the Strait of Hormuz, through which roughly 20% of global crude flows transit. While no confirmed supply disruption occurred, the risk of chokepoint interference or broader regional involvement materially increased headline risk for energy markets heading into the new week.
- **Gold:**
  - Gold rallied above \$5,000/oz as U.S. Treasury yields fell below 4%, compressing real yields and lowering the opportunity cost of holding non-yielding assets. The move was aligned with broader defensive positioning, with investors allocating to both duration and gold amid equity volatility and fiscal uncertainty.
  - Year-to-date, gold remains one of the strongest-performing major assets, supported by structural drivers including central bank accumulation and elevated sovereign issuance concerns. The current strength is consistent with a lower real yield environment rather than inflation reacceleration.
- **Silver:**
  - Silver posted a sharp rebound after prior weakness, reflecting its higher beta relative to gold. The move coincided with stabilization in industrial metals and improved short-term positioning following an earlier correction.
  - Unlike gold, silver remains more sensitive to cyclical growth expectations and manufacturing momentum. The strong weekly bounce suggests short-covering and speculative repositioning rather than a clear shift in industrial demand fundamentals.
- **Natural Gas:**
  - Natural gas declined sharply as supply normalization and milder weather expectations reduced near-term demand pressure. Unlike oil, gas continues to trade primarily on seasonal and storage-driven fundamentals rather than macro risk themes.
  - The commodity remains one of the most volatile segments in the energy complex, and the YTD weakness reflects oversupply conditions rather than structural demand deterioration.
- **Copper & Aluminum:**
  - Both base metals rebounded as investors reassessed industrial demand prospects tied to AI infrastructure expansion and fiscal spending themes. The move suggests stabilization in growth-sensitive commodities following earlier caution around China's property sector.
  - On a YTD basis, copper remains structurally supported by electrification and data center buildout narratives, while aluminum reflects steadier infrastructure-linked demand. However, price action remains balanced between long-term supply constraints and uneven global manufacturing momentum.
- **Wheat & Sugar:**
  - Agricultural commodities diverged. Wheat rose on renewed weather-related supply concerns and uncertainty around export flows, reflecting supply-side risk repricing.
  - In contrast, sugar declined as improved production prospects, particularly from Brazil, eased earlier supply tightness. The divergence highlights that agricultural price action remains driven by localized supply dynamics rather than broad inflation pressure

## Cryptocurrency

Week ending >>>					
	20-Feb-26	27-Feb-26	YTD Returns	Growth for the month	Growth for the week
<b>Crypto</b>					
Bloomberg Crypto Index	1,868.1	1,804.8	(32.8%)	(30.5%)	(3.4%)
Bitcoin (USD)	67,798.6	65,527.3	(28.1%)	(26.0%)	(3.4%)
Ethereum	18.6	18.2	(38.2%)	(34.5%)	(2.4%)
Solana	83.5	85.0	(36.5%)	(28.4%)	1.9%

- **Cryptocurrency:**
  - Cryptocurrencies extended their corrective phase, with the Bloomberg Galaxy Crypto Index (-3.4% WoW) declining alongside Bitcoin (-3.4%) and Ethereum (-2.4%) as broader risk sentiment softened. Renewed volatility in U.S. growth equities driven by AI valuation compression and private credit concerns weighed on high-beta assets, and crypto continued to trade in close correlation with technology stocks rather than as a macro hedge. The move reflects reduced speculative inflows and more cautious derivatives positioning rather than systemic funding stress.
  - On a year-to-date basis, the trend remains decisively negative. Bitcoin is down roughly 20–25% YTD, while Ethereum has fallen approximately 25–30%, underscoring the unwind of late-2025 momentum following ETF-driven normalization and leveraged positioning resets. The weakness has been broad-based rather than token-specific, suggesting cyclical repricing within a higher-volatility regime. Until equity volatility stabilizes and risk appetite improves, digital assets are likely to remain pressured and trade as leveraged expressions of broader market sentiment.

## Updates in AI sector over the week

- **Anthropic's Claude Opus 4.6 – COBOL Disruption**
  - Anthropic expanded its frontier AI lineup with Claude Opus 4.6 and Claude Sonnet 4.6, highlighting enhanced capabilities in understanding and modernizing legacy systems, notably COBOL, a language still widely used across banking and financial institutions. The update amplified concerns that AI could automate legacy code maintenance and migration at scale, directly pressuring IT services and mainframe-dependent providers. IBM fell sharply (double-digit decline intraweek) as investors reassessed the durability of its legacy software and consulting revenues, with spillover weakness across financial and IT services names exposed to core banking infrastructure.
- **Pentagon vs. Anthropic Standoff Escalates**
  - A geopolitical flashpoint emerged between the U.S. Pentagon and Anthropic after the Department of Defense sought unrestricted use of its flagship model, Claude, including for military applications. Anthropic refused to remove safeguards against autonomous weapons and mass surveillance, prompting the administration to halt federal use of its technology and threaten blacklisting. The standoff highlights rising tension between ethical AI constraints and national security priorities, with potential implications for defense contracts, competitive positioning versus firms like OpenAI, and the broader fragmentation of global AI standards.

## Key Movements for the month: February 2026

- **Tech Underperformance & Rotation:** The tech-heavy NASDAQ struggled for several weeks through February amid AI valuation repricing and broad profit-taking, while equal-weighted indices and non-U.S. equity markets outperformed, reflecting rotation from mega-cap tech toward more cyclical or value-oriented exposures.
- **Commodities Elevated on Geopolitics:** Crude oil traded in a range above \$65–\$70/bbl, supported by geopolitical risk premiums, while gold remained elevated well above \$5,000/oz on sustained safe-haven demand. Precious metals showed significant performance relative to prior lows, underscoring heightened geopolitical risk pricing.
- **U.S. Trade Policy Shift:** A landmark U.S. Supreme Court ruling invalidated the administration's previous tariff authority, prompting the White House to reintroduce temporary global import tariffs under alternative statutory powers which is a rare and impactful policy shift that contributed to volatility in risk assets.
- **Global Policy Intersections:** Trade policy, AI governance, geopolitical security, and macro data swings converged in February, reinforcing the reality that markets are increasingly sensitive not just to earnings and macroeconomic statistics but to policy and geopolitical crosswinds.

## Geopolitical News & Outlook for the upcoming week

- **Escalation of the Middle East Conflict:** The biggest geopolitical event of the week was the joint U.S.-Israeli military strikes on Iran, targeting military infrastructure and, according to multiple reports, resulting in the death of Iran's Supreme Leader, Ayatollah Ali Khamenei. Iran responded with ballistic missile and drone attacks across the region, including strikes on U.S. bases and allied states, triggering broader regional tensions. This escalation unsettled global markets, lifting oil prices sharply and driving risk aversion in equities.
- **Safe-Haven Demand Drives Commodity Moves:** Geopolitical tensions boosted safe-haven flows: gold rallied above \$5,200/oz on continued Middle East uncertainty, and silver also saw gains as traders repositioned into defensive assets.

The unresolved U.S.–Iran military tension and potential wider conflict pushed demand for gold higher, reflecting investor caution amid uncertain risk trajectories.

- **Energy Market Disruption Fears Amid Regional Instability:** Tensions in the Middle East translated directly into energy market stress, with crude oil prices spiking on concerns around potential disruptions to supply routes such as the Strait of Hormuz, which is a critical chokepoint for global crude flows. Discussions of possible oil above \$100/bbl and heightened volatility in oil derivatives underscored how geopolitical risk was increasingly priced into energy markets this week.
- **Initial Reaction:**
  - If Middle East tensions escalate further or threaten physical supply, oil could see a sharp repricing. Several market strategists have indicated that a disruption to Strait of Hormuz flows ( $\approx 20\%$  of global crude transit) could push Brent toward \$90–\$100/bbl, implying a potential 15–30% upside from current  $\sim$ \$70 levels. In that scenario, inflation expectations would likely firm, equities could face renewed downside (particularly cyclicals and EM importers), and volatility would rise.
  - Markets opened the week firmly in risk-off mode following the weekend escalations, with crude oil (CL1) surging  $\sim 12\%$  to \$75.01 as traders priced in elevated supply disruption risk, while gold gained  $\sim 1.6\%$  on safe-haven demand. Equity markets reflected broad weakness, with the Nikkei down  $\sim 1.52\%$ , the STOXX Europe 600 (SXXP) lower by  $\sim 0.8\%$ , and the Sensex opening sharply lower by  $\sim 3.3\%$ , pressured by higher oil prices and inflation concerns given India's status as a major energy importer. In contrast, the ASX opened marginally positive ( $+0.04\%$ ), supported by strength in energy stocks amid the oil rally.

## Disclaimer

This material has been prepared by Global Institutional Advisors, incorporated in UAE and trading as Global Institutional Advisors ("GIA"), and is intended only for informational purposes. It should not be considered as investment advice, investment research, a sales prospectus, or an offer or solicitation to engage in any investment activity. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this material. This material has been created solely to provide information on your investment portfolio based on the information provided to us. Redistribution of this material, in whole or in part, is prohibited without the prior written consent of GIA, and GIA accepts no liability for the actions of third parties in this regard.