



A WEEKLY NEWSLETTER PUBLICATION OF BECKER WEALTH MANAGEMENT LLC

## Equity markets suggest that the AI boom could spell doom.

**M**arkets continued on a similar consolidation trend last week separating perceived winners from losers in the AI space alongside a busy economic calendar and associated monetary policy implications. A predominate theme across equity markets is that the AI boom may spell doom for some businesses, particularly in the software (and bitcoin) space. Global equity markets were mixed with tech dominate U.S. lagging developed and emerging markets. Bond yields moved notably lower on the week as cooling inflation and a robust jobs report reduced market expectations for Fed rate cuts.

### Financial Market Highlights

- Investors are seeing a rise in equity market volatility given the push/pull of economic forces on monetary policy and demand along with elevated uncertainty surrounding disruptive AI technologies.
- Bond markets translated the soft inflation report into a less restrictive monetary policy going forward importantly without pricing in longer term upside inflation risks.
- Massive AI capex and AI triggered business model disruption, particularly in the software space, continued to pressure segments of the equity market as investors conceptualize changing business models and productivity improvements alongside the asset intensive nature and unknown ROI of AI.



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### Economic Highlights

- Economic highlights last week included a healthy upside surprise on the January jobs report, a tame inflation reading of 2.4%, and wage data for January and the fourth quarter.

### Policy Highlights

- Policy narratives last week centered on fresh jobs and inflation data, leaving monetary policy forecasts biased slightly more to the dovish side mostly due to a benign inflation reading.
- A push for immigration enforcement reforms has ushered in a partial government shutdown, the second such instance in this fiscal year.

### Bullish Asset Allocation Narratives

- Resilient consumption with room for the consumer to re-lever and market-related wealth effects.
- AI boom including infrastructure buildouts, projected productivity gains, and earnings potential.

- Growth conducive policies including a less restrictive Fed, fiscal stimulus, and deregulation.
- Robust U.S. corporate earnings growth, strong profit margins, and positive forward guidance.

### Bearish Asset Allocation Narratives

- AI momentum given narrow equity market reliance, unproven capex ROI, and industry specific concerns including circular transactions, increasing debt, a shift to asset intensive business models.
- Policy uncertainty across geopolitical (Iran) and domestic (tariffs / immigration) fronts. Energy supply implications of the former and higher tax, inflation, and labor market implications of the latter.
- Risks to consumption due to lower/middle class price fatigue (cumulative inflation), higher interest rates (sluggish housing market), and slowing labor markets.

## INSIGHT

## SUMMARY OF ECONOMIC REPORTS

Economic Report	Release	Period	Prior	Estimate Range	Consensus	Actual
Payrolls (MoM)	2/11/2026	Jan	48,000	0k to 130,000	70,000	130,000
Unemployment Rate	2/11/26	Jan	4.4%	4.3% to 4.5%	4.4%	4.3%
CPI (Headline/Core YoY)	2/13/26	Jan	2.7% / 2.6%	2.3% to 2.8%	2.5% / 2.5%	2.4% / 2.5%
CPI (Headline/Core MoM)	2/13/26	Jan	0.3% / 0.2%	0.1% to 0.4%	0.3% / 0.3%	0.2% / 0.3%
Existing Home Sales	2/12/26	Jan	4.35M	4.13M to 4.25M	4.20M	3.91M
Employment Cost Index	2/10/26	Q4	3.5%	3.4% to 3.5%	3.5%	3.4%
Retail Sales (Headline/Core)	2/10/26	Dec	0.6%	0.2% to 0.6%	0.4% / 0.3%	0.0% / 0.0%
NFIB Small Biz Optimism	2/10/26	Jan	99.5	99.5 to 100.8	99.8	99.3
JOLTS	2/3/2026	Dec	6.928M	7.0M to 7.294M	7.245M	6.542M
ISM Services	2/4/2026	Jan	53.8	53.0 to 57.0	53.8	53.7
ISM Manufacturing	2/2/2026	Jan	47.9	48.0 to 49.5	48.5	52.6
UoM Consumer Sentiment	2/6/2026	Feb	56.4	53.0 to 59.0	55.5	57.3
Case-Shiller HPI (YoY)	1/27/26	Nov	0.4%	N/A	N/A	0.5%
Consumer Confidence	1/27/26	Jan	94.2	87.0 to 92.7	90.0	84.5
Durable Goods Orders	1/26/26	Nov	-2.1%	0.2% to 5.4%	3.0%	5.3%
PCE YoY (Headline/Core)	1/22/26	Nov	2.9% / 2.9%	2.7% to 2.8%	2.7% / 2.8%	2.8% / 2.8%
PCE MoM (Headline/Core)	1/22/26	Nov	0.2% / 0.2%	0.1% to 0.2%	0.2% / 0.2%	0.2% / 0.2%
PMI Services	1/23/26	Jan	52.9	52.3 to 54.0	52.8	52.5
PMI Manufacturing	1/23/26	Jan	51.8	52.3 to 54.0	52.8	52.4
Pending Home Sales	1/21/26	Dec	5.7%	N/A	N/A	-9.3%
Housing Starts & Permits (M)	1/21/2026	Dec	1.25M / 1.41M	N/A	N/A	DELAYED
Industrial Production	1/16/2026	Dec	0.43%	0.1% to 0.3%	0.30	0.37%
Housing Market Index	1/16/2026	Jan	39	37 to 40	40	37
New Home Sales	1/13/26	Oct	738K	665K to 740K	714K	737K
U.S. GDP (QoQ AR)	12/23/25	Q3	3.8%	2/5% to 3.8%	3.2%	4.4%
PCE (QoQ AR)	12/23/25	Q3	2.5%	2.7% to 3.1%	2.7%	3.5%
Personal Income	12/5/2025	Sept	0.4%	0.3% to 0.5%	0.4%	0.4%



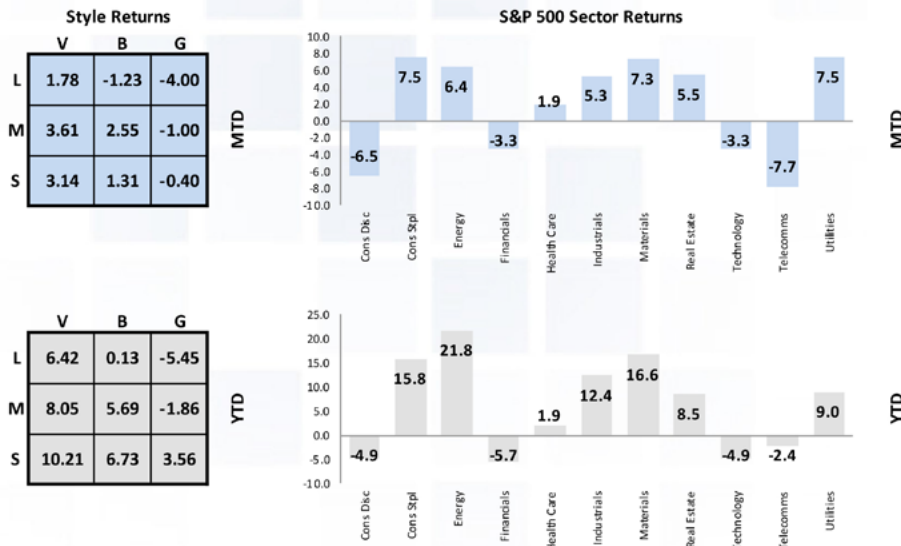
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# INSIGHT

## MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	12/31/25	9/30/25	6/30/25
Dow Jones	49501	(1.15)	0.73	4.78	3.14	12.66	Oil (WTI)	64.53	57.26	63.17	66.30
NASDAQ	22547	(2.08)	(4.87)	(1.27)	(2.95)	13.77	Gold (Mo-End)	4744.50	4744.50	3665.20	3352.00
S&P 500	6836	(1.35)	(1.75)	1.79	(0.00)	13.24					
Russell 1000 Growth		(2.08)	(6.00)	(4.67)	(5.45)	8.16	Currencies	Current	12/31/25	9/30/25	6/30/25
Russell 1000 Value		(0.40)	2.87	9.49	6.42	17.23	USD/Euro (\$/€)	1.19	1.18	1.17	1.17
Russell 2000		(0.85)	0.59	11.42	6.73	17.57	USD/GBP (\$/£)	1.36	1.36	1.34	1.37
Russell 3000		(1.28)	(1.65)	2.33	0.41	12.81	Yen/USD (¥/\$)	157.10	157.10	147.97	144.17
MSCI EAFE		1.95	4.90	9.54	7.82	31.99					
MSCI Emg Mkts		3.25	5.68	10.75	10.82	43.58	Treasury Rates	Current	12/31/25	9/30/25	6/30/25
Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	3 Month	3.68	3.67	4.02	4.41
US Aggregate	3.85	(0.03)	(0.03)	0.00	(0.04)	0.09	2 Year	3.40	3.47	3.60	3.72
High Yield	6.55	(0.01)	0.04	(0.06)	0.01	(0.01)	5 Year	3.61	3.73	3.74	3.79
Municipal	3.31	(0.02)	0.01	0.07	(0.01)	0.29	10 Year	4.04	4.18	4.16	4.24
Treasury	3.47	0.14	0.16	0.22	0.15	0.44	30 Year	4.69	4.84	4.73	4.78



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