GUGGENHEIM investments

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Weekly Viewpoint

Investors Retreat as Uncertainty Grows

Performance for Week Ending 2.27.2026

The Dow Jones Industrial Average (Dow) fell 1.3 percent, the Standard & Poor's 500 Index (S&P 500) lost 0.4 percent, and the Nasdaq Composite Index (Nasdaq) declined by 1.0 percent for the week ending Feb. 27. Sector breadth was positive, with seven of the 11 S&P sector groups closing higher. The utilities sector (2.9 percent) was the best performer, while the technology sector (-2.2 percent) was the weakest.

Index*	Closing Price 2.27.2026	Percentage Change for Week Ending 2.27.2026	Year-to-Date Percentage Change Through 2.27.2026
Dow	48977.92	-1.3%	+1.9%
S&P 500	6878.88	-0.4%	+0.5%
Nasdaq	22668.21	-1.0%	-2.5%

Market Observations: 2.23.2026–2.27.2026

The S&P 500 finished the week lower and has now declined in three of the past four weeks. Investors have been in a cautious mood recently due to geopolitical tensions with Iran, disruption fears from artificial intelligence (AI), and trade policy uncertainty. Despite the weakness in the headline index, under the hood the market action has been much more favorable, with the bulk of the moves reflecting an ongoing rotation out of technology stocks and into other areas of the market. The rotation theme has favored "old economy vs. new economy" sectors like industrials, materials, energy, and consumer goods companies, all of which have significantly outperformed the broader market this year. Investors appear to be betting that AI disruption in these sectors will likely be limited, and AI adoption may ultimately prove beneficial through increased productivity.

Fed Speak – Mixed Signals: Chicago Federal Reserve (Fed) President Goolsbee said he's focused on bringing inflation back down before cutting interest rates any further. Goolsbee emphasized that he thinks the Fed could make "several more cuts" by the end of the year if inflation drops. Fed Governor Waller said

his decision on whether to support an interest-rate cut at the U.S. central bank's next policy meeting will hinge on upcoming labor-market data. Waller said it may be appropriate to keep rates steady when the Federal Open Market Committee meets next from March 17-18 if labor market data for February indicate, as in January, that downside risks to the labor market have diminished. In a Fox Business interview, Fed Governor Miran said he thinks the Fed needs to cut interest rates by about a percentage point this year. "Four cuts I think are appropriate," he said. "I'd rather get them sooner than later," he added. Kansas City Fed President Schmid said that overly high inflation remains a key problem the central bank needs to address, but he stopped short of saying how monetary policy should respond. St. Louis Fed President Musalem says the U.S. central bank's benchmark interest rate is near neutral, and well-positioned to balance risks to employment and inflation.

Q4 Earnings: Through February, 479 companies in the S&P 500 have released fourth quarter results, with just over 74 percent beating expectations. Aggregate earnings for this group are up 14.6 percent from a year ago, solidly ahead of the 8.6 percent projected year-over-year growth rate from early January. All eleven S&P sector groups have posted positive year-over-year growth, with technology, materials, and financials pacing the gains. Looking ahead, full-year estimates remain supportive with the Bloomberg consensus expecting S&P 500 earnings to post 2025 growth of 13.4 percent, followed by 13.9 percent this year.

Economic Roundup: The Conference Board's consumer confidence index ticked up by 2.2 points in February to a reading of 91.2, signaling an improved outlook for economic conditions even as consumers' perceptions of the current macro environment skew toward pessimism. Despite the improvement, the consumer confidence index remains well off its November 2024 peak, as the cost of goods and the "low hire, low fire" labor market remained top of mind for consumers. The number of Americans filing for jobless aid for the week ending Feb. 21 rose by 4,000 to 212,000 from the previous week. The four-week moving average of initial jobless claims, which smooths week-to-week volatility, inched higher to 220,250, up from the previous level of 219,000. Meanwhile, mortgage rates fell below 6 percent for the first time in three and a half years, tracking a decline in Treasury yields since the beginning of February. The move downward has sparked hopes that activity could pick up in the frozen housing market.

Outlook: Despite the uptick in volatility in recent weeks, it is important to separate headline political and geopolitical noise from an otherwise robust macroeconomic backdrop. The focus should be on what actually drives stock prices—earnings, the economy, and interest rate policy, all of which we think remain in a favorable place. The U.S. economy is growing, earnings are forecast to grow at a double-digit pace this year, the Fed is expected to maintain an easing bias, and fiscal policy from the One Big Beautiful Bill Act will likely be a tailwind during the first half of the year. History books suggest that bull markets rarely end when the Fed is easing and both the economy and earnings are growing. Typically, bull markets end when the Fed begins raising rates, not cutting, and we just don't see rate hikes any time in the foreseeable future.

The Week Ahead: The focal point of this week's data calendar will be the February jobs report on Friday. According to Bloomberg, economists expect nonfarm payrolls to expand by 60,000 while the unemployment rate is forecast to rise to 4.4 percent from 4.3 percent in January. Other indicators of interest include the ISM indices (manufacturing on Tuesday and services on Wednesday) and January retail sales

on Friday. On the earnings front, just 13 members of the S&P 500 are scheduled to release quarterly results, including retailers Target, Costco, Kroger, and Best Buy. The Fed speaking calendar will be light with just four speakers scheduled during the week. The Fed will also release its Beige Book report on Wednesday.

Definitions

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally defined as the leaders in their industry. It has been a widely followed indicator of the stock market since Oct. 1, 1928.

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Nasdaq Composite Index is a broad-based capitalization-weighted index of stocks in all three Nasdaq tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of Feb. 5, 1971.

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