

MARKET MONITOR

Month in Review: February 2026

Index	Asset Class	2026		2025
		Feb	YTD	
Equity Indexes		Total Returns		
Russell 3000	U.S. Equity	-0.48	1.07	17.15
S&P 500	Large Cap U.S. Equity	-0.76	0.68	17.88
Russell 1000	Large Cap U.S. Equity	-0.54	0.83	17.37
Russell 2000	Small Cap U.S. Equity	0.80	6.20	12.81
MSCI All Country World	Global Equity	1.11	3.78	21.57
MSCI All Country World (Ex U.S.)	International Equity	4.92	10.11	32.94
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	4.64	10.11	31.89
MSCI Emerging Markets (EM)	International Emerging Market Equity	5.51	14.86	34.36
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	1.64	1.75	7.30
Bloomberg Municipal Bond	U.S. Investment Grade Muni Bond	1.25	2.20	4.25
Bloomberg Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	1.67	2.67	2.46
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.19	0.69	8.62
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.36	3.78	19.25
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.43	3.27	16.21
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.50	2.77	13.20
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.57	2.26	10.23
Data as of 2/28/2026. Sources are Ycharts for Index returns, and Envestnet Tamarac for Index Blend returns, based on monthly rebalancing.				

Please see important disclosures at end of this report.

Market Overview

U.S. equities were modestly negative in February, with the S&P 500 returning -0.76% for the month and 0.68% YTD. Broader measures such as the Russell 3000 (-0.48%) and Russell 1000 (-0.54%) also declined, while small caps outperformed, with the Russell 2000 gaining 0.80% and rising 6.20% YTD. Market leadership broadened beyond mega-cap technology amid AI-driven volatility and valuation concerns. Investors rotated toward cyclical and smaller-cap stocks as earnings dispersion remained elevated and policy uncertainty persisted.¹

International equities significantly outperformed U.S. markets in February. The MSCI EAFE gained 4.64% for the month (10.11% YTD), while the MSCI Emerging Markets index rose 5.51% (14.86% YTD). The MSCI ACWI ex-U.S. advanced 4.92%, highlighting strong global breadth relative to domestic equities. A softer U.S. dollar, improving global manufacturing data, and relatively attractive valuations supported returns.²

Fixed income markets delivered positive returns in February as yields fluctuated amid mixed inflation data and cautious Federal Reserve commentary. The Bloomberg U.S. Aggregate Bond Index returned 1.64% for the month (1.75% YTD), while municipal bonds gained 1.25% and high yield municipals rose 1.67%. Corporate high yield bonds posted a modest 0.19% return. Treasury yields moved around the 4% level during the month, reflecting geopolitical tensions and evolving expectations around Fed rate cuts. Markets continued to recalibrate the timing of monetary easing amid resilient economic data.³

February economic data suggested continued expansion with lingering inflation pressures. The ISM Manufacturing PMI remained in expansion territory, while labor markets stayed resilient, supporting risk assets globally. However, elevated energy prices and sticky inflation readings complicated the Federal Reserve's policy outlook, reinforcing a "higher for longer" narrative in bond markets. Stronger global growth momentum also contributed to international equity outperformance relative to the U.S.⁴

Reference(s):

- 1) "Yhcharts – Financial Research and Charting Platform." Yhcharts.com, n.d. Web. 3 March. 2026.
- 2) "Global Ex-U.S. Equity Funds Draw Inflows as Investors Shun Pricey U.S. Tech." Reuters, 5 Feb. 2026, <https://www.reuters.com/business/global-markets-funds-2026-02-05/>
- 3) "Yields Dive Below 4%, Bond Spreads Hit Yearly Highs as Traders Get Spooked." Barron's, 27 Feb. 2026, <https://www.barrons.com/articles/bond-yields-treasuries-corporate-spread-740caef4>
- 4) "Stocks Tumble as Energy Price Jump Ignites Inflation Fears." Reuters, 2 March. 2026, <https://www.reuters.com/world/china/global-markets-wrapup-1-wrapup-1-pix-2026-03-03/>

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Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Index Definitions:

Russell 3000 – Index comprised of 3,000 largest U.S. stocks by market capitalization.

Russell 1000 – Index comprised of 1,000 largest U.S. stocks by market capitalization.

Russell 2000 – Index comprised of 2,000 smaller U.S. stocks by market capitalization within the Russell 3000.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

MSCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

Bloomberg Municipal Bond – Broad benchmark of the US municipal tax-exempt investment grade bond market.

Bloomberg Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

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