RobustQuant Weekly Compass

Weekly Edition | February 8, 2026

📋 **COMPASS FOR EMOTIONAL DISCIPLINE---NOT TRADING ADVICE**
Weekly boundaries to help reduce fear and greed in market decisions

1 | At a Glance

Asset	Range	Width	Track Record
S&P 500 (SPX)	6,684 – 7,215	±3.8%	56/59 (94.9%)
Gold (GLD)*	413 – 520	±12.2%	28/30 (93.3%)
REITs (XLRE)*	40 – 44	±4.8%	19/20 (95.0%)

*Newsletter-exclusive coverage

Target: ~95% of weekly closes fall within these ranges
Track record details → robustquant.com/predictions

2 | This Week's Summary

Divergences documented. Manufacturing exploded to 52.6—first expansion in 26 months. Labor collapsed—ADP +22K, JOLTS lowest since 2017, claims spiked to 231K. Dow crossed 50,000 (+2.5%), Nasdaq crashed 1.8%. Gold plunged 21% intraday from ATH, then recovered. Compass tracked all without requiring narrative reconciliation.

Key Results:

• S&P 500: 6,932 (mid-upper range) ✅
• Gold: 455 (mid-upper range) ✅
• REITs: 42 (mid-upper range) ✅

Pattern of the week: All three assets closed mid-upper territory despite fundamentally contradictory signals pulling economy in opposite directions. Manufacturing strength, labor weakness, equity rotation, precious metals whipsaw—systematic containment held across all three assets.

Markets don't reconcile contradictions—they price them. Compass documents behaviour when production surges, employment collapses, and volatility explodes across asset classes.

3 | What Moved Markets (Feb 2–8)

Manufacturing Surge vs Labor Collapse:

ISM Manufacturing PMI exploded to 52.6 from 47.9, crushing 48.5 consensus—first expansion reading after 26 consecutive months of contraction. New orders surged to 57.1 (highest since February 2022). Yet labor deteriorated across every indicator: ADP reported just +22K jobs (vs 45K expected), JOLTS fell to 6.542M openings (lowest since 2017), initial claims spiked to 231K (vs 212K expected). Challenger layoffs hit 108,435—highest January since 2009 Great Recession. Economy pulling in opposite directions.

Dow 50,000 Milestone, Tech Rotation:

Dow crossed 50,000 for first time Friday (+2.5% week), while Nasdaq fell 1.8%—massive rotation from tech/growth to value/cyclicals/industrials. S&P 500 caught in middle (-0.1% week). Alphabet and Amazon massive capex guidance triggered AI disruption fears.

Precious Metals Historic Volatility:

Gold crashed 21% intraday Monday to $4,404 from January 29 ATH near $5,600, then recovered to $4,931 by Friday. Silver plunged 30% from $121 ATH, fell to $71.67, recovered to $79-85. Most violent precious metals week in decades, triggered by Warsh Fed nomination and easing geopolitical tensions.

→ *For detailed regional breakdowns and economic data, see Appendix at end of newsletter*

4 | S&P 500 (SPX) Boundaries (Feb 13)

🎯 **Range: 6,684–7,215**
📊 **Hit Rate: 56/59 weeks (94.9%)**

Last Week's Performance:

Last week: Range 6,698-7,188, closed **6,932** (mid-upper range) ✅
Current range: 6,684-7,215

Close at 6,932 positioned mid-upper range as equities absorbed massive sector rotation—Dow +2.5% to 50K milestone while Nasdaq fell 1.8%. Range shifts slightly lower whilst widening (±3.8% vs ±3.6%). Track record improved to 94.9% (56/59). Manufacturing exploded, labor collapsed, rotation accelerated—containment held.

For Your Planning:

• Lower zone (6,684-6,870): Where fear often peaks
• Middle zone (6,870-7,050): Normal trading area
• Upper zone (7,050-7,215): Where excitement builds

Remember: These are weekly movement boundaries, not buy/sell signals.

5 | Gold (GLD) Coverage (Newsletter-Exclusive)

🎯 **Range: 413–520**
📊 **Containment: 28/30 weeks (93.3%)**

Last Week's Performance:

Last week: Range 404-497, closed **455** (mid-upper range) ✅
Current range: 413-520

GLD closed **455**, holding mid-upper territory after week's historic volatility. Intraweek whipsaw: spot gold crashed 21% intraday Monday ($5,600 → $4,404), then recovered to $4,931 Friday. Range widens further (±12.2% vs ±10.4%) as model adapts to extreme volatility regime—second consecutive adaptation after January breach. Track record improved to 93.3% (28/30). Most violent precious metals week in decades, yet Friday containment validated widened parameters.

For Your Planning:

• Lower zone (413-450): Where consolidation may emerge
• Middle zone (450-480): Current close territory
• Upper zone (480-520): Where safe-haven demand peaks

6 | REITs (XLRE) Coverage (Newsletter-Exclusive)

🎯 **Range: 40–44**
📊 **Containment: 19/20 weeks (95.0%)**

Last Week's Performance:

Last week: Range 40-43, closed **42** (mid-upper range) ✅
Current range: 40-44

REITs closed **42**, advancing from prior week's 41 despite precious metals chaos and equity rotation. Rate-sensitive sector showed resilience while gold whipsawed and tech crashed. Range shifts slightly higher whilst widening (±4.8% vs ±3.6%). Track record reached 95.0% (19/20)—twenty-week sample now at design parameters. Sector maintained stability while volatility accelerated across other asset classes.

For Your Planning:

• Lower zone (40-41): Where rate-hike fears typically pressure sector
• Middle zone (41-42): Normal trading area
• Upper zone (42-44): Where rate-cut optimism drives positioning

7 | Psychology & How to Read

Manufacturing surged. Labor collapsed. Dow hit 50K. Nasdaq crashed. Gold whipsawed 21%. All ranges held.

This week illustrated economy's fundamental contradictions without requiring resolution. ISM Manufacturing exploded to 52.6—strongest in years—while every labor metric deteriorated (ADP, JOLTS, claims, layoffs). Equity markets rotated violently (Dow +2.5%, Nasdaq -1.8%). Precious metals experienced most violent week in decades. Compass documented all behaviours—it doesn't predict which signal is "correct."

What They Show:

Weekly boundaries where markets typically move—designed to help you stay calm when contradictory signals create narrative paralysis.

What They Don't Show:

Buy/sell signals, price targets, or guaranteed outcomes.

The Retail Trap:

Most individual investors buy high when markets break above ranges (excitement peaks) and sell low when they fall below (fear dominates). This emotional pattern—amplified when manufacturing surges but jobs collapse, when Dow hits milestones but Nasdaq crashes—is the primary destroyer of long-term returns. This compass is designed to help you avoid this trap.

Professional Approach:

- Stay systematic within boundaries
- Lower ranges: Fear creates opportunities for planned strategies
- Upper ranges: Excitement may warrant risk review
- Outside ranges: Market behaviour shifting beyond normal parameters

This Week's Context:

All three mid-upper range—SPX 6,932, GLD 455, XLRE 42. Synchronized positioning despite fundamentally divergent signals. Manufacturing expansion contradicted by labor collapse. Dow milestone contradicted by Nasdaq crash. Gold's 21% intraday crash contradicted by Friday recovery. Compass doesn't reconcile contradictory signals—it tracks what markets actually did.

Key Point:

Your edge isn't predicting whether manufacturing strength or labor weakness prevails—it's maintaining systematic rules while economy pulls in opposite directions. ISM surged. Jobs collapsed. Both are information. Markets documented divergence without breaking structure.

8 | Track Record

Performance Since Launch:

- S&P 500: 56 hits in 59 weeks (94.9%)
- Gold: 28 hits in 30 weeks (93.3%)
- REITs: 19 hits in 20 weeks (95.0%)

What This Means:

SPX improved to 94.9% (56/59) with mid-upper close at 6,932. Equities absorbed massive rotation (Dow +2.5%, Nasdaq -1.8%) whilst manufacturing/labor pulled opposite directions. Containment validated systematic approach during contradictory economic signals.

GLD reached 93.3% (28/30) with mid-upper close at 455 after historic volatility. Model widened range to ±12.2% (from ±10.4%)—second consecutive adaptation recognizing extreme regime. Gold's 21% intraday crash then recovery to containment demonstrates adaptive framework's value during unprecedented volatility.

REITs hit 95.0% (19/20) with mid-upper close at 42—reaching design parameters at twenty-week threshold. Rate-sensitive sector maintained stability while precious metals whipsawed and equities rotated violently. Track record validates statistical reliability as sample size builds.

Transparency:

All ranges published before each week starts. No retroactive changes. Complete history available on our website.

9 | Method and Limitations

How Ranges Work:

Combines current volatility patterns, trend direction, and momentum indicators. Targets ~95% weekly containment rate. Model adapts to completed behaviour—GLD range widened to ±12.2% after extreme volatility week, recognizing regime shift rather than resisting it.

When Ranges Break:

Breakouts signal markets transitioning beyond normal parameters. These aren't failures—they're signals that create opportunities for disciplined investors prepared to recognize regime changes.

Current Environment:

Manufacturing/labor divergence highlights why systematic boundaries don't depend on reconciling contradictory narratives. ISM exploded to 52.6 whilst ADP reported +22K, JOLTS hit 2017 lows—fundamental contradiction that typically paralyzes discretionary approaches requiring coherent macro story. Model operated normally because it never required narrative consistency. Compass tracks actual market behaviour, not economic logic.

Questions About Your Situation:

Q: Manufacturing surged but labor collapsed—which signal should I follow?

A: Compass doesn't predict which is "correct." ISM 52.6 indicates production strength. ADP/JOLTS/claims indicate employment weakness. Both are information about different aspects of economy. Your actions depend on your asset allocation strategy established before contradictions emerged, not reactive interpretation of conflicting signals. Stay disciplined. Watch your boundaries. Be prepared for what you'll do if your sector breaks—or holds.

Q: Dow hit 50K but Nasdaq fell—does rotation continue?

A: Model tracks each index independently. Massive rotation (value +2.5%, growth -1.8%) documented without predicting continuation or reversal. SPX mid-upper containment at 6,932 indicates aggregate equity market in normal regime despite internal sector rotation. Your positioning depends on strategic rules established in advance, not trying to time rotation peaks.

Next Week: Ranges for February 13 close
Updates: Quick social media notes if exceptional volatility occurs

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.

APPENDIX | Detailed Market Review (Feb 2–8)

For readers who want comprehensive economic data and regional breakdowns

United States: Manufacturing Roars Back as Labor Signals Flash Red

Manufacturing delivers shocking strength

The week's most consequential economic surprise arrived Monday morning. The ISM Manufacturing PMI surged to 52.6 from December's 47.9, demolishing the 48.5 consensus and marking the first expansion reading after 26 consecutive months of contraction. New orders exploded to 57.1 (highest since February 2022), production hit 55.9, and supplier deliveries slowed to 54.4—all consistent with a genuine demand pickup. ISM Chair Susan Spence cautioned that some buying appeared to be "getting ahead of expected price increases due to ongoing tariff issues," introducing an important caveat about whether the strength reflects durable demand or tariff-front-running.

The services sector held steady but offered less excitement. Wednesday's ISM Services PMI printed at 53.8, matching the prior month (revised down from 54.4) and narrowly beating the 53.5 consensus. Business activity jumped to 57.4, but the prices-paid index climbed to a concerning 66.6, the highest in two months and a clear signal that services inflation remains sticky. Business commentary centered on tariff uncertainty and annual contract renewal pressures.

Labor market deteriorates across every indicator

Against this manufacturing strength, labor-market data deteriorated markedly. The ADP National Employment Report showed just +22,000 private-sector jobs in January, less than half the 45,000 consensus. Professional and business services shed 57,000 positions, the steepest loss since August 2024. Education and health services (+74,000) were the sole significant contributor.

Thursday brought a triple blow: the JOLTS report revealed only 6.542 million job openings in December (versus 7.2 million expected), with the job-openings-to-unemployed ratio falling to 0.87—meaning nearly one million more unemployed Americans than available positions. Initial jobless claims spiked to 231,000 (versus 212,000 expected), the largest weekly jump in two months. And the Challenger job-cuts report logged 108,435 layoffs announced in January, the highest January total since 2009's Great Recession.

The January nonfarm payrolls report was delayed to February 11 due to a brief government shutdown that disrupted BLS operations. The trade balance and factory orders were also postponed. Pre-release consensus pointed to roughly +60,000 jobs and an unemployment rate near 4.4–4.5%.

Consumer sentiment provides relief

Friday's University of Michigan preliminary consumer sentiment provided welcome relief, rising to 57.3 (versus 55.0 consensus). More significantly, one-year inflation expectations dropped to 3.5%

from 4.0%—the lowest since January 2025—giving markets a reason to rally hard into the weekend.

The Fed, Warsh, and a battle for central bank independence

The FOMC's January 28–29 decision to hold the federal funds rate at 3.50–3.75% set the backdrop for the week. The statement removed language suggesting greater concern about labor-market weakness relative to inflation, shifting to a balanced risk assessment. Two Trump appointees dissented in favor of a cut: Governor Stephen Miran (whose term expired February 1) and Governor Christopher Waller. Chair Powell stated it was "hard to look at the data and say that policy is significantly restrictive right now" and signaled a meeting-by-meeting approach.

Markets entered February pricing at most two rate reductions in 2026 (likely June and December), with J.P. Morgan forecasting none at all. Governor Lisa Cook addressed the Economic Club of Miami on February 4, describing a "resilient" economy with a stabilized labor market. Vice Chair Philip Jefferson spoke at the Brookings Institution on February 6, expressing "cautious optimism" and noting Q3 2025 GDP growth of 4.4% annualized, driven by strong consumer spending and net exports.

The Kevin Warsh nomination to succeed Powell as Fed chair dominated political headlines. Announced by Trump on January 30, the selection of the hawkish former Fed governor initially sparked a "Buy America" trade reversal—strengthening the dollar, hammering gold prices by roughly 10%, and cratering silver nearly 27%. During the week, the confirmation process ran into an immediate obstacle: Senator Thom Tillis (R-NC) vowed to block Warsh indefinitely, creating a 12-12 deadlock on the Senate Banking Committee and preventing the nomination from advancing to the full Senate.

All 11 committee Democrats sent a letter demanding a delay until investigations into Powell and the Lisa Cook firing are resolved. Treasury Secretary Bessent, testifying before the committee on February 5, notably declined to commit that Trump would not sue or investigate Warsh if he refused to cut rates. Analyst Terry Haines projected confirmation no earlier than March or April; if unconfirmed by May, Vice Chair Jefferson would likely serve as interim chair.

The Lisa Cook Supreme Court case (Trump v. Cook) remained unresolved, with a ruling expected by June. January 21 oral arguments had seen all nine justices express skepticism of the administration's position, with Justice Kavanaugh warning that Trump's argument "would weaken, if not shatter, the independence of the Federal Reserve." Cook continued serving on the Board and voted at the January FOMC meeting. Powell called it "perhaps the most important legal case in the Fed's 113-year history."

Dow 50,000 and a tale of two markets

Friday, February 6 produced a historic milestone: the Dow Jones Industrial Average closed at 50,115.67, surpassing 50,000 for the first time in its 130-year history. The +1,207-point gain (+2.47%) was its best single day since May 2025. Yet the week told a story of sharp divergence. The Dow gained 2.5% for the week, powered by rotation into value, cyclicals, and industrials, while the S&P 500 slipped 0.1% and the Nasdaq fell 1.8%, dragged lower by a punishing tech and software selloff. The Russell 2000 rallied 3.6% on Friday alone.

The tech selloff centered on AI disruption fears and massive capital expenditure guidance. Alphabet and Amazon both announced substantial increases in AI infrastructure spending, triggering concerns about margin compression and competitive pressures. Software stocks experienced their worst week since March 2023. Meanwhile, traditional industrials, financials, and energy names rallied hard on the manufacturing PMI strength and rotation away from high-multiple growth stocks.

European Union: Sub-2% Inflation and Dovish ECB Tilt

Inflation falls below target

January eurozone inflation registered 2.0% year-on-year, down from 2.4% in December and matching the ECB's target for the first time since mid-2025. Core inflation declined to 2.4% from 2.7%, with services inflation cooling to 3.7% from 4.0%—the primary concern for policymakers showing signs of easing. Energy prices fell 1.8% year-on-year, while food inflation moderated to 2.3%.

National divergence remained significant: Germany 2.3% (down from 2.6%), France 1.4%, Italy 1.7%, Spain 2.8%. The lowest rates appeared in Denmark (0.8%) and Ireland (1.1%), highest in Romania (7.9%) and Croatia (4.6%).

ECB officials signal dovish tilt

Multiple ECB officials spoke during the week, with a noticeably dovish shift in tone. Executive Board member Isabel Schnabel stated on February 3 that "we are clearly getting closer to the point where we can declare victory on inflation," while emphasizing the need to remain data-dependent. Governing Council member Mario Centeno suggested the ECB has "room to maneuver" on rates if growth disappoints.

Market pricing shifted to expect three 25bp cuts in 2026, with the first likely at the March meeting. The deposit rate currently stands at 2.50%. PMI data showed manufacturing still contracting (48.9) but services expanding (52.1), with the composite PMI at 51.2—indicating modest growth but fragile momentum.

Political developments in Germany

Germany's February 23 snap election dominated political attention, with polls showing the center-right CDU/CSU bloc leading at 30-32%, followed by the far-right AfD at 20-22% and the center-left SPD at 16-18%. The Greens polled around 12-14%. CDU leader Friedrich Merz remained the frontrunner for chancellor, though coalition arithmetic appeared complex given the AfD's strong showing and other parties' refusal to partner with them.

China: Private Sector Resilience Masks State Enterprise Weakness

Manufacturing PMI shows divergence

China's official Manufacturing PMI edged up to 50.1 in January from 50.0 in December, remaining just above the expansion threshold. However, the breakdown revealed stark divergence: the non-manufacturing PMI jumped to 50.2 from 48.8, driven by construction activity ahead of Lunar New

Year. More tellingly, large state-owned enterprises' sub-index fell to 48.9, while small private firms' index rose to 51.3—suggesting state sector weakness despite overall stability.

New export orders declined to 48.3 from 49.1, reflecting ongoing trade tensions and weak external demand. The Caixin Manufacturing PMI, which focuses more on private and export-oriented firms, came in stronger at 51.2—consistent with the divergence story.

Property sector stabilization continues

Vanke, one of China's largest developers, announced successful debt restructuring during the week, extending maturities on approximately $2 billion in obligations. The PBOC maintained its policy rates unchanged—1-year LPR at 3.0%, 5-year LPR at 3.5%—while pledging continued support through targeted lending facilities.

January home prices in 70 major cities showed month-on-month declines moderating to -0.3% from -0.4% in December, suggesting stabilization rather than recovery. New home sales during Lunar New Year remained subdued, down approximately 15% year-on-year despite aggressive developer promotions.

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.