

RobustQuant Weekly Compass

Weekend Edition | February 15, 2026

 COMPASS FOR EMOTIONAL DISCIPLINE---NOT TRADING ADVICE

Weekly boundaries to help reduce fear and greed in market decisions

1 | At a Glance

S&P 500 (SPX)	6,588 – 7,109	±3.8% 57/60 (95.0%)
Gold (GLD)*	417 – 530	±11.9% 29/31 (93.5%)
REITs (XLRE)*	42 – 46	±4.5% 20/21 (95.2%)

*Newsletter-exclusive coverage

Target: ~95% of weekly closes fall within these ranges

Track record details → robustquant.com/predictions

2 | This Week's Summary

Good numbers, no rally. CPI fell to 2.4%---lowest since May 2025. Jobs beat at +130K versus 55-70K consensus. Unemployment ticked down to 4.3%. Headlines looked encouraging. SPX dropped ~1.5% for the week. Benchmark revisions slashed 2025 job creation from 49K to 15K/month. Retail sales flat. Wages cooling. **Markets interpreted cooling inflation as demand softening rather than policy success.**

Key Results:

- S&P 500: 6,836 (lower range)
- Gold: 463 (mid-lower range)
- REITs: 43.50 (upper range)

Pattern of the week: Three assets, three different positions. SPX lower range on risk-off repricing, GLD mid-range as safe-haven stabilised above \$5,000, XLRE upper range on rate-cut optimism. Same data, different reads---compass tracked all three without requiring a single narrative.

3 | What Moved Markets (Feb 9–15)

CPI Relief Triggers Unexpected Sell-Off:

January CPI at +2.4% headline and +2.5% core---both lowest readings in years---should have been risk-on fuel. Instead, markets connected dots: benchmark employment revisions wiped 898,000 jobs from 2025 totals (average monthly creation revised from 49K to just 15K), December retail sales came in flat (vs +0.4% expected), and ECI rose just +0.7% (slowest since Q2 2021). Result: two-

year Treasury yield dropped to lowest since 2022, rate-cut expectations repriced to approximately 60 basis points of easing by year-end, and SPX fell ~1.5%.

Congressional Tariff Revolt:

House voted 219-211 to terminate Canada tariff emergency---six Republicans crossed party lines in largest Congressional rebuke of Trump's trade policy. Weighted-average US tariff rate at 13.5%, highest since 1946, costing \$1,300 per household annually. Steel/aluminium rollback reports sent Nucor -4%, Cleveland-Cliffs -3%.

AI Disruption Fears Persist:

Software sector under broad pressure with IGV sitting ~30% below 52-week high. Vertiv +24% and Applied Materials +13% on strong earnings contrasted with DraftKings -17%. Dow touched all-time high of 50,188 Tuesday before surrendering 50,000 by Friday. VIX closed at 20.60.

Japan's Political Earthquake:

Takaichi's snap election delivered the largest single-party mandate in postwar history (316 seats), sending Nikkei to all-time high 58,015 and yen surging 2.5% as markets priced BOJ rate-hike acceleration.

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

4 | S&P 500 (SPX) Boundaries (Feb 20)

 **Range for Friday Feb 20: 6,588–7,109**

 **Hit Rate: 57/60 weeks (95.0%)**

Last Week's Performance:

Last week: Range 6,684-7,215, closed **6,836** (lower range) 

Close at 6,836 positioned lower range. SPX declined ~1.5% for the week as good data met shifting interpretation. Range shifts lower ($\pm 3.8\%$ maintained). Track record returned to 95.0% design target (57/60).

For Your Planning:

- Lower zone (6,588-6,762): Where fear often peaks
- Middle zone (6,762-6,935): Normal trading area
- Upper zone (6,935-7,109): Where excitement builds

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

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

 **Range for Friday Feb 20: 417–530**

 **Containment: 29/31 weeks (93.5%)**

Last Week's Performance:

Last week: Range 413-520, closed **463** (mid-lower range) 

GLD closed **463**, consolidating mid-range as spot gold stabilised above \$5,000 (\$4,907-\$5,072 range). Soft CPI boosted rate-cut expectations, PBOC continued gold purchases for 15th consecutive month. Range maintains wide parameters ($\pm 11.9\%$) recognising elevated volatility regime. Track record improved to 93.5% (29/31).

For Your Planning:

- Lower zone (417-455): Where consolidation may emerge
- Middle zone (455-492): Current close territory
- Upper zone (492-530): Where safe-haven demand peaks

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

 **Range for Friday Feb 20: 42–46**

 **Containment: 20/21 weeks (95.2%)**

Last Week's Performance:

Last week: Range 40-44, closed **43.50** (upper range) 

REITs closed **43.50**, advancing to upper range as rate-sensitive sector responded to CPI cooling and falling Treasury yields. Two-year yield at lowest since 2022 provided direct tailwind. Range shifts higher (42-46 vs 40-44) reflecting completed upward move. Track record reached 95.2% (20/21)---above design parameters at twenty-one weeks.

For Your Planning:

- Lower zone (42-43): Where rate-hike fears typically pressure sector
- Middle zone (43-44): Normal trading area
- Upper zone (44-46): Where rate-cut optimism drives positioning

7 | Psychology & How to Read

CPI fell. Jobs beat expectations. And stocks declined.

This week's lesson: good headlines don't guarantee good price action. When data looks encouraging but your portfolio drops, that's exactly when emotional decisions happen. Benchmark revisions confirmed 898,000 fewer jobs than reported throughout 2025---the story behind the headlines was different from the headlines themselves.

What They Show:

Weekly boundaries where markets typically move---designed to help you stay calm when good numbers produce bad reactions.

What They Don't Show:

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

The Retail Trap:

Most individual investors buy high when excitement peaks and sell low when fear dominates. This pattern---amplified when headlines say "great data" but your portfolio drops---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:

SPX lower range (risk-off), GLD mid-range (safe-haven stable), XLRE upper range (rate-cut beneficiary). When the same CPI print triggers selling in equities but buying in rate-sensitive sectors, systematic boundaries document the divergence without requiring you to pick a side.

Key Point:

Your edge isn't predicting whether cooling inflation means success or weakness---it's maintaining systematic rules while the market changes its mind.

8 | Track Record

Performance Since Launch:

- S&P 500: 57 hits in 60 weeks (95.0%)
- Gold: 29 hits in 31 weeks (93.5%)
- REITs: 20 hits in 21 weeks (95.2%)

What This Means:

SPX returned to 95.0% design target (57/60) with lower-range close at 6,836. Markets drifted lower despite encouraging data---containment held as systematic approach doesn't require the market to react "correctly" to headlines.

GLD improved to 93.5% (29/31) with mid-range close at 463. Gold consolidated above \$5,000 after January's historic cycle. Model maintains wide range ($\pm 11.9\%$) recognising elevated regime hasn't fully normalised.

REITs reached 95.2% (20/21) with upper-range close at 43.50---above design parameters. Rate-sensitive sector diverged from SPX's risk-off positioning, benefiting directly from falling yields.

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 tracks Friday closes, not intraday moves or narrative shifts.

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 recognise regime changes.

Current Environment:

This week demonstrated why systematic boundaries don't depend on narrative interpretation. CPI at 2.4% and +130K jobs were objectively positive---yet SPX fell 1.5%. Model operated normally because it never required the market to react logically to headlines. Compass tracks actual market behaviour, not whether the reaction "makes sense."

Questions About Your Situation:

Q: Inflation is cooling and jobs beat---why did my portfolio drop?

A: Markets shifted interpretation. Lower inflation combined with revised employment data (898K fewer jobs in 2025), flat retail, and slowing wages changed the narrative from "Fed winning" to "demand weakening." Your actions depend on strategic rules established before interpretation shifts.

Q: REITs rallied while S&P fell---should I rotate?

A: Model tracks each asset independently. XLRE upper-range reflects rate-cut optimism, SPX lower-range reflects risk-off repricing. Rotation decisions depend on your pre-established strategy, not one week's divergence.

Next Week: Ranges for February 20 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 9–15)

For readers who want comprehensive economic data and regional breakdowns

United States: Good Numbers Meet Revised Reality

Delayed data flood changes the picture

The week of February 9-15 was the busiest US economic data week in recent memory, as government shutdown-delayed releases arrived alongside regular publications. The January nonfarm payrolls report, released Wednesday, showed +130,000 jobs---well above the 55,000-70,000 consensus---with unemployment ticking down to 4.3%. Healthcare added +82,000 positions, social assistance +42,000, and construction +33,000, more than offsetting a -34,000 decline in federal government employment linked to DOGE-related deferred resignations and a -22,000 drop in financial activities. Average hourly earnings rose +0.4% month-on-month and +3.7% year-on-year.

But the headline masked a significant revelation in the annual benchmark revisions: total 2025 nonfarm employment was revised downward by 898,000, reducing average monthly job creation throughout 2025 to just 15,000---roughly one-third of what had been reported in real time. The labour market was considerably weaker than policymakers understood. Weekly initial jobless claims came in at 227,000 (vs 222,000-223,000 consensus), with continuing claims rising to 1,862,000.

CPI provides relief---with caveats

Friday's CPI release was the week's most market-moving event. Headline CPI at +2.4% year-on-year and core CPI at +2.5% both represented meaningful declines from December's +2.7% and +2.6% respectively---the lowest readings since May 2025 and April 2021. Energy prices fell -1.5% month-on-month, gasoline dropped -7.5% year-on-year, and food inflation held at a moderate +0.2% monthly pace. Shelter costs, the largest CPI component, decelerated notably to a 3.0% annualised pace. Core goods prices were flat, suggesting tariff-induced price increases on the goods side are largely behind us.

An important caveat: the government shutdown disrupted BLS data collection, with October CPI entirely missing and November data incomplete. Economists estimated the true inflation rate would be closer to 2.7% with full data, warning of potential downward bias persisting through April 2026. The January PPI was postponed to 27 February; the most recent PPI (December 2025) showed a hot +0.5% monthly increase and +3.0% year-on-year.

Consumer spending stalls, wages slow

December retail sales came in flat against +0.4% expectations, with weakness in apparel (-0.7%), electronics (-0.4%), and furniture (-0.9%) pointing to tariff-weary consumers pulling back. The Employment Cost Index for Q4 2025 rose just +0.7%---the slowest pace since Q2 2021---signalling wage pressures ebbing faster than anticipated. University of Michigan consumer sentiment rose to 57.3 (vs 55.0 consensus), third consecutive increase but still in the 3rd percentile historically. One-

year inflation expectations declined to 3.5% from 4.0%. The survey revealed a stark divide: sentiment surged among consumers with large equity portfolios but remained deeply depressed among those without.

Fed holds, rate expectations shift

The Fed held no meeting during the reporting period; the most recent FOMC decision on 28 January maintained rates at 3.50%-3.75%. Following the soft CPI print, markets repriced to approximately 60 basis points of easing by year-end (up from two cuts previously), with the next cut widely expected in June. The two-year Treasury yield dropped to its lowest level since 2022. Powell's chairmanship expires in May 2026; Trump has nominated Kevin Warsh as successor, though confirmation faces obstacles with Senator Tillis blocking committee progress and all 11 committee Democrats demanding delays. The Lisa Cook Supreme Court case remains unresolved with a ruling expected by June.

Corporate earnings diverge, tariff politics intensify

Earnings season highlighted sharp divergences---Vertiv +24%, Applied Materials +13%, Rivian +20% on strong results, while DraftKings plunged 17% on weak guidance. The software sector remained under AI-disruption pressure with IGV ~30% below its 52-week high. The Dow touched 50,188 on Tuesday before surrendering 50,000 by Friday. VIX closed at 20.60.

The House voted 219-211 to terminate Canada tariff emergency---six Republicans crossed party lines in the largest Congressional rebuke of Trump's trade policy. The weighted-average US tariff rate stands at 13.5%, highest since 1946, costing an estimated \$1,300 per household annually. Reports of planned steel/aluminium tariff rollbacks sent Nucor -4% and Cleveland-Cliffs -3%. The US-China trade truce remains in effect through 10 November 2026.

China: Deflation Deepens as Diplomatic Thaw Advances

Consumer and producer prices signal persistent weakness

January inflation data revealed deepening deflationary pressures. CPI rose just +0.2% year-on-year (well below +0.4% consensus), down sharply from December's +0.8%. Core CPI weakened to +0.8%, the softest in six months. Producer prices remained in deflation for a 40th consecutive month at -1.4% year-on-year, though a +0.4% monthly PPI increase---the strongest since September 2023---suggested some stabilisation in factory-gate pricing. Food prices fell -0.7% year-on-year, driven by sharp declines in pork (-13.7%) and eggs (-9.2%). Energy prices dropped -5.0% year-on-year, subtracting approximately 0.34 percentage points from headline CPI. Non-ferrous metals input prices surged +16.1% year-on-year.

Property downturn accelerates

New home prices across 70 cities fell 3.1% year-on-year in January---the sharpest decline in seven months and the 31st straight month of contraction. January new home prices fell -0.4% month-on-month across 70 cities, with 62 cities reporting declines. Guangzhou prices dropped -5.3% year-on-year, Shenzhen -4.9%, and Tianjin -4.0%, while Shanghai remained the sole bright spot at +4.2% though decelerating. S&P projected primary property sales will fall a further 10-14% in 2026. Despite these headwinds, Chinese equity markets attracted \$8.6 billion in inflows from US and EU

mutual funds in January. The Shanghai Composite remained near 10-year highs before markets closed on 16 February for the nine-day Lunar New Year holiday.

Diplomatic posture warms, PBOC signals policy evolution

The Trump administration shelved several key technology restrictions targeting China, including bans on China Telecom's US operations and restrictions on Chinese equipment for US data centres. The move came ahead of a planned April Trump-Xi summit, with Treasury Secretary Bessent signalling "continued constructive engagement." The PBOC's Q4 monetary policy report outlined new fiscal-monetary coordination mechanisms and signalled potential adoption of the overnight money market rate as its primary policy target---a structural shift unseen in at least two decades. The yuan strengthened past 6.89 per dollar to its strongest level since May 2023. Reports surfaced that Chinese regulators were urging domestic financial institutions to limit purchases of US Treasuries, aligning with Xi Jinping's broader push for yuan internationalisation.

European Union: Sub-Target Inflation and Munich Conference

Growth improves as inflation undershoots ECB target

The Q4 2025 GDP second estimate confirmed +0.3% quarter-on-quarter and +1.4% year-on-year, bringing full-year 2025 expansion to 1.5%---a notable improvement from 2024's 0.9%. Germany contributed a stronger-than-expected +0.3% quarterly growth, its best in three quarters and first annual expansion in three years. January headline HICP came in at 1.7%---below the ECB's 2% target and the lowest since September 2024---while core inflation eased to 2.2%, the weakest since October 2021.

ECB maintains data-dependent stance

ECB President Lagarde delivered a plenary speech at the European Parliament on 9 February, noting inflation stood at 1.7% and expressing confidence it would "stabilise sustainably at our 2% medium-term target." The December staff projections forecast headline inflation averaging 1.9% in 2026, 1.8% in 2027, and 2.0% in 2028. Lagarde warned tariff hikes would impact Germany more than France. The deposit facility rate remains at 2.00% following the 5 February hold. The ECB unveiled plans to widen access to its euro liquidity backstop, making it globally available and permanent---a move to bolster the international role of the euro.

January PMI data showed manufacturing still contracting at 49.5 but improving from December's 48.8, with production returning to growth. Services PMI softened to 51.6 from 52.4, while the composite reading held at 51.5. Business sentiment reached a 20-month high. The Euro Stoxx 50 traded near record territory at approximately 6,010 mid-week before easing to 5,987 on Friday, while EUR/USD held steady around 1.1860.

Munich Security Conference dominates political agenda

The 62nd Munich Security Conference (13-15 February) brought approximately 1,000 delegates from 120 countries. Zelenskyy revealed the US had set a June deadline for reaching a Ukraine peace agreement, with trilateral Ukraine-US-Russia talks scheduled for Geneva on 17-18 February. Secretary of State Rubio struck a notably conciliatory tone towards European allies. The European Commission's proposed 20th sanctions package against Russia targets a full maritime services ban

on crude, 43 additional shadow fleet vessels, and new import restrictions worth €570 million annually. The formal EU Russian gas ban sets deadlines of 25 April 2026 for short-term LNG contracts and 17 June 2026 for pipeline gas. European gas storage levels sat below 40% capacity, with Germany at just 30.2%.

Japan: Political Earthquake and Market Surge

Prime Minister Takaichi's snap election on 8 February delivered a transformative result---the LDP secured 316 seats, the highest single-party tally in postwar history, giving the ruling coalition a two-thirds supermajority. Markets responded with the "Takaichi trade": the Nikkei 225 hit an all-time intraday high of 58,015 on 12 February before closing at 56,942 after Friday pullback. The yen rallied approximately 2.5% against the dollar (156-157 → 152.70)---the largest weekly gain since November 2024---as markets priced Takaichi's expansionary fiscal agenda providing the BOJ with greater scope for rate normalisation. BOJ board member Tamura stated on 13 February that conditions for the next rate increase "could be in place by spring." Rates stand at 0.75%---the highest since September 1995.

Commodities: Post-January Normalisation Continues

Gold consolidates above \$5,000

Gold stabilised between \$4,907 and \$5,072 per ounce, closing around \$5,046 (+0.6%). This consolidation followed January's dramatic spike to \$5,594/oz before plunging nearly 10% the next day. Treasury Secretary Bessent characterised the January spike as a "classical, speculative blowoff." The PBOC continued gold purchases for a 15th consecutive month. The dollar index near four-year lows around 96.82 provided a tailwind.

Silver, oil, gas, copper

Silver surged to \$85.65/oz mid-week (+4.9% intraday) before selling off to close around \$78 (net -2.3%). China's reclassification of silver as a strategic material from January 2026 continued to influence supply expectations.

WTI crude fell -1.0% to \$62.84/bbl. The IEA projected a crude surplus of approximately 3.7 million barrels per day in 2026---a potential record. US crude inventories showed a massive 13.4 million barrel build, the largest since November 2023. OPEC+ signalled leaning towards resuming output increases from April. Iran-US tensions in the Strait of Hormuz provided temporary support but bearish fundamentals dominated.

Henry Hub natural gas fell approximately -7% to \$3.24/MMBtu as warmer temperatures suppressed heating demand, extending the unwinding of January's weather-driven premium. European TTF gas fell to €31.81/MWh with EU storage below 40%.

Copper declined -1.7% on COMEX to around \$5.80/lb, dragged by weakening Chinese industrial demand ahead of Lunar New Year. Goldman Sachs estimated surpluses in both 2025 and 2026, though structural support from energy transition and data centre expansion partially offset near-term weakness.