

RobustQuant Weekly Compass

Weekend Edition | February 22, 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)	6,698 – 7,190	±3.5%	58/61 (95.1%)
Gold (GLD)*	424 – 542	±12.2%	30/32 (93.8%)
REITs (XLRE)*	42 – 46	±4.5%	21/22 (95.5%)

*Newsletter-exclusive coverage

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

Track record details → robustquant.com/predictions

2 | This Week's Summary

Courts moved markets. The Supreme Court struck down IEEPA tariffs 6-3---the most consequential trade ruling in decades. Trump replaced them within hours via Section 122 (10%, then 15%). SPX rallied 1.1%, its first weekly gain since January. Meanwhile, Q4 GDP decelerated to 1.4%, core PCE stuck at 3.0%, and Fed minutes revealed a committee split three ways.

Key Results:

- S&P 500: 6,910 (mid-upper range)
- Gold: 469 (mid-lower range)
- REITs: 43.56 (mid-lower range)

Pattern of the week: SPX rallied to mid-upper while GLD and XLRE held mid-lower. SCOTUS ruling, GDP miss, Iran escalation, Fed three-way split---four major shocks in one week. **All three assets remained contained.**

3 | What Moved Markets (Feb 16–22)

SCOTUS Strikes Down IEEPA Tariffs:

Supreme Court ruled 6-3 that IEEPA doesn't authorise presidential tariffs---invalidating an estimated \$133.5 billion in collected levies with up to \$175 billion in potential refund liabilities. Trump signed Section 122 replacement (10%, raised to 15% next day) within hours. Average effective tariff rate dropped from ~17% to ~7%. E-commerce stocks surged Friday (Amazon +2.6%, Alphabet +3.7%). SPX posted first weekly gain since January (+1.1%), closing just 0.99% below all-time high. VIX fell to 19.09.

Growth Decelerates, Inflation Sticks:

Q4 GDP came in at 1.4% annualised (vs 4.4% Q3, vs 3.0% consensus)---government shutdown subtracted roughly 1.0 percentage point. Core PCE at 3.0%, still above target. Flash PMIs hit 10-month lows (composite 52.3). FOMC minutes exposed three-way split: hold, cut, or hike---market pricing for June cut fell to 58% (from 85%).

Iran Escalation:

Iran partially closed Strait of Hormuz for military exercises---first such closure since January. Trump gave 10-15 day ultimatum, stated he was "considering a limited military strike." Oil hit six-month highs, gold breached \$5,000 decisively. Geopolitical risk premium estimated at \$7-10/bbl.

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

4 | S&P 500 (SPX) Boundaries (Feb 27)

 **Range for Friday Feb 27: 6,698–7,190**

 **Hit Rate: 58/61 weeks (95.1%)**

Last Week's Performance:

Last week: Range 6,588-7,109, closed **6,910** (mid-upper range) 

SPX rallied 1.1%---first weekly gain since January. Close at 6,910 positioned mid-upper, just 0.99% below all-time high. Range shifts slightly higher ($\pm 3.5\%$ vs $\pm 3.8\%$). Track record improved to 95.1% (58/61).

For Your Planning:

- Lower zone (6,698-6,862): Where fear often peaks
- Middle zone (6,862-7,026): Normal trading area
- Upper zone (7,026-7,190): Where excitement builds

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

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

 **Range for Friday Feb 27: 424–542**

 **Containment: 30/32 weeks (93.8%)**

Last Week's Performance:

Last week: Range 417-530, closed **469** (mid-lower range) 

GLD closed **469** as spot gold breached \$5,000 decisively (\$4,896 → \$5,062 for the week, +3.4%). Range widens slightly ($\pm 12.2\%$ vs $\pm 11.9\%$) as model continues to recognise elevated volatility regime. Track record improved to 93.8% (30/32).

For Your Planning:

- Lower zone (424-463): Where consolidation may emerge
- Middle zone (463-503): Current close territory
- Upper zone (503-542): Where safe-haven demand peaks

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

 Range for Friday Feb 27: 42–46

 Containment: 21/22 weeks (95.5%)

Last Week's Performance:

Last week: Range 42-46, closed **43.56** (mid-lower range) 

REITs closed **43.56**, holding mid-lower range after last week's advance to upper territory. Range unchanged (42-46). Track record reached 95.5% (21/22)---above design parameters.

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

Supreme Court rewrites trade policy. Trump replaces tariffs within hours. GDP slows. Iran threatens oil supply. Gold surges past \$5,000. SPX rallies 1.1%.

SCOTUS ruling, GDP miss, Iran escalation, Fed three-way split---all in the same week. All three assets stayed within range. That's what systematic boundaries are for: weeks exactly like this one.

What They Show:

Weekly boundaries where markets typically move---designed to help you stay calm when legal, economic, and geopolitical shocks arrive simultaneously.

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 scream crisis but markets rally---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

Key Point:

Your edge isn't predicting how courts, presidents, or central banks will act---it's having systematic rules in place before the ruling drops.

8 | Track Record

Performance Since Launch:

- S&P 500: 58 hits in 61 weeks (95.1%)
- Gold: 30 hits in 32 weeks (93.8%)
- REITs: 21 hits in 22 weeks (95.5%)

What This Means:

SPX improved to 95.1% (58/61) with mid-upper close at 6,910. First weekly gain since January (+1.1%) amid SCOTUS ruling, GDP miss, and Iran escalation---containment held.

GLD improved to 93.8% (30/32) with mid-lower close at 469. Gold breached \$5,000 decisively during the week (+3.4%). Model maintains wide range ($\pm 12.2\%$) as elevated volatility regime continues.

REITs reached 95.5% (21/22) with mid-lower close at 43.56. Sector consolidated after last week's advance to upper range. Track record above design parameters.

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 court rulings.

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:

SCOTUS ruling, presidential proclamation, GDP miss, sticky inflation, Fed three-way split, Iran escalation, Ukraine talks---all in one week. Model operated normally because it tracks completed price behaviour, not whether the outcome "should" be bullish or bearish.

Questions About Your Situation:

Q: SCOTUS removed tariffs but Trump replaced them---is trade better or worse?

A: Average effective tariff rate dropped from ~17% to ~7%, but Section 122 expires 24 July. Compass provides boundaries regardless of tariff regime. Your positioning depends on strategic rules established before court rulings.

Q: Gold broke \$5,000 and SPX rallied---isn't that contradictory?

A: Model tracks each asset independently. GLD closed mid-lower at 469, SPX closed mid-upper at 6,910---both contained within boundaries. Assets don't need to move in the same direction. Compass documents where each closed, not why.

Next Week: Ranges for February 27 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 16–22)

For readers who want comprehensive economic data and regional breakdowns

United States: Supreme Court Rewrites Trade Architecture

SCOTUS strikes down IEEPA tariffs in landmark ruling

The Supreme Court ruled 6-3 on 20 February in *Learning Resources, Inc. v. Trump* that IEEPA does not authorise the President to impose tariffs. Chief Justice Roberts authored the majority opinion, stating that "those words cannot bear such weight." The ruling invalidated both "reciprocal tariffs" covering virtually all US trading partners and "trafficking tariffs" targeting China, Canada, and Mexico---collectively responsible for an estimated \$133.5 billion in collected revenue. Penn Wharton projects up to \$175 billion in potential refund liabilities. Tariffs under Section 232 (steel, aluminium, automobiles at 25-50%) and Section 301 (Chinese goods) remained unaffected.

Within hours, Trump signed a Section 122 proclamation imposing a 10% temporary import surcharge effective 24 February, for a maximum of 150 days (until 24 July). The following day he raised it to 15%. According to the Yale Budget Lab, the post-SCOTUS regime represents a 6.7 percentage-point increase in the average effective tariff rate---roughly half the burden IEEPA tariffs imposed. BMO estimated the ruling drops the average US tariff from ~17% to ~7%.

Growth decelerates sharply as delayed data arrives

Q4 2025 GDP came in at 1.4% annualised---a dramatic deceleration from 4.4% in Q3 and well below the ~3.0% consensus. The government shutdown was estimated to have subtracted roughly 1.0 percentage point. The Personal Income and Outlays report showed core PCE at 3.0% (above 2.9% forecast), with the personal saving rate falling to 3.6%. Flash PMIs confirmed the slowdown: composite fell to 52.3 (10-month low), manufacturing slipped to 51.2, and supplier delivery times lengthened to levels not seen since October 2022.

Fed minutes reveal extraordinary three-way split

The January FOMC minutes disclosed an unusually fractured committee. The majority cautioned progress towards 2% inflation "may be slower and more uneven than generally expected." A second faction argued rates may need to be lowered. A third group---in an extraordinary development---argued rates may need to be raised. Market pricing for a June rate cut fell to 58% probability (from 85% prior week). The 10-year Treasury yield rose 3 basis points to 4.087%.

Labour market, housing, consumer confidence

Initial jobless claims fell to 206,000---the largest weekly drop since November---pushing the four-week moving average to 219,000. Housing starts surged 6.2% to 1,404,000 annualised, well above consensus, though NAHB sentiment fell to 36 (lowest since September). Consumer sentiment was revised down to 56.6 (3rd percentile historically). The Conference Board LEI declined for a fifth consecutive month.

Corporate earnings and equity markets

S&P 500 rose 1.1% to 6,909.51---first weekly gain since January, just 0.99% below all-time high. Nasdaq gained 1.4%. Walmart became the first retailer to exceed \$700 billion in annual revenue but disappointed on FY2027 guidance citing a "stretched" consumer. Booking Holdings beat estimates but fell 8% on AI disruption concerns. Across Q4 earnings season, 75% of S&P 500 companies beat on earnings with blended EPS growth of 13.2% year-on-year. VIX fell to 19.09.

European Union: Manufacturing Returns to Expansion

Historic PMI breakthrough

Flash Eurozone manufacturing PMI surged to 50.8---a 44-month high bringing the sector into expansion for the first time since June 2022. Germany's manufacturing PMI rose to 50.7, its first expansion in over three and a half years. HCOB chief economist declared "this could be the turning point for the manufacturing sector," with new orders growing robustly and order backlogs rising for the first time since mid-2022. Services held at 51.8, composite reached 51.9. Employment slipped for a second consecutive month, suggesting businesses remain cautious about headcount.

The DAX set a new all-time record of approximately 25,279 mid-week. SCOTUS tariff ruling boosted European automotive stocks (Porsche +2%, Mercedes +0.9%). Euro Stoxx 50 reached a 52-week high of 6,131. Eurozone inflation remained at 1.7% year-on-year with core at 2.2%. ECB deposit rate at 2.00%, next decision due 18-19 March. Lagarde told the Wall Street Journal she intends to serve her full term.

ZEW sentiment unexpectedly fell to 58.3 (vs 65.0 consensus), though current conditions improved to -65.9 from -72.7. The German Chamber of Commerce surveyed 26,000 companies and warned "the German economy will not take off in 2026," with only 25% assessing their situation as good and forecasting just 1.0% growth. France lagged with composite PMI at 49.9---just below expansion. Flash consumer confidence improved slightly to -12.2 from -12.4.

China: Lunar New Year Pause, SCOTUS Reshapes Trade

Chinese mainland markets were closed all week for Lunar New Year. The PBOC deployed 1 trillion yuan (~\$145 billion) in pre-holiday liquidity injections via six-month outright reverse repos, with net injection of 600 billion yuan---the highest in three months and ninth consecutive month of medium-term injections. LPR rates remain at record lows (1-year 3.0%, 5-year 3.5%), with the February announcement postponed until after the holiday. Governor Pan Gongsheng indicated "there is still room for further RRR and interest rate cuts this year."

The most recent data continued to paint a challenging picture: official manufacturing PMI fell to 49.3 in January (from 50.1), non-manufacturing hit a 37-month low of 49.4. CPI at just 0.2%, PPI deflation extending to a 40th consecutive month. The IMF's Article IV consultation forecast 4.5% growth for 2026 and warned of risks from the property downturn.

The SCOTUS ruling substantially reduced China's effective US tariff rate to approximately 35% (25% Section 301/232 plus 10% Section 122)---a significant drop from previous combined rates. The November 2025 US-China tariff truce now faces uncertain legal standing. The offshore yuan

strengthened to a 34-month high near 6.89 per dollar. Hang Seng fell 0.6% on global risk-off sentiment.

Japan: Near-Recession GDP Meets Strong PMIs

Q4 GDP grew just 0.1% quarter-on-quarter (0.2% annualised)---narrowly avoiding recession after Q3's -0.7% contraction but dramatically undershooting the 0.4% consensus. Private consumption grew a meagre 0.1%, business investment recovered marginally to +0.2%, and exports contracted 0.3%. The Nikkei fell 1.13% on the release to ~56,164, then slid further on US-Iran tensions, trading well below its 58,015 all-time high. The yen weakened past 155 per dollar, depreciating ~1.6% as weak GDP reduced expectations for near-term BOJ rate hike.

However, flash PMIs told a strikingly different story: manufacturing surged to 52.8 (strongest since May 2022), export orders at fastest pace in eight years, order backlogs at a record pace since the series began in 2007. Composite at 53.8 (best since May 2023). January CPI fell to 1.5%---below BOJ's 2% target for the first time in 45 months. Core-core eased to 2.6%. Backward-looking weakness versus forward-looking strength creates a complex backdrop for BOJ's March meeting. Markets pushed the next expected hike to April 2026.

Commodities: Gold Breaches \$5,000, Oil Hits Six-Month Highs

Gold

Gold surged from \$4,896 to \$5,062 for the week (+3.4%), breaching \$5,000 decisively. By Saturday the weekend carry price reached \$5,107. Primary drivers: Iran tensions (Hormuz partial closure, Trump ultimatum), weak Q4 GDP boosting rate-cut expectations, and SCOTUS policy uncertainty weakening the dollar (DXY fell 0.25% Friday). Central bank purchasing remained structural support---Goldman Sachs confirmed re-accelerating sovereign accumulation following three consecutive years of 1,200+ tonne annual purchases. UBS reportedly raised its target to \$6,200/oz, Goldman reiterated \$5,400 year-end.

Oil

WTI rose to ~\$66.48/bbl, Brent to ~\$71.76---both hitting six-month highs on Thursday. Iran's partial Strait of Hormuz closure (through which ~13 million bpd transit, ~31% of global seaborne flows) was the dominant catalyst. Pipeline bypass capacity (Saudi + UAE) can handle only ~2.6 million bpd---just 15-20% of normal flows. Geopolitical risk premium estimated at \$7-10/bbl. OPEC+ maintained production pause through Q1 2026, January production fell 230,000 bpd to 28.83 million (five-month low). Countervailing pressure from weak GDP and prior week's 13.4 million barrel US inventory build.

Silver, gas, copper

Silver outperformed gold decisively, rising ~8.1% (\$74.43 → \$80.62). Gold/silver ratio compressed to 62.8. Sixth consecutive annual deficit projected for 2026 (~67 million ounces). Henry Hub gas fell to ~\$3.00/MMBtu near four-month lows---third consecutive "bearish storage miss." Storage at

2,070 Tcf, 5.6% below five-year average. Copper traded \$5.73-\$5.88/lb; J.P. Morgan estimates data centre demand could reach 475,000 tonnes in 2026 (from 110,000 in 2025).