

CAPITAL MARKETS REPORT - FEBRUARY 23, 2026



Birmingham (866) 405-6864
Baton Rouge (800) 421-6182
Shreveport (866) 453-5150
Little Rock (800) 737-0535

SERVICE BEYOND COMPARISON

Fed Signals Rates Likely to Remain on Hold

Inflation Cools Gradually as Labor Market Moderates

Markets and Global Economies Navigate Mixed Signals

Recent communication from Federal Reserve officials reinforce a patient, data-dependent approach to monetary policy. While inflation has eased from prior highs—particularly in goods categories—services prices remain sticky, and overall inflation is still running above the Fed’s 2% target. Policymakers have signaled that interest rates are likely to remain unchanged for now, emphasizing the need for sustained evidence that price pressures are cooling before considering further policy adjustments.

At the same time, the labor market continues to show signs of gradual moderation. Job growth has slowed from earlier robust levels, wage gains are easing, and job openings have declined, yet layoffs remain relatively contained. This measured cooling suggests the economy is adjusting without significant disruption, supporting expectations that the Federal Reserve can maintain its deliberative stance while monitoring for clearer signals on both of its "dual mandate," inflation and employment.

Friday's Supreme Court decision rendering Trump's tariff enactments as unconstitutional has re-introduced a degree of global trade confusion. Several trade deals have been put on hold while nations await the US's response. Despite the administration's plan to replace the previous tariffs with a new 15% levy on all US imports, financial markets have responded with a cautious, wait-and-see posture. Treasury yields and equity markets have moved modestly as investors weigh mixed economic signals and the outlook for future policy decisions. Globally, economic performance remains uneven, with varying growth trajectories and differing central bank policies contributing to currency and commodity fluctuations. This morning, the DOW has opened down almost 400 points and treasury yields lower. The benchmark 10Y Note is currently at 4.05%, 5bps lower than Friday's intra-day high of 4.10%.

Market Last Week

	2/13/2026	2/20/2026	Weekly Change In Bps
2 yr. Note	3.41%	3.48%	7
5 yr. Note	3.60%	3.65%	5
10 yr. Note	4.05%	4.08%	3
30 yr. Bond	4.69%	4.72%	3
SOFR Rate	3.66406%	3.67316%	0.910

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
2/23/2026 10:00 AM	Factory Orders (Dec)	-0.70%	2.70%
2/23/2026 10:00 AM	Durable Goods Orders (Dec F)	-1.40%	-1.40%
2/24/2026 8:15 AM	ADP Weekly Employment Change (Feb 7)	n/a	10.250k
2/24/2026 10:00 AM	Conf. Board Consumer Confidence (Feb)	87.00	84.50
2/24/2026 10:00 AM	Wholesale Inventories MoM (Dec F)	0.20%	0.20%
2/25/2026 7:00 AM	MBA Mortgage Applications (Feb 20)	n/a	2.80%
2/26/2026 8:30 AM	Initial Jobless Claims (Feb 21)	216k	206k
2/26/2026 8:30 AM	Continuing Claims (Feb 14)	1863k	1869k
2/27/2026 8:30 AM	PPI Final Demand YoY (Jan)	2.60%	3.00%
2/27/2026 8:30 AM	PPI Ex Food and Energy YoY (Jan)	3.00%	3.30%
2/27/2026 9:45 AM	MNI Chicago PMI (Feb)	52.40	54.00
2/27/2026 10:00 AM	Construction Spending MoM (Dec)	0.20%	--

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