

Last week we saw Nvidia (NVDA) report accelerating earnings and guide, the State of the Union address, a stable labor market, the Chicago PMI at the highest level in 4 years (57.7), and outstanding corporate earnings. The S&P500 EPS growth now stands at +14.2% compared to the +8.3% when the quarter began, and the US-10 year has fallen below 4.0%, the lowest since last October and the US 2-year is at the lowest since August 2022. Then to top off the week, the US and Israel launched an attack on Iran over the weekend, and Iran has launched retaliatory as negotiations collapsed. The US and Israel have also called for regime change. Berkshire Hathaway reported its Q4 earnings on Saturday with operating profit down -30%, to \$10.2billion. The S&P500 fell modestly (-0.44%), the Nasdaq dropped -0.95%, the Dow lost (-1.3%), and the Russell 2000 fell -1.2%. All the major averages are below their 50-day moving averages, which is not supportive of power trends where most of the money is made in the market. Futures are modestly lower tonight with the major averages down -0.5% on the S&P500, Nasdaq, and -0.6% on the Dow.

Outlook:

- Heavy air strikes are expected to continue in Iran for days.
- OPEC said on Sunday it agreed to a larger than expected increase in oil production starting in April even as shipping through the Strait of Hormuz has slowed dramatically.
- Apple to hold a product event Mar 4.
- AI:
 - o Nvidia to reveal a new Grog-designed chip focused on AI inference computing at it upcoming GTC conference.
 - o Open AI said it reached an agreement with the Pentagon to provide its AI technologies for classified systems.
 - o Anthropic to make a legal challenge to Pentagon decision to label it a supply chain risk to national security.
 - o Block announced it would cut 40% of its workforce, exacerbating workforce worries surrounding AI.
 - o More government agencies have raised concerns on safety and reliability of xAI AI tools.
 - o Deepseek to release V4, a multimodal LLM model with picture, video, and text-generating functions.

- o Despite slumping morale at Amazon amid job cuts, employees don't see AI doing anyone's jobs.
- o Blackstone to launch a publicly traded acquisition company to invest in already-built and leased data centers.
- Key earnings this week include Broadcom (AVGO), Ciena (CIEN), Credo Tech Group (CRDO), Dycom Industries (DY), MongoDB (MDB), Marvell (MRVL), and Embraer (EMBJ).
- ISM Manufacturing due out Mar 2, ISM Services due out Feb 4, Jobless claims due out Mar 5, Nonfarm payrolls due out Mar 6.

Interesting set of leaders last week in infrastructure. Software rallied as IGV gained +1.0%, Utilities (XLU) led gaining 2.0% and risk proxy, Innovator IBD 50 ETF (FFTY) up +4.1%. Technology (XLK) lagged dropping -1.5% along with Financials (XLF, -2.0%). Micron (MU) gave back -3.7%, and Credo Tech (CRDO) dropped -9.5% on the back of negative sentiment in Nvidia. Dell Technologies (DELL) surged +21.1%. Infrastructure software play, Service Now (NOW) gained +3.6%. Optics play, Lumentum (LITE) +4.96% taking YTD gains to +90% and Ciena (CIEN) also an optics data transfer play gained +4.3% and YTD to +49%. Datacenter infrastructure play, Vertiv Holdings (VRT) added another +4.6% taking YTD gains to +57.3%. E&C firms strong again Argan, Inc (AGX) climbed +3.1% for YTD to +44%, Mastec (MTZ, +4.9% for YTD to +37%). FTAI Aviation (FTAI) gained +5.5% for YTD to +55%. Electric power added to gains as GE Vernova (GEV) added +5.2% (+33% YTD) and Bloom Energy (BE) which makes fuel cells jumped another +5.5% for YTD gains of +79%. Nvidia (NVDA, -6.6%) despite impressive earnings beat and guide.

Sunday night futures are lower.

Dow Futures	Change	S&P 500 Futures	Change	NASDAQ Futures	Change
48,705.00	- 295.00 0.60%▼	6,850.00	- 39.00 0.57%▼	24,860.25	- 144.50 0.58%▼
Fair Value	Implied Open	Fair Value	Implied Open	Fair Value	Implied Open
49,023.84	- 318.84	6,887.30	- 37.30	24,995.68	- 135.43

Source: Pre-market Stock Trading | CNN

Key tailwind for 2026 remains the buildout in AI and AI infrastructure. Note updating the estimates from prior weeks as shown below. AI infrastructure investments could reach to \$6.8T to \$9.5T which is a slight increase for the base case but a slight decrease from the accelerated case.

AI infrastructure capex scenarios, 2025–2030

(Global, annual, rough order of magnitude ranges in USD)

Year	Base Annual (\$T)	Base Cumulative (\$T)	Accelerated Annual (\$T)	Accelerated Cumulative (\$T)
2025	0.50	0.50	0.50	0.50
2026	0.85	1.35	1.10	1.60
2027	1.02	2.37	1.38	2.98
2028	1.22	3.59	1.72	4.70
2029	1.47	5.06	2.15	6.85
2030	1.76	6.82	2.69	9.54

Source: xAI's AI Buildout Funding and Plans - Grok

Summary: The major averages lower last week.

The Nasdaq moving averages are out of position for a power trend to kick in as the 10day and 2-ema have crossed below the 50-dma and all the major indexes are sitting below their 50-day averages. Given strong fundamentals I believe the market more likely recovers its proper positioning for a sustained rally.

Decisive odds of rate cut remain well out in the future with June 17 meeting (+50%, FedWatch - CME Group).

The US 10-year interest rate fell -12bp to 3.96%.

Stock Market Today/Week: Feb 27, 2026

Index	Level	Day change	Week Change
S&P 500	6,878.88	-0.43%	-0.44%
Nasdaq Composite	22,668.21	-0.92%	-0.95%
Dow Jones Industrial Avg.	48,977.92	-1.05%	-1.31%
US 10 year	3.96%		-12bps

Source: Factset

Key events for the week ahead:

3/2/2026 CRDO MDB LMB AES. ISM Manufacturing for Feb: 51.8 expected.

3/3/2026

3/4/2026 DY AVGO. ISM Services PMI for Feb: 52.5 expected.

3/5/2026 CIEN MRVL. Initial jobless claims for w/e 2/28: 215k expected.

3/6/2026 EMBJ. Nonfarm payrolls for Feb: 60k expected. Retail Sales for Jan: +0.15% m/m expected. Unemployment rate for Feb: 4.3% expected.

Source: Factset

Bullish talking points: S&P500 earnings running at +14.2% y/y. Massive pushback on Citrin Research blog given historical precedent of every major technological advance creating far more jobs than it destroyed. Anthropic enterprise event triggered software and AI at risk stabilization trade during the week. Software short positioning highest on record while long exposure lowest on record. Workday, Salesforce, HP all managed to reverse post earnings weakness. Consumer confidence from Conference Board's measure surprised to the upside. Flow data not showing any signs of broad risk off with net inflows for 5th consecutive week. Insatiable demand for compute was behind the big beat and raise from Nvidia. OpenAI succeeded in a \$110B capital raise. Backlog surged at CoreWeave. Dells AI servers revenue expected to double to \$50B in FY2027.

Bearish talking points: Citrini Research blog post drove big software selloff using a doomsday AI disruption scenario. Nvidia fell -5.5% Thursday despite a \$2B Q4 revenue beat and blowout \$5B revenue guidance beat for 1Q and positive sell side take aways. Block (XYZ) to cut its workforce blaming AI though others say Block workforce was bloated for other reasons. IBM fell -13% on AI disruption concerns. Cautious private credit headlines following Blue Owl scrutiny and spread to FS KKR, Blackstone Secured Lending Fund, BlackRock TCP Capital. Homebuilders sold off -2.5% on lack of housing proposals following the State of the Union address and disappointing take aways from Lowe's and Owens Corning. White House did not take a tariff exit following SCOTUS ruling on IEEPA. Preparations for a Xi-Trump summit by end of March have faltered.

What to do now: Maintaining equity exposure levels.

Appendix:

What kind of positive technical confirmations for a power trend per IBD ("Webby's rules"):

1. Follow through day (FTD)
2. Subsequent FTDs.

3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50-day moving average (DMA).
7. Low above 50dma.
8. 3 consecutive days with low above 50dma.
9. Close above 200dma.
10. Low above 200dma.
11. 3 consecutive days low above 200dma.
12. 21ema moves above 50dma.
13. 21ema moves above 200dma.
14. 50dma moves above 200dma.

In the current rally as of 2/27/2026 11 conditions met.

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