



Market update

February 2026

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February 2026: calm before the storm

Despite doubts about AI and a possible escalation of hostilities in the Middle East, February 2026 was another positive month for equity investors. Japanese equities and listed property were particularly in demand. However, there was one notable exception: US equities remained out of favour.

Sticking to a theme of 'anywhere other than the US', most equities markets continued their upward trend since the start of the year (and over the past 12 months). The Japanese market was the star performer, boosted by the sizeable election victory of Prime Minister Takaichi on 8 February. The Nikkei Index gained more than 10% in February, resulting in a total increase over the past 12 months of more than 50% (or more than 30% when expressed in euros). Many other equities markets in the region followed Japan's lead with fair to good returns. For example, the MSCI Asia Pacific Index produced a return of more than 7% in February. Asian emerging markets such as South Korea and Taiwan also had a good month, helping the MSCI Emerging Markets Index to achieve a month-on-month return of almost 6%. There were also exceptions in the region, with equities markets in India and Hong Kong showing little movement in February.

It was not only Asian equities markets and emerging markets that performed well in February. Most European equities markets also ended the month on a positive note, with a monthly return of over 4% for the MSCI Europe Index. Partly due to easing bond yields, European listed property produced a significantly better performance, returning over 7% in February. The decline in bond yields also meant that investors in European govern-



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ment bonds had a good month, with a return of around 1.5% in February. European corporate bonds underperformed slightly, with a monthly return of around 0.5% for both investment-grade and high-yield paper.

US equities underperformed most other markets in February, like they did in January. Following their small drop in value in February (-0.3% for the MSCI North America Index), US equities have generally not budged this year. US equities have also heavily underperformed other equities markets over the past 12 months, due in no small part to the large depreciation of the US dollar (-14% against the euro over the past year). Among US equities, it is mainly technology equities that have recently fallen out of favour. While the 'traditional' Dow Jones Index is still up around 2% since the start of 2026, the Nasdaq technology index is down more than 2%.

The returns on the various asset classes were as follows:

Rendementen (total return, in euro's)	Februari	Q1	2026	12 mnd
Bloomberg Barclays Eurozone Staatsobligaties	1,4%	2,1%	2,1%	2,2%
Bloomberg Barclays Euro Bedrijfsobligaties	0,5%	1,3%	1,3%	3,3%
Bloomberg Barclays Euro High Yield Bedrijfsobligaties	0,3%	1,0%	1,0%	4,5%
FTSE/EPRA Europe Onroerend Goed	7,2%	10,8%	10,8%	10,7%
MSCI Europe Aandelen	4,1%	7,3%	7,3%	16,1%
MSCI North America Aandelen	-0,3%	0,0%	0,0%	2,9%
MSCI Asia Pacific Aandelen	7,2%	14,2%	14,2%	27,8%
MSCI World Developed Markets Aandelen	1,0%	2,2%	2,2%	5,2%
MSCI Emerging Markets Aandelen	5,8%	14,1%	14,1%	31,7%
EUR/USD	-0,3%	0,6%	0,6%	13,9%

Bron: Bloomberg

The US economy underperformed in the last quarter of 2025, but is a recovery on the cards?

The underperformance of US equities markets, certainly compared to markets in pretty much all other regions, appears to be due to a combination of factors. The downward trend of the US economy has undoubtedly played a role. The fourth quarter of 2025 failed to deliver the above-average growth of around 3% forecast by analysts, with significantly lower growth of only 1.4% (annualised on a quarterly basis). The lower growth rate was partly due to the lengthy government shutdown in the first half of the fourth quarter, but analysts will have taken this into account in their assumptions. In addition to the sharp decline in government spending (mainly due to the shutdown), the deteriorating position of the US in international trade was not helpful for economic growth. This is notable, since President Trump's tariffs policy was intended to improve the trade position of US companies. This policy has so far failed to achieve its desired effect.

Nonetheless, there were positive signs to be found in the US growth figures for the past quarter. Consumer spending held up relatively well, while business investment grew strongly, mainly due to investments in AI. Analysts predict that these factors will continue to support US growth in the coming period. The consensus growth forecast for the US economy in the first six months of 2026 (according to Bloomberg) is around 3%, followed by a slowing of growth towards 2% in the second half of the year. The effects of recovery from the previous government shutdown and government spending as part of the One Big Beautiful Bill Act should provide an additional boost to growth in the US economy in the first half of 2026.

α.s.r.**Uncertainty about trade policy and low consumer confidence are negative factors for the US**

One positive point for the US economy is that US business confidence showed an unexpectedly strong increase last month. This could be an early sign that Trump's trade policy, designed to protect US industry, is beginning to bear fruit, but one swallow does not make a summer. Furthermore, the US Supreme Court threw a spanner in the works of Trump's trade policy by ruling that his previously announced tariffs were unlawful. True to form, President Trump immediately announced alternative measures imposing a temporary generic 10% tariff (or 15%, or on further thought, 10%). When all is said and done, the uncertainty regarding the future of international trade with the US is still a dark cloud hanging over the US (and global) economy.



This uncertainty is felt not only by businesses, but possibly even more by US consumers. Economists have frequently warned that Trump's import tariffs would mainly affect US consumers in the form of rising prices, something that US consumers are already experiencing. In the past period, US consumer confidence has declined to the levels seen during the coronavirus pandemic. At the same time, President Trump's approval rating has fallen to historically low levels, with the affordability crisis cited as the greatest source of dissatisfaction among US voters. So far, the decline in consumer confidence has not led to a decline in consumer spending, but whether this will remain the case is debatable. US consumer spending has been outpacing income growth for some considerable time, meaning that Americans are generally drawing down on their savings. The personal savings rate (savings as a percentage of income) in the US has now declined to 3.6%, its lowest level (apart from a dip in 2022 immediately after the coronavirus pandemic) since September 2008, just before the credit crisis.

Doubts regarding the effects of AI and escalation in the Middle East are reason for caution

Besides concerns about affordability, US consumers are also seeing a gradually deteriorating labour market. At 4.3%, unemployment remains low in historical terms, but there is little or no net growth in employment. The impact of AI is also a factor here. Artificial intelligence may lead to higher labour productivity, but it may also lead to job losses. There is little decisive evidence of either of these potential effects so far, but fears of job losses could put pressure on consumer spending anyway.

Low consumer confidence, the continuing political uncertainty (due among other things to the policies of the Trump administration on trade and migration), doubts about the ultimate returns on investment on AI-related projects and the weakness of the dollar are all arguments against investing in the US. It is not therefore likely that the recent underperformance of US investments compared to other countries and regions will be swiftly reversed. The greater risk is that the malaise in the US equities markets in recent months will spread to other markets. Moreover, the persisting low valuations mean that equities markets around the world are vulnerable to new geopolitical events, such as the recent escalation of hostilities in the Middle East.

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The military attacks by the US and Israel on Iran at the end of February should not have come as a huge surprise to the financial markets, given the significant build-up of US troops in the Gulf region in recent weeks (and also the development of the oil price, which has already risen by 20% in the first two months of 2026), but uncertainty regarding how the attack will progress (and the lack of a clear final objective) could still cause volatility in the financial markets.



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