



PRECISION

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March Market Update

Last month gave investors plenty to weigh. [Job growth](#) held firm, and [corporate earnings](#) delivered again, particularly among AI-driven companies. But [inflation](#) ticked back up, reminding us that the Federal Reserve's job isn't finished. The result was stocks remaining near record highs, yet with more day-to-day volatility.

It remains true that strategic investing isn't just about timing the market; it's also about understanding the environment. I'm here to help you make sense of the noise so you can feel confident and informed, no matter the landscape.

Below is a look at how markets performed in February, the dynamics behind the numbers, and where we are focusing our attention.

Major U.S. Stock Indices

February was a stress test for U.S. markets, with each major index responding differently to the same mix of solid growth, sticky inflation, and shifting sentiment around AI. Tech stocks, particularly software names, bore the brunt of the struggle, while the S&P 500 moved sideways and the Dow held up comparatively well.

What drove that divergence was a quiet but meaningful shift in investor priorities. Capital migrated from mega-cap tech and toward industrials, materials, and consumer staples.

- The S&P 500 [retreated](#) 0.87%.
- The Nasdaq 100 led the [decline](#) at 2.32%.
- The Dow Jones Industrial Average finished [up](#) at 0.17%.

Behind the Headlines

The Economy: Growth Holds, Inflation Lingers. The U.S. economy started 2026 on a solid footing. January numbers, released in February, showed that the economy added 130,000 jobs, well above expectations, and the unemployment rate dipped to 4.3%.

The problem is inflation. Consumer prices, producer prices, and the most recent data for the Fed's preferred Personal Consumption Expenditures (PCE) showed the measure moved in the wrong direction, with core PCE climbing to 3.0%. Growth is holding up, but so is inflation.

The Federal Reserve: In No Rush. With inflation picking back up and the economy still resilient, officials see no urgency to cut. For the March Fed meetings, markets are pricing a near-zero chance of an additional rate cut. Instead, markets now expect one to two modest rate cuts later in 2026, but only if inflation clearly resumes its downward trend. For now, the Fed is likely standing pat.

Stocks: Strong Earnings, More Selective Market. The S&P 500 remains near record highs, supported by impressive earnings. Q4 2025 marked the fifth straight quarter of double-digit profit growth, and 2026 estimates call for roughly 14% more. But the market has grown more selective. Energy, materials, and industrials are leading, while AI giants like Nvidia beat expectations but saw volatile, uneven trading. The message is clear: strong earnings alone are no longer enough; sector positioning increasingly determines who wins.

Interest Rates: A Tale of Two Yields. February brought an unusual dynamic in the bond market. Short-term yields edged higher as the Fed held firm, while longer-term yields actually fell, with the 10-year Treasury settling [below 4%](#). This [divergence](#) reflects investor caution and demand for safety. The upside: short-term bonds and money markets can continue to offer attractive income for patient investors.

Foreign Policy: US and Israel Strike Iran. On February 28th, the United States and Israel jointly struck Iran, with Iran responding militarily, resulting in the effective closure of the Strait of Hormuz. This action had ripple effects across the global economy, with oil prices [rising](#) and stocks [falling](#) as the conflict escalated across the region. While the long-term impacts of this action are yet to be seen, investors can expect some additional volatility as the conflict continues to unfold.

Putting It All Together

February was a reminder that even solid fundamentals can coexist with volatility. Growth and earnings remain resilient, but sticky inflation has the Fed in a holding pattern, and markets have grown more selective as a result.

The end of the month presented real geopolitical instability, with potential implications for markets. As always, we are keeping an eye on the market and we are here to keep you informed about the current financial climate. If you have any questions about your portfolio or would like to talk through these shifts, don't hesitate to reach out.

All the best,

Precision Financial Services, Inc.
350 US Highway 46
Mine Hill, NJ 07803

Tel: 973-927-6300

Fax: 973-927-7190

www.precisionfinancial.com

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