



Coffee & Commentary

February 9, 2026

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- Stocks opened and closed the week with rallies that helped counter midweek sell-offs—particularly sharp declines in technology shares from Tuesday through Thursday. Performance diverged across major indexes, with the Dow finishing above the 50,000 mark for the first time, while the S&P 500 edged lower and the NASDAQ dropped almost 2%. Final results on the week were; **S&P 500 -0.1%**, **NASDAQ -1.8%**, and the **Dow +2.5%**.
- With earnings season more than halfway complete, the technology sector continued to lead the market in profit growth expectations. As of Friday, tech companies were projected to deliver average fourth-quarter 2026 earnings growth of 30.4%, more than double the 13.0% growth forecast for the S&P 500 overall.
- U.S. consumer sentiment improved modestly, with the preliminary reading of the University of Michigan's Index of Consumer Sentiment rising to 57.3—its highest level in six months—up from 51.0 three months earlier. Even so, the measure remained well below the 64.7 level recorded a year ago.

2. How are we to prepare and act?

- Markets entered February appearing relatively insulated from the volatility that had already surfaced across currencies and commodities

earlier in the year, but that calm shifted as technology shares weakened and pulled the S&P 500 modestly lower. Even so, the broader market has shown notable resilience, with the index remaining close to record levels and the Dow continuing to set new highs. This divergence suggests that recent turbulence reflects rotation and repricing within equities rather than a deterioration in economic fundamentals. At the same time, consumer spending, fiscal support tied to prior tax policy, and sustained investment related to artificial intelligence continue to support activity, leading economists to raise expectations for economic growth in the year ahead.

- Within technology itself, the story is evolving rather than collapsing. Profit growth across the sector remains strong, yet valuations have compressed as investors reassess how much they are willing to pay for future growth amid rapid technological change and rising capital-spending commitments. Concerns that new AI-driven tools could disrupt established software business models have contributed to volatility, while sharply higher investment in data centers, chips, and infrastructure has raised questions about long-term returns and balance-sheet implications. These developments have created uncertainty in the near term but also underscore the scale of innovation reshaping the economy. Beyond equities, softer performance in speculative assets—from cryptocurrencies to precious metals—signals a broader cooling in risk appetite, consistent with expectations that interest-rate cuts may proceed more slowly than previously hoped. In this setting, rotation, repricing, and shifting risk preferences may lead to choppier markets, but they also help normalize valuations and reduce concentration risk.

3. Taking a look at the week ahead.

- Monday — No major reports
- Tuesday — Retail sales
- Wednesday — Federal budget
- Thursday — Weekly unemployment claims
- Friday — Consumer Price Index

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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