



Coffee & Commentary

February 23, 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?

- Major U.S. indexes regained much of the prior week's losses, continuing what has been a choppy, sideways start to 2026. The NASDAQ posted strong results and broke a five-week losing streak, while the S&P 500 and the Dow both advanced modestly. Final results on the week were; **S&P 500 +1.1%**, **NASDAQ +1.5%**, and the **Dow +0.3%**.
- In a 6–3 ruling on Friday, the U.S. Supreme Court determined that the Trump administration exceeded its legal authority when it imposed tariffs last year on imports from many of the country's largest trading partners. One important piece that the ruling did not clarify was whether the government will be required to refund tariff revenues it has already collected.
- The Federal Reserve's preferred inflation measure indicated a renewed uptick in price pressures, with the Personal Consumption Expenditures Price Index rising 2.9% year over year in December—the fastest pace since March 2024.

2. How are we to prepare and act?

- In the immediate aftermath of the U.S. Supreme Court's decision to strike down tariffs imposed under the International Emergency Economic Powers Act, the Trump administration announced that it would implement a temporary 10% tariff under a different statutory authority while pursuing

additional investigations that could support longer-term trade actions. Notably, these replacement tariffs are broadly consistent with current effective tariff levels, suggesting limited near-term change in trade dynamics. Even if the repealed tariffs had remained in place, their direct economic footprint was relatively modest compared with the overall size of the U.S. economy, and although certain sectors were more directly affected than others, the aggregate impact on growth and inflation had been contained. As a result, financial markets appeared to treat the ruling as a clearing event rather than a shock, with a layer of uncertainty now removed.

- Looking ahead, trade policy will likely remain an evolving topic as investigations under other trade statutes unfold over the coming months. The process is likely to be extremely time-consuming, and any extension or escalation of tariff measures would require additional steps and potential congressional involvement. Meanwhile, current market conditions continue to reflect steady growth and corporate earnings are projected to expand at a solid double-digit pace in 2026. Tariff revenues themselves represent a small fraction of national output and federal finances, which does limit their systemic significance. While policy developments can influence sentiment and create short-term volatility, the underlying drivers of market performance—economic growth, profitability, and monetary conditions—remain intact. With the legal uncertainty surrounding these specific tariffs now clarified and alternative policy paths more transparent, markets can refocus on fundamentals that continue to support a constructive, though not risk-free, outlook.

3. Taking a look at the week ahead.

- Monday — Factory orders
- Tuesday — Consumer Confidence Index
- Wednesday — No major reports
- Thursday — Weekly unemployment claims
- Friday — Producer 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,

Eric Mechler, CFP®, ChFC®, AIF®, BFA™, RICP®

Founder, CEO & CIO

Alpha Zero

2500 N Military Trail, Suite 316

Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com

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Alpha Zero

2500 N Military Trail, Suite 316, Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com



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