WELLS FARGO
Investment Institute

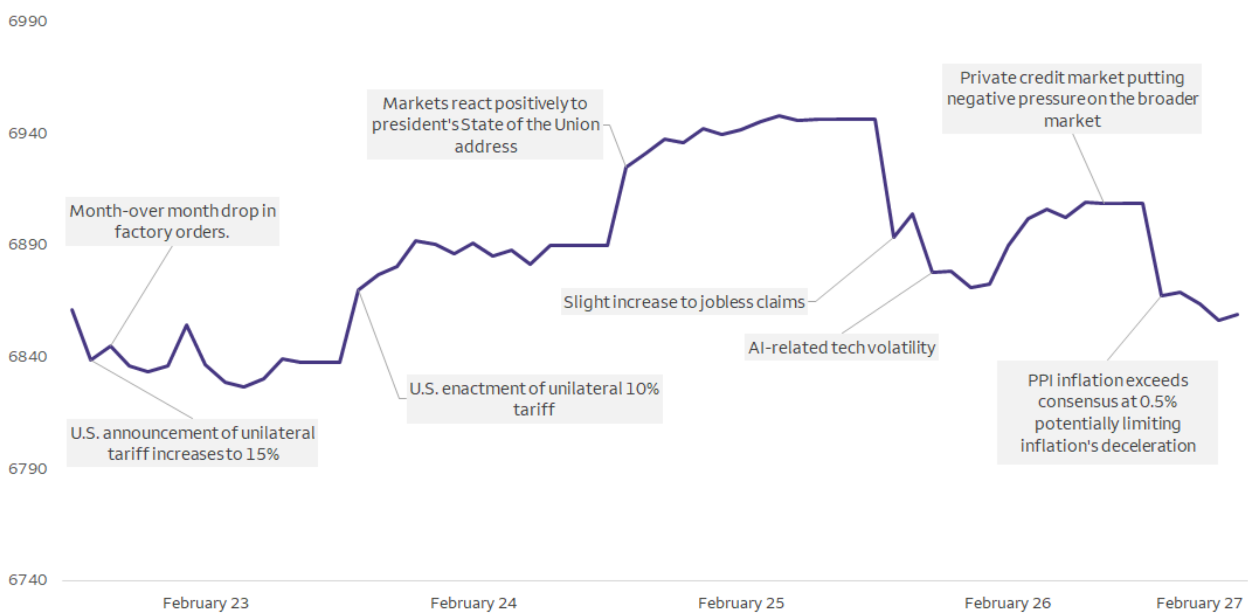
Looking Ahead

February 27, 2026

Stocks volatile on tariffs, AI, and inflation

Stocks experienced volatility throughout the week, driven by ongoing uncertainty around tariff policy; concerns about artificial intelligence's (AI's) impact on select industries and the broader economy; and a resurgence of inflation concerns. Meanwhile, Treasury yields saw a broad flattening across most long-dated maturities. The Producer Price Index (PPI) for January came in hotter than expected and signaled rising upstream inflation pressures. Consumer confidence improved slightly on improved short-term expectations while still being restrained by concerns about elevated prices. Elsewhere, factory orders showed a concentrated decline while the Federal Housing Finance Agency (FHFA) House Price Index indicated that price increases moderated in 2025. Looking ahead to next week, investors will be focused on the February jobs report along with other labor-market updates, including the ADP Employment Report and Challenger Job Cuts. Another key update will be February manufacturing and services Purchasing Managers' Indexes (PMIs) from the Institute for Supply Management (ISM).

S&P 500 Index performance week of February 23 – 27



Sources: Bloomberg, Wells Fargo Investment Institute. Data from February 23, 2026, through February 27, 2026, at 12:00 p.m. ET. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment.

Week in review: February 23 – 27

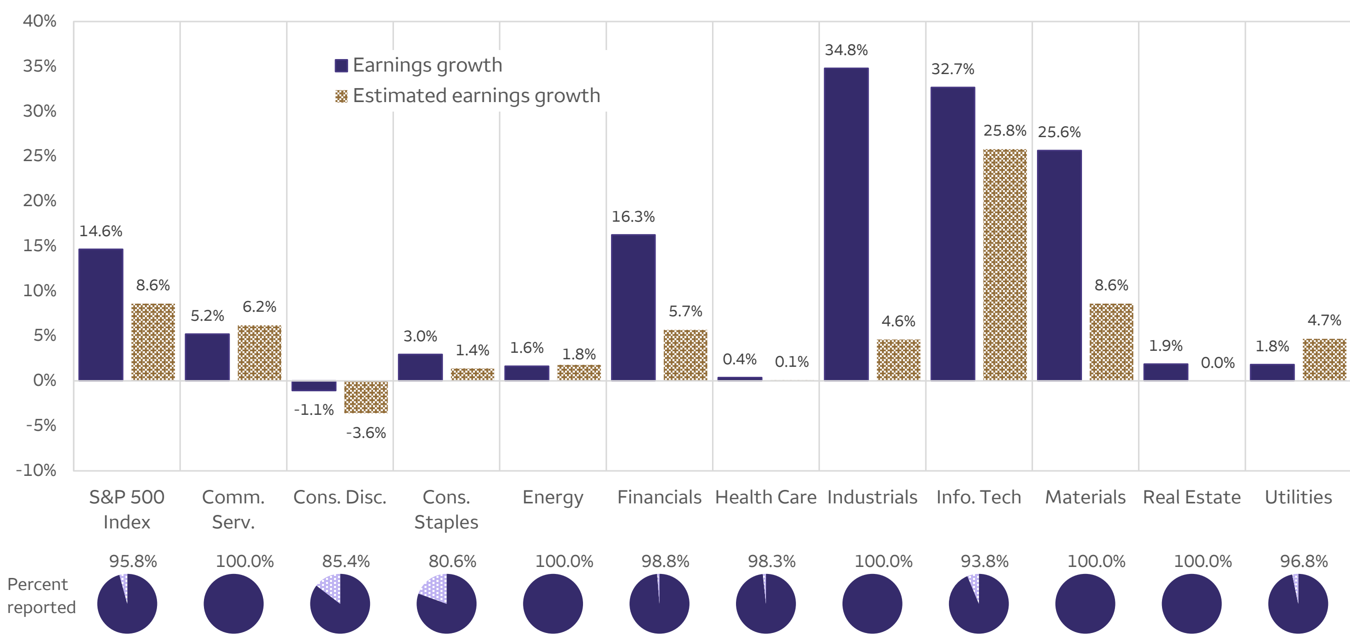
Economic data

- PPI inflation for January came in above consensus expectations and triggered renewed inflation concerns.
  - The headline inflation prints came in at a 0.5% month-over-month (MOM) and 2.9% year-over-year (YOY) pace. Meanwhile, core inflation rose 0.8% MOM and 3.6% YOY.
  - Notably, details of the report signaled rising upstream inflation pressures. Specifically, services inflation increased significantly (up 0.8% MOM), which was partially offset by goods deflation (down 0.3%). However, the less-volatile core goods component saw a similarly outsized increase (0.7%) and suggested broad-based price pressures.
- The Conference Board's Consumer Confidence Index for February increased slightly to 91.2, driven by an improvement in consumers' short-term outlook for income, business, and labor-market conditions.
  - Overall, consumers' expectations remain somewhat depressed and well below perceptions of present conditions. Many respondents cited prices, inflation, and the cost of goods as concerns.
  - The share of consumers saying jobs were plentiful as well as those saying jobs were currently hard to get both climbed, pointing to uneven conditions across different areas of the labor market.
- Factory orders for December declined 0.7% MOM, with lower commercial aircraft bookings offsetting demand improvements in other areas, notably AI-related orders.
- The FHFA's House Price Index showed that while affordability concerns persist, price increases have been gradually easing.
  - House prices rose 1.8% YOY for December, representing a moderation over the past year in comparison to the 2023 – 2024 period, with its price increase of 4.9%. Further, annual house-price appreciation over the prior four-quarter period has slowed significantly since the July 2021 high of 18.9%.
- Construction spending for December increased 0.3% MOM, though it ended the year slightly down as activity stalled in 2025.

Stock market recap

By Friday morning, the major averages were lower than at the start of the week. As of 12:00 p.m. ET, the S&P 500 Index decreased by 0.7%, the Nasdaq shrank by 1.0%, while the Dow was lower by 1.5%.

Q4 earnings are around 96% completed



Sources: Bloomberg, Wells Fargo Investment Institute. Chart shows actual versus projected S&P 500 Index earnings growth by sector. Actual earnings growth as of February 27, 2026, at 8:30 a.m. ET. Bloomberg consensus estimated earnings growth as of December 26, 2025, at 8:30 a.m. ET. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment.

Looking ahead to next week: March 2 – 6

U.S.

- The highlight early in the coming week will be February PMIs for manufacturing and services from ISM.
- Attention will then shift to Friday's reports on January retail sales and the February jobs report, the latter foreshadowed by the February ADP survey of private employment and Challenger job cuts report.
- Rounding out the docket are the Fed's March Beige Book survey of regional economic conditions at mid-week; January's consumer credit, along with export and import prices for the month; December's business inventories; and preliminary Q4 nonfarm productivity and unit labor costs.

Asia

- In China, the National People's Congress begins on Thursday, while private and official government releases of February PMIs for both the manufacturing and service sectors will also be in focus.
- From Japan, watch for February's monetary base and PMIs, January's jobless rate, and Q4 capital spending.
- Elsewhere in the region, Australia's fourth-quarter gross domestic product (GDP), January trade balance and building approvals, and finalized February PMIs hit the tape, along with South Korea's January industrial production, February Consumer Price Index (CPI), and its February manufacturing PMI.

Europe

- In Europe, the highlight will be regional finalized February PMIs, along with the eurozone's preliminary February CPI, January PPI and unemployment rate, and finalized fourth-quarter GDP and employment.
- German releases include January retail sales and factory orders, while France releases its January industrial production.
- From the U.K., look for February house prices and January mortgage approvals.

Scheduled economic releases for week of March 2, 2026

Date	Time	Country	Release	For	Consensus	Prior
Monday, 3/2	9:30 AM	Canada	S&P Global Canada Manufacturing PMI	February		50.4
Monday, 3/2	10:00 AM	U.S.	ISM Manufacturing	February	52.0	52.6
Monday, 3/2	6:30 PM	Japan	Jobless Rate	January	2.6	2.6
Monday, 3/2	7:30 PM	South Korea	S&P Global South Korea PMI Mfg	February		51.2
Tuesday, 3/3	5:00 AM	Eurozone	CPI Estimate YoY	February Prelim	1.7	1.7
Tuesday, 3/3	7:30 PM	Australia	GDP SA QoQ	4Q	0.7	0.4
Tuesday, 3/3	8:30 PM	China	Manufacturing PMI	February	49.1	49.3
Tuesday, 3/3	8:30 PM	China	Non-manufacturing PMI	February	49.7	49.4
Wednesday, 3/4	5:00 AM	Eurozone	Unemployment Rate	January	6.2	6.2
Wednesday, 3/4	8:15 AM	U.S.	ADP Employment Change	February	50k	22k
Wednesday, 3/4	10:00 AM	U.S.	ISM Services Index	February	53.7	53.8
Thursday, 3/5	7:30 AM	U.S.	Challenger Job Cuts YoY	February		117.8
Thursday, 3/5	6:00 PM	South Korea	CPI YoY	February	2	2
Friday, 3/6	5:00 AM	Eurozone	GDP SA QoQ	4Q Final	0.3	0.3
Friday, 3/6	8:30 AM	U.S.	Change in Nonfarm Payrolls	February	60k	130k
Friday, 3/6	8:30 AM	U.S.	Unemployment Rate	February	4.4	4.3
Friday, 3/6	8:30 AM	U.S.	Average Hourly Earnings YoY	February	3.7	3.7
Friday, 3/6	3:00 PM	U.S.	Consumer Credit	January	11.775b	24.045b
Sunday, 3/8	9:30 PM	China	CPI YoY	February		0.2

Source: Bloomberg. Data as of February 27, 2026, as of 12:00 P.M. ET. Times in table are in Eastern Time. 4Q = fourth quarter.

Scheduled earnings releases for week of March 2, 2026

Ticker	Company	Report date	Call time	Revenue est. (billions)	EPS est.	EPS year ago
NCLH	Norwegian Cruise Line Holdings Ltd.	Monday, 3/2	8:00 AM	$2.34	$0.26	$0.26
AZO	AutoZone, Inc.	Tuesday, 3/3	10:00 AM	$4.31	$27.15	$28.29
ROST	Ross Stores, Inc.	Tuesday, 3/3	4:15 PM	$6.41	$1.90	$1.79
CRWD	CrowdStrike Holdings, Inc. Class A	Tuesday, 3/3	5:00 PM	$1.30	$1.10	$1.03
BBY	Best Buy Co., Inc.	Tuesday, 3/3	8:00 AM	$13.87	$2.46	$2.58
BF.B	Brown-Forman Corporation Class B	Wednesday, 3/4	10:00 AM	$1.00	$0.47	$0.57
AVGO	Broadcom Inc.	Wednesday, 3/4	5:00 PM	$19.22	$2.02	$1.60
MRVL	Marvell Technology, Inc.	Thursday, 3/5	4:45 PM	$2.20	$0.79	$0.60
COO	Cooper Companies, Inc.	Thursday, 3/5	5:00 PM	$1.02	$1.03	$0.92
COST	Costco Wholesale Corporation	Thursday, 3/5	5:00 PM	$69.26	$4.55	$4.02
GWRE	Guidewire Software, Inc.	Thursday, 3/5	5:00 PM	$0.34	$0.77	$0.51
KR	Kroger Co.	Thursday, 3/5	8:00 AM	$34.99	$1.20	$1.14
BURL	Burlington Stores, Inc.	Thursday, 3/5	8:30 AM	$3.58	$4.74	$4.07

Source: FactSet. Data as of February 27, 2026, as of 8:30 A.M. ET. Times shown in table are in Eastern Time. EPS = earnings per share.

Risk Considerations

Different investments offer different levels of potential return and market risk. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **Real estate** has special risks including the possible illiquidity of underlying properties, credit risk, interest rate fluctuations and the impact of varied economic condition.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility.

Additional information available upon request. Past performance is not a guide to future performance. The material contained herein has been prepared from sources and data we believe to be reliable, but we make no guarantee as to its accuracy or completeness. This material is published solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or investment product. Opinions and estimates are as of a certain date and subject to change without notice.

Definitions

An index is unmanaged and not available for direct investment.

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The ADP employment change (private employment) report measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Building permits (or building approvals) track the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Business inventories track inventories (either goods ready for sale or shipment that are still being held by the producer, or goods acquired for the purpose of reselling them without further processing) in the manufacturing, as well as retail and wholesale trade industries.

Capital spending tracks investment in or capital expenditures on fixed assets such as buildings, plant, equipment, machinery, etc. These investments are normally made by businesses (or occasionally government).

Challenger job cuts track involuntary job separations initiated by the employer.

Construction spending generally refers to the value of new construction activity on residential and nonresidential projects.

Consumer confidence (or consumer sentiment) tracks sentiment among households or consumers.

Consumer or household credit tracks the outstanding amount of credit (or loans) used by consumers to finance purchases of goods or services. It can include everything from credit card lending, to auto loans, to lines of credit but it excludes mortgage loans.

The Consumer Price Index (CPI) is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Export price indexes track changes in the prices of goods produced domestically and sold abroad (exports).

Factory orders track the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by industry approach (or output-based GDP) is the sum of the gross value added (output less intermediate consumption) of all industry and services sectors of the economy (at basic prices), plus all taxes less subsidies on products. This concept is adjusted for inflation.

House/home prices track changes in residential property prices.

Import price indexes track changes in the prices of goods produced abroad and sold domestically (imports).

Industrial production measures the output of industrial establishments in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Production is based on the volume of the output.

The international trade balance measures the difference between the movement of merchandise trade and/or services leaving a country (exports) and entering a country (imports). This measure tracks the value of the merchandise trade balance.

Jobless (or unemployment) claims tracks the total number of people who have filed jobless claims with the appropriate government labor office; typically, in order to receive unemployment benefits.

The monetary base tracks notes and coins in circulation plus minimum reserves that credit institutions hold with the central bank. It is sometimes also referred to as base money.

Mortgage approvals track the number and/or value of mortgage loans that have been approved by lenders.

Nonfarm productivity tracks the total output that can be produced with a given input of labor. Generally it is measured by dividing total real gross domestic product by either total employment or total hours worked.

The Producer Price Index (PPI) is a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Purchasing Managers' Indexes (PMIs) track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

The unemployment (or jobless) rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Unit labor costs track the growth in employee compensation relative to real output. Unit labor costs are generally calculated by dividing total labor compensation by real gross domestic product.

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