



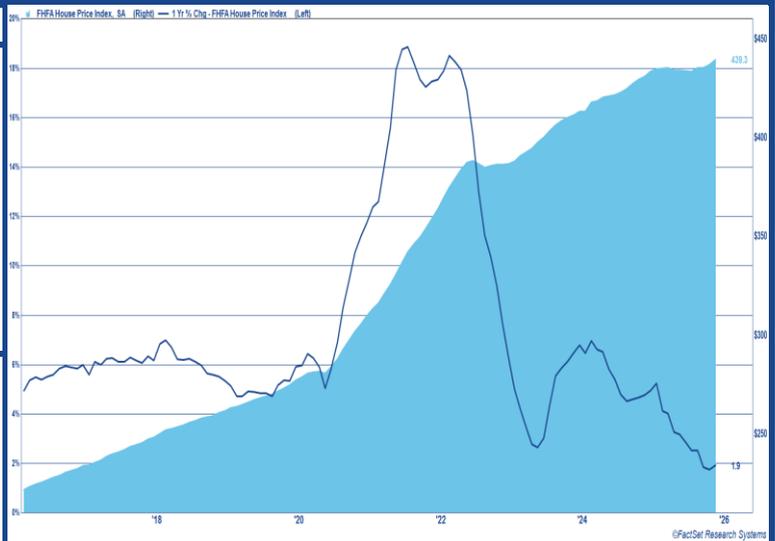
Economic & Market Commentary

The U.S. housing market is still suffering from persistent supply-demand imbalances but is showing signs of stabilizing characterized by flat-to-modest home price growth, gradually higher inventory levels, extended days on the market, and a slight uptick in new home sales activity. Additionally, NAR Chief Economist Lawrence Yun recently noted improving affordability conditions—NAR’s Housing Affordability Index at its best since March 2022—driven by wage growth outpacing home price increases and mortgage rates lower than a year ago. Inventory is gradually increasing, giving buyers more choices. Active listings are up about 7-10% year-over-year in recent data, with some regions seeing stronger gains. However, overall supply remains below pre-pandemic norms—still roughly 17% short of typical 2017-2019 levels in many reports—due to the "lock-in effect" where existing homeowners with low-rate mortgages hesitate to sell. Home sales activity has been mixed to start the year. Existing-home sales fell sharply by 8.4% in January to a seasonally adjusted annual rate of 3.91 million units hit by winter weather, high prices, and affordability concerns. But many forecasts point to gradual improvement in 2026, with existing-home sales potentially rising 3-4% overall (to around 4.1-4.2 million annually), driven by better rates and more listings. New single-family home sales were at a seasonally-adjusted annual rate of 745,000 units in December 2025. This represented a 1.7% month-over-month decline from the revised November 2025 rate of 758,000 (a near-four-year high). For the full year 2025, an estimated 679,000 new homes were sold, down 1.1% from 686,000 in 2024. Analysts note that new home sales have held up better than existing-home sales due to builders offering concessions, controlling supply, and targeting move-up buyers amid persistent affordability challenges from high prices and mortgage rates around 6%. Overall, 2026 looks like a year of transition toward a more normal market—no wild price spikes or crashes. Affordability is improving slowly as wages grow faster than home values in many cases, and more homes on the market could make buying less competitive. Regional differences remain strong: some hot markets stay tight, while others offer better deals.

Index Total Returns - February 20, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	0.79	11.68	41.40
S&P 400	1.24	9.27	15.20
MSCI-Developed	0.86	8.74	32.14
Russell 2000	0.67	7.44	19.37
Dow Jones	0.29	3.44	14.24
S&P 500	1.11	1.11	14.38
NASDAQ	1.53	-1.47	15.38
Barclay's U.S. Bond Index			
Municipal	0.23	1.86	5.38
5-year Muni	0.09	1.66	5.72
Aggregate	-0.08	1.20	7.48
High Yield	0.18	0.92	7.79
Int. Gov. Credit	-0.05	0.78	6.91

FHFA Home Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.51	3.41	4.19
U.S. 2-Yr	3.48	3.41	4.27
U.S. 3-Yr	3.50	3.45	4.28
U.S. 5-Yr	3.65	3.61	4.35
U.S. 10-Yr	4.08	4.05	4.50
U.S. 30-Yr	4.72	4.70	4.75

S&P 500 Sector Total Returns - February 20, 2026

Sector	1-Wk	YTD	1-Yr
Energy	0.78	22.73	23.42
Materials	-0.31	16.28	20.53
Industrials	1.74	14.30	30.46
Consumer Staples	-2.29	13.18	11.52
Utilities	-0.39	8.56	18.77
Real Estate	0.01	8.50	6.91
Health Care	-0.58	1.29	8.45
Comm. Services	2.31	-0.13	24.86
Con. Discretion	1.73	-3.29	3.17
Info Tech	1.56	-3.42	17.10
Financials	1.57	-4.16	3.65

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.18	3.20	3.50
U.S. AA	3.19	3.21	3.53
U.S. A	3.57	3.60	3.89
U.S. Baa	4.26	4.28	4.39
U.S. Municipal	3.33	3.35	3.66
Michigan	3.47	3.49	3.76

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.88	19.22	1.09
S&P 400 - Mid Cap	17.16	16.39	1.20
S&P 600 - Small Cap	15.79	16.20	1.46