# Thackray Newsletter

## — Know Your Buy & Sells a Month in Advance —

*Published the 10th Calendar Day of Every Month*

*Volume 20, Number 2, February 2026*
*Written by Brooke Thackray*

### *Market Update*

***Sell America?***


***Do not let your emotions affect your investment decision making process. However, you can profit off others being ruled by their emotions.***

So many investors let their emotions control their investment decisions. They do not "like" Trump, or they do not "like" Carney. At the risk of sounding disingenuous, it often does not matter to the stock market, at least in the short-term. What matters is what is happening in the markets and what investment decisions are being made by other investors.

Currently, there is a "Sell America" trade taking place. On a relative basis, international investors are selling the US stock market. cont. page 4.

Amundi says it will cut exposure to US over coming year

€2.4tn asset manager is latest to voice concern over US policymaking and its impact on dollar assets

Valerie Baudson: 'We will go on seeing a [weakening] of the dollar' © Lam Yik/Bloomberg

Emma Dunkley and Alan Livsey in London

Published YESTERDAY


***S&P 500 Technical Status***

The S&P 500 is currently forming a "rolling over" pattern. Typically, the pattern continues to roll over and flatten out until there is strong catalyst.

In addition, there has been a price divergence and the RSI and Full Stochastics Oscillator, which have been heading lower. Although, this is not a timing indicator, it does set up a condition of fragility.

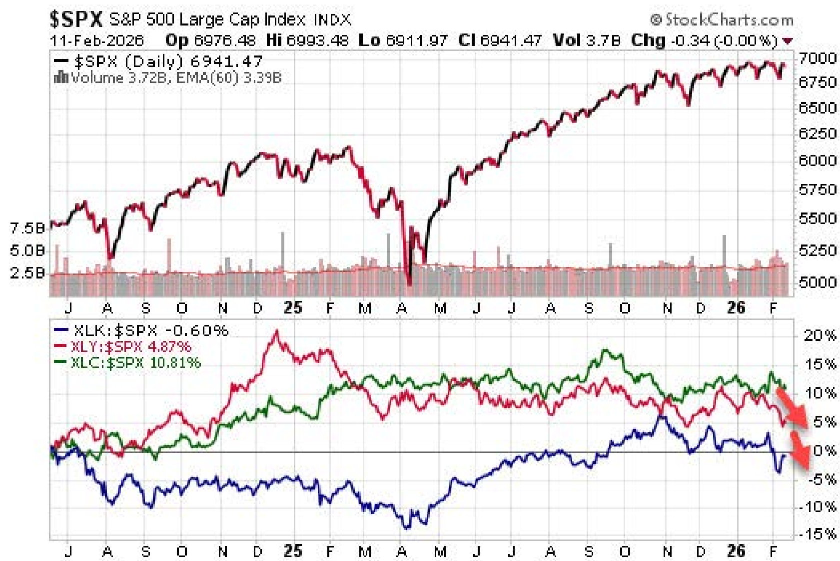
On balance, the technical picture is getting weaker. It is possible that we could see some sort of pull back sometime in the near future.

Global X Seasonal Rotation ETF (HAC : TSX)

***Top Holdings as of January 31, 2025***

| | | |
|---|---|---|
| CNDX | GLOBAL X S&P/TSX 60 INDEX ETF | 15.08% |
| NRGY | GLOBAL X EQUAL WEIGHT CANADIAN OIL & GAS INDEX ETF | 10.84% |
| XLI | INDUSTRIAL SELECT SECT SPDR | 8.52% |
| XLB | MATERIALS SELECT SECTOR SPDR | 8.23% |
| GLD | SPDR GOLD SHARES | 8.23% |
| RSSX/U | GLOBAL X RUSSELL 2000 INDEX ETF | 7.70% |
| FEZ | SPDR EURO STOXX 50 ETF | 5.93% |
| XLE | ENERGY SELECT SECTOR SPDR | 5.31% |
| EMMX/U | GLOBAL X MSCI EMERGING MARKETS INDEX ETF | 5.05% |
| XME | SPDR S&P METALS & MINING ETF | 4.89% |

***The objective of HAC is long-term capital appreciation in all market cycles by tactically allocating its exposure amongst equities, fixed income, commodities and currencies during periods that have historically demonstrated seasonal trends. The Thackray Market Letter is for educational purposes and is meant to demonstrate the advantages of seasonal investing by describing many of the trades and strategies in HAC.***



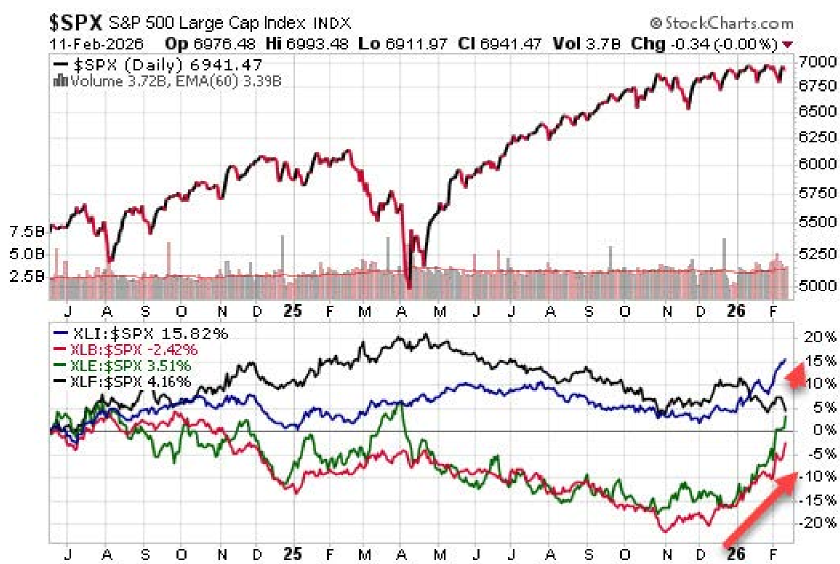

### *Growth Sectors*

S&P 500 top panel
Sectors relative to S&P 500 -lower panel

### *Growth*

Overall, the growth sectors are heading lower.

The technology sector is the worst performing growth sector and the communications sector is the best performing.




### *Cyclical Sectors*

S&P 500 top panel
Sectors relative to S&P 500 -lower panel

### *Cyclical*

The cyclical sectors have been rocketing higher - except the financials.

The performance is partly the result of the US economy performing well and also the sectors have been the main beneficiary of the rotation from technology.


### *Defensive Sectors*

S&P 500 top panel
Sectors relative to S&P 500 -lower panel

### *Defensive*

Umm. The defensive sectors are starting to get into the action.

This is not good news as it means that investors are starting to get very concerned about the health of the market.

Amundi manages $2.4 trillion is planning to cut its US exposure over the next year. Amundi is not the only manager that is reducing its exposure to the US. There are many others.

A lot of people would say that this move is politically motivated and there is probably some truth in this perception. However, on a risk management perspective the uncertainty surrounding trade policies is also a factor.

What is happening is more important than why.

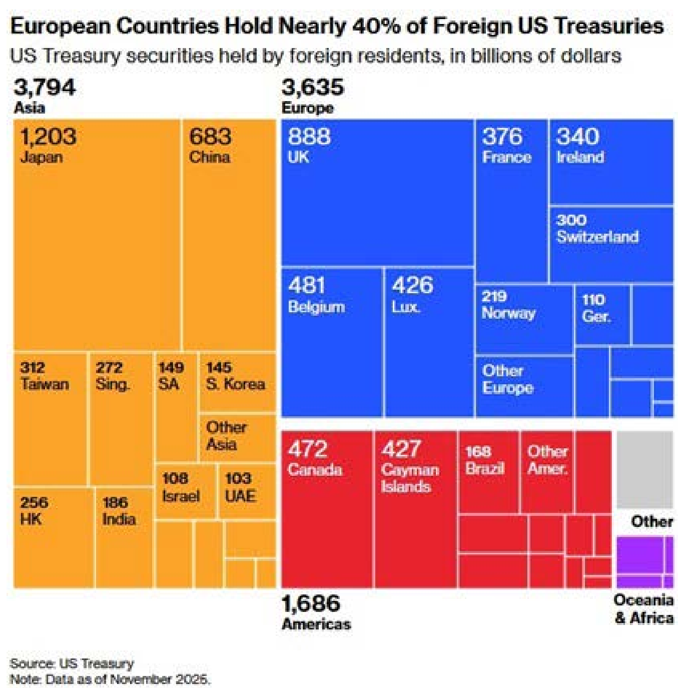
In the spring of 2025, investors sold the US stock market, bond market and dollar. The decision was primarily made because international investors were concerned with the uncertainty of the tariff situation. The US markets typically benefit from uncertainty, but the situation in early 2025 was different. Investors were worried about the US and re domiciled their investment exposure.


The irony was that in 2025, the US economy was one of the strongest in the western world and continues to be one of the strongest. However, it does not mean that the US stock market is the best investment.

If we compare the P/E ratio, which is a very simple metric, between the S&P 500 and other markets, it shows that the US stock market is more expensive than most other international stock markets. Being more expensive definitely does not necessitate future underperformance.

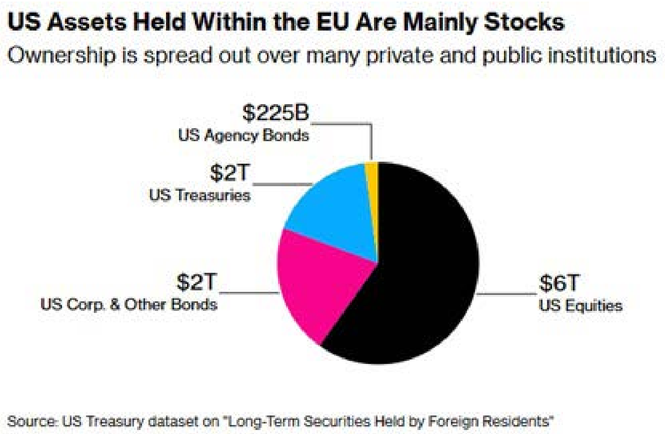
In an environment of uncertainty and a rotation from growth, value stocks, sectors and markets tend to be more desirable, which includes markets such as Europe.


Both Asia and Europe (including the UK) are large holders of US securities. The graph below shows the holdings of US Treasuries. If Asia and Europe did start to increase their selling of US Treasuries, there is no question that it would have an impact.



***EU countries hold a large amount of equities***

The graph below shows that the EU holds $6 Trillion of US equities. Most of the equities are held in the technology sector as it is very difficult to get large technology company representation in European stock markets.




The technology sector has been underperforming since October. If the technology sector continues to underperform it is likely that international investors will start to sell their holdings. It is also likely that these investors will, at least on the margin, re domicile their funds, which will help to increase their local stock markets.

***The World of Wide and Narrow Doors***

For so long we have been living in a world of wide doors....with money flowing into US mega cap stocks and the US Treasury market. In the wide-door market, money was sloshing around from one company or sector to another, but the impact was not huge because of the depth of the sectors.

We are seeing a shift into a Narrow Door Market.

Narrow door markets are:

♦ *smaller sectors in the S&P 500*

♦ *commodities*

♦ *international markets*

♦ *emerging markets*

As money has rotated into these sectors they have been squeezing higher. When a lot of money chases a small market, the move can be higher-much higher and fast. Recently, silver is a good example. Other investments with less of a move, but still strong have been emerging markets and Europe.

***Get USD Right & Your Probability of Success Jumps***


The US dollar has been trading in a range from 97 to 100 and has recently been pulling back to the bottom of the range. If the US dollar manages to break to 96 and below, expect further erosion.

A lower US dollar will drive money out of the US to international markets. Sure, it would be good for exports and re domiciling industry etc....but that is way way in the future, at least in the investment world.

Trump wants a lower US dollar, Bessent wants a lower US dollar. There is not way for them to do what they want to do without a lower US dollar.

If and when the US dollar moves lower, watch for the US dollar's fall to be smoothed out with jawboning to temporarily help the currency manage its path lower.

## *Seasonal Opportunities and Trends*

### *Small Caps*

The small cap sector has a strong seasonal period from mid-December to early/mid-March

The reason that the small cap sector generally performs well late in the year and in the start of the new year as investment managers try develop a lead in the stock market early in the year, which allows them to mitigate career risk for the remainder of the year.

In the latest multi-year bull run, the small cap sector has been lagging the overall market as investors have favored large technology companies. Despite underperforming over a multi-year period, the small cap sector has performed reasonably well in its strong seasonal period.

The small cap sector has been outperforming the S&P 500 since October. It is not a coincidence that the technology sector started to underperform the S&P 500 in October. In the graph below, I have also shown, in the bottom panel, a graph of small cap performance versus an equally weighted S&P 500 ETF. On an equally weighted basis, small caps have been outperforming since April. Small caps have been a beneficiary of the rotation from large caps to small caps.


How long will the performance of small caps relative to large caps last? Lets start by taking a look at some of the drivers of performance.

The graph in the top panel below shows the relative performance of the small cap sector relative to the S&P 500 and in the middle panel, the performance of the US dollar.

Typically, small caps benefit from a stronger US dollar because it makes their imports cheaper and they do not export a lot of production. The fact that the small cap sector has been outperforming the S&P 500 on a weaker dollar is a show of strength for the sector.


The graph below, in the bottom panel shows the yield on the US Treasury rising as the small caps have been outperforming. Once again, this is a sign of strength for the small cap sector as it typically performs poorly in a rising rate environment.


The small cap sector seasonal performance is shown in the graphs below (2001 to 2024)- from my website...alphamountain.com.

There is a lot in these graphs that would take some time to do a full analysis. Nevertheless, take a look at the bottom graph, which shows the frequency of outperformance of the small cap sector relative to the large cap sector.

The graph shows that in March and April, the small cap sector tends to underperform large caps. This is partly the result of the relative constituent size of the different sub-sectors between the large caps and small caps and relative performance around earnings season. The bottom line is that small caps tend to underperform large caps starting in early March, particularly in sideways and negative markets.

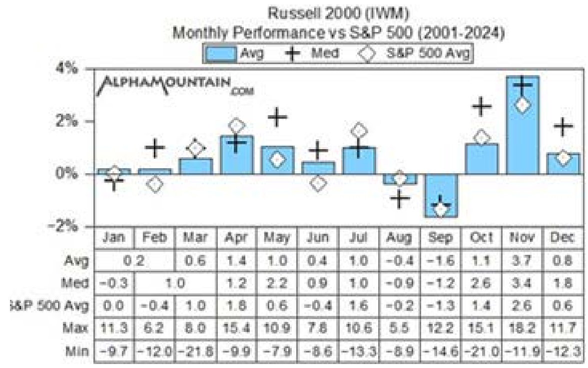
It is important to check the numbers with actual performance. The numbers tell the truth, but on a yearly basis the averages and the medians and magnitudes can obscure inflection points.

The graph below shows the relative performance of the small cap sector versus the S&P 500 with the red lines representing early March. The red arrows shows the underperformance over the next few months, into October.

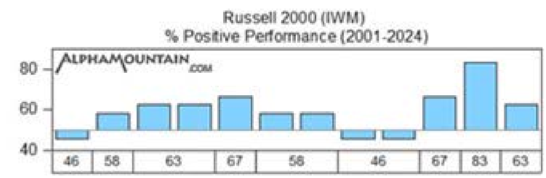
It is clear from the graph that there is a strong trend of underperformance starting in early March. There are two instances where the small cap sector outperformed (2016 and 2018).

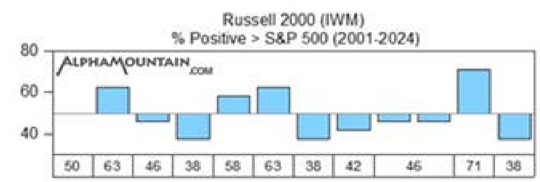
The graph only looks at the exit timeframe, not the entry timeframe.

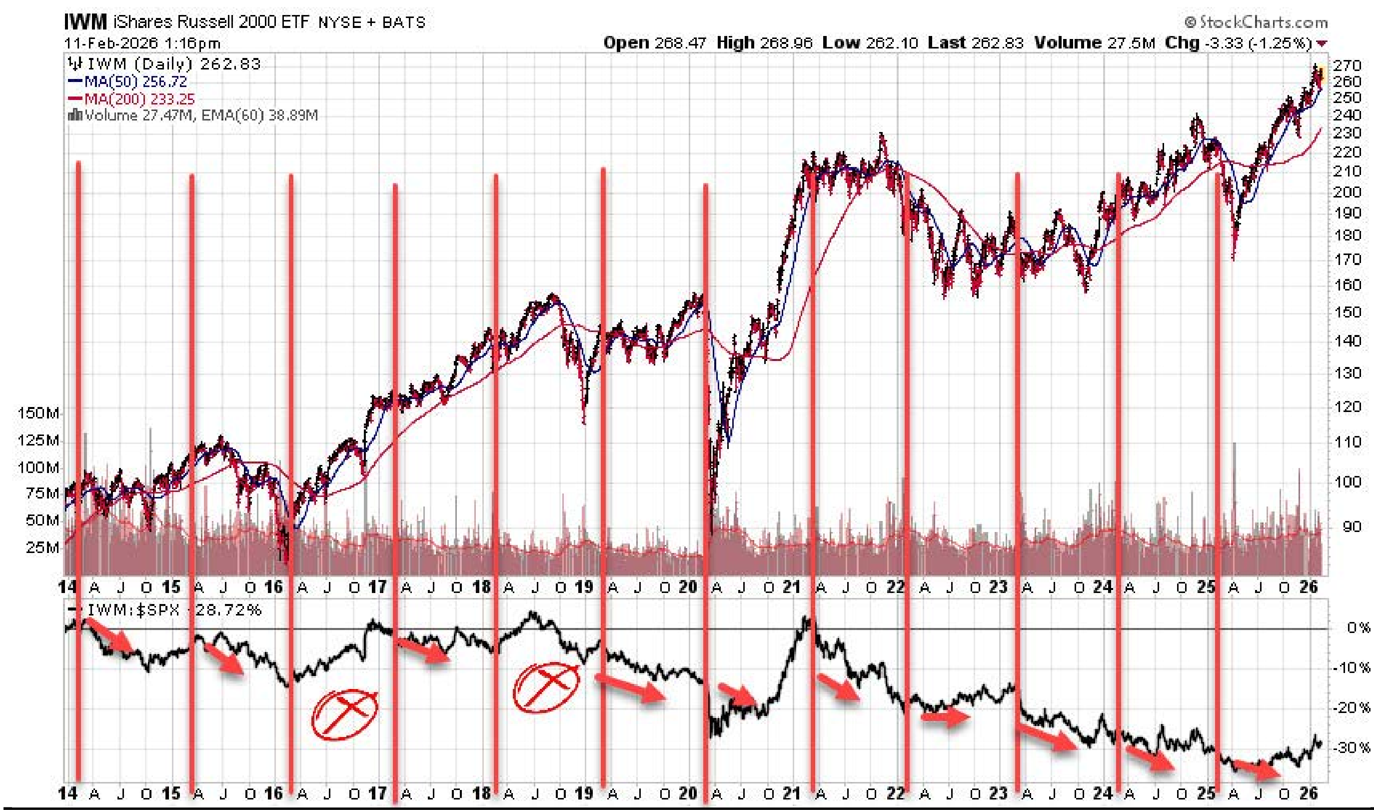
Overall, the small cap sector has benefitted from the rotation out of the technology sector and may continue to outperform. However, there is a reasonably strong trend of the small cap sector underperforming starting in early March, which should be respected.


| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Avg | 0.2 | | 0.6 | 1.4 | 1.0 | 0.4 | 1.0 | -0.4 | -1.6 | 1.1 | 3.7 | 0.8 |
| Med | -0.3 | 1.0 | | 1.2 | 2.2 | 0.9 | 1.0 | -0.9 | -1.2 | 2.6 | 3.4 | 1.8 |
| S&P 500 Avg | 0.0 | -0.4 | 1.0 | 1.8 | 0.6 | -0.4 | 1.6 | -0.2 | -1.3 | 1.4 | 2.6 | 0.6 |
| Max | 11.3 | 6.2 | 8.0 | 15.4 | 10.9 | 7.8 | 10.6 | 5.5 | 12.2 | 15.1 | 18.2 | 11.7 |
| Min | -9.7 | -12.0 | -21.8 | -9.9 | -7.9 | -8.6 | -13.3 | -8.9 | -14.6 | -21.0 | -11.9 | -12.3 |



**_My Call: Small caps will probably start to underperform the S&P 500 starting in early-March_**

### *Uranium*

Uranium has been outperforming the S&P 500 since April 2025. Aside from all of the continuous positive news, uranium has benefitted from a risk-on market.

On an absolute basis, uranium has been in a solid uptrend from April.

It should be noted that despite very strong fundamentals, on a seasonal basis, the uranium sector can start to underperform starting in mid-February.


### *Metals & Mining*

***The metals and mining sector has a strong seasonal period from January 23 to May 5***

The metals and mining sector has been on fire since last April. It had a pull back in the autumn and then once again in February.

Currently, the metals and mining sector is regaining its upward trend line.

It should be noted that if the market were to substantially correct, the metals and mining sector would also get hit and probably underperform the S&P 500.


**_My Call: The metals and mining sector will probably become more volatile and continue to outperform into mid-April._**

### *Industrials*

***The industrials sector has a strong seasonal period from January 23 to May 5***

The industrials sector has been rocketing higher. A stronger than expected economy in the US has made this sector more attractive. In addition, the sector has been a beneficiary of the rotation out of the technology sector.

The sector is overbought, but at this time is not showing signs of turning lower.


**_My Call: The industrials sector will probably continue to outperform the S&P 500 into May._**

## *Materials*

***The materials sector has a strong period from January 23 to May 5***

The materials sector - ditto the industrials sector.


## *Financials*

***The financials sector has a strong period from December 15 to April 13***

The financials sector has been a weak performer in 2025 and 2026. On an absolute basis the sector has been consolidating.


***My Call: The financials sector will probably continue to underperform.***

## *Energy Sector*

***The energy sector has a strong period from February 25 to May 9***

The energy sector had a positive breakout in early January and the sector has not looked back.

The energy sector had been underperforming the S&P 500 since 2024 and was well setup for a break higher.

The breakout was a huge buy signal and shows the strength of the sector ahead of its strong seasonal period.

Despite the strong seasonal period not starting yet, the sector can still move higher in its strong seasonal period.

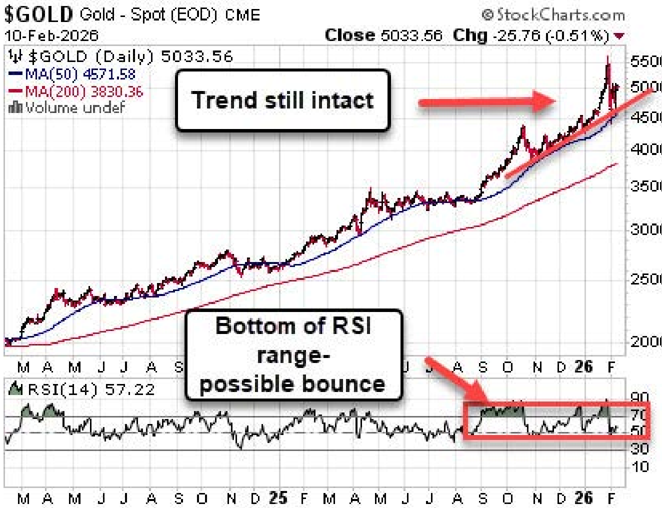

***My Call: The energy sector will probably continue to move higher into April.***

## *Gold*

Gold had a rocket year in 2025. It became overbought in 2026 and pulled back starting in late January. Despite the correction, gold is still in an uptrend. The uptrend line has still not been broken.

In addition, the RSI has shifted back to the 50 RSI line. In a bull market, the RSI often bounces off the 50 RSI line.

Watch for gold to possibly move higher, but it could still consolidate between its previous high ($5500) and the approximate low in early February ($4600).




> ***My Call: Gold will probably to continue to move higher with increased volatility, but with some consolidation, before a possible next leg substantiable higher.***

### *Silver*

Silver has been making the news with record highs and then a sharp one day collapse.

The large one day correction at the end of January was extremely unique and had a lot to do with traders who collectively pushed silver lower.

Where does silver stand now? Like gold, it is probably in a consolidation phase. Like gold, the RSI has moved down to 50 and is looking to bounce from this level.


> ***My Call: Silver will probably continue to perform well into April, with increased volatility.***

### *Gold Miners*

Gold miners are still in an upward trend, despite a recent pull-back.


> ***My Call: Gold miners will probably continue to outperform into April.***

### *CAD/USD*

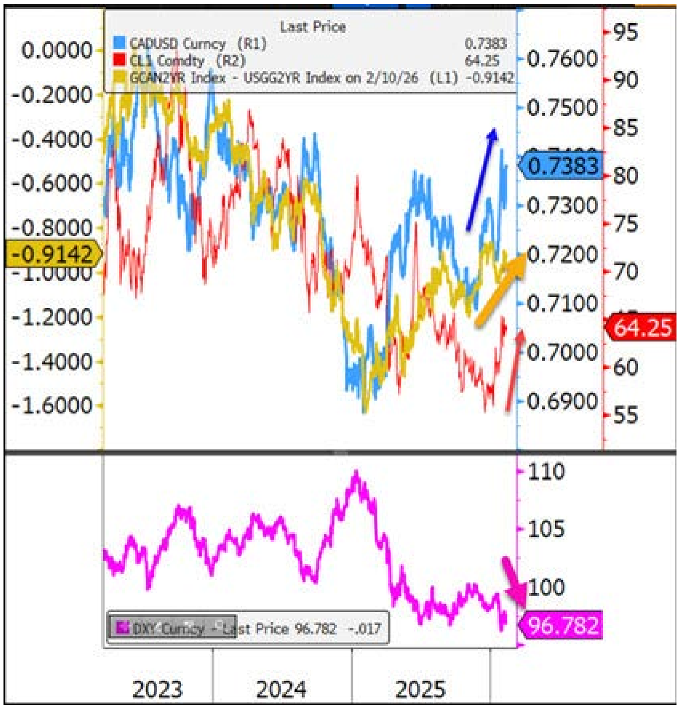
*The next strong seasonal period for the Canadian dollar is from mid-March to the end of April*

The Canadian dollar has been gaining steam relative to the US dollar.

There are three major trends helping to support a higher Canadian dollar.

- ♦ *Falling US dollar versus a basket of world currencies (purple line)*
- ♦ *Rising oil prices (red line)*
- ♦ *2yr yield in Canada spead with 2yr yield in US is widening (gold line)*

When all three of the above trends take place, it is very supportive of a higher Canadian dollar.





*My Call: The technology sector will probably continue to underperform.*

### *Technology*

### *The technology sector tends to perform well from October 9 to December 5 and then from December 15 to January 17*

The technology sector is negative and has been underperforming the S&P 500 since late October. The sector has broken a support level relative to the S&P 500.

Currently, there is not any sign of the sector turning higher. There has been one or two days where investors have been buying the dips, but the rallies have not lasted.

The earnings season for all of the major technology companies has come and gone, except for Nvidia which reports on February 25.

Right now, there is a lack of news to drive the narrative to push the technology sector higher. Any news coming out, such as Anthropics Claude new AI tools, is more likely to increase the skepticism that everything is going to work out just fine.

Be careful with the expectation that Nvidias earnings will propel the market higher. Nvidia always has a rosy forecast. It is expected. Anything else would crush the stock.

Unless, Nvidia comes out with "super-dupper" earnings and "super-dupper" forecasts, it is possible that Nvidia could correct.

### *Consumer Discretionary*

### *The consumer discretionary sector has a strong seasonal period from January 23 to April 13*

The consumer discretionary sector has been muddling along in a consolidation pattern. It is on the point of a possible breakdown, but this is not a given. Investors are generally shying away from this sector in preference for cyclical sectors.


*My Call: The consumer discretionary sector will probably continue to perform at market*

## Retail

### *The retail sector has a strong seasonal period from January 23 to April 13*

The retail sector is very similar to the consumer discretionary sector. See the notes on the consumer discretionary sector.


## Canadian Banks

### *The Canadian banking sector tends to perform well starting from January 23 to April 13*

The Canadian banking sector has been on fire since April 2025. The sector has been in the right place at the right time. An oligopoly with high dividends.

The Canadian banking sector is still in an uptrend. The trend is getting extended and the RSI has been diverging lower.

Canadian banks release their earnings in the last week of February. After a strong rally, Canadian banks are going to have to release strong earnings to sustain the rally.


***My Call: The Canadian banking sector will probably inflect lower shortly after releasing their earnings.***

## Consumer Staples

The chart below of the consumer staples sector is crazy. It looks more like a meme-stock than the consumer staples sector.

The sector currently has a 21 P/E ratio, hardly cheap.

So what is going on? Investors are rotating away from growth and previously they were rotating into the cyclicals, but are also now rotating in the defensive sectors.


## Utilities

I am including the utilities sector, because it can perform well in March, particularly if the market shifts into a defensive mode. It is in a consolidation phase, but is poised to move higher.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*Rants*

***Rant #1***
***California - continues its stupidity with its proposed wealth tax - Zuckerberg leaving California***


California continues with its stupidity, moving ahead of its proposed billionaire's wealth tax.

Zuckerberg is the latest billionaire to consider moving out of California.

The proposed wealth tax is a one-time charge on your total wealth of 5%. Of course this would force many billionaires to sell some of their assets to pay their taxes.

One-time-yeah-right!

Taxes are never one time and everyone knows that it will be two times and then three times and then permanent and it will not just be for billionaires, but for the masses. There is very little that is guaranteed in life, but this is probably as close to a guarantee that you can get.

It is super easy for billionaires to leave California. Why, they own many properties in the U.S. and just have to declare a different state as their home state.

Mark Zuckerberg current house list:

- ♦ *Palo Alto, California (Current Primary Residence)*
- ♦ *Kaui, Hawaii (1000 acre compound [many houses] with a doomsday bunker)*
- ♦ *Lake Tahoe, California (Two Houses)*
- ♦ *Washington D.C.*
- ♦ *Miami, Florida (Upcoming $200 million)*
- ♦ *Zuckerberg's new 387 foot luxury yacht (not a house, but given that it is longer than a football field - it could be)*

From the above list it is easy to see why Zuckerberg is looking to "move" to Florida. He can claim a home in a low tax jurisdiction and just rotate visits between his portfolio of properties.

Unfortunately, the average person does not have the advantage of many properties to choose from in order to declare primary residence status.

***Rant #2***
***"Blackrock CEO Larry Fink: I do not believe there's an AI bubble by any imagination"***

Really- Why would you listen to this guy's view on AI? I do not know Fink and my commentary is not a slight against him personally, but rather a statement on the lack of objective credibility.


I am not saying that there is a bubble in AI, but Fink is the last person you should be listening to on the subject.

Fink has two roles that disqualify him from giving an unbiased expectation. The first, is that he is the CEO of BlackRock. Of course, what would you expect the leader of a major asset company that is heavily invested in AI to say? He sees an AI bubble? Fink would never say this- ever.

Fink is also the co-CEO of the World Economic Forum (WEF). Most people associate the WEF with the Davos meetings in February each year, but do not realize that the leaders hold closed door discussions that discuss topics such as stronger government controls over their people. Given that AI will play a huge part in government controls, once again, there is a conflict of interest.

Be careful of figure heads "talking their book."

***Rant #3***
***Poland - One of the few smart countries left in Europe***


Poland's economy is rocketing higher....unlike virtually every country that is part of the eurozone (countries using the euro). Why in the world would Poland join the eurozone, which is a failing institution that would drag Poland lower.

One of the major reasons that Poland is performing well is that it is not part of the eurozone. Poland is able to set its own monetary policy and allow its currency to adjust to the economic climate.

At this point in the life-cycle of the eurozone, it only makes sense for weak countries to join the eurozone, so that they can capitalize on using funds from richer countries.

Poland - just say NO!

***Rant #4***
***You will own nothing- not even the heating in your car seats***

Software companies have almost all moved to the SaaS model, software as a service (subscription). There are some arguments for this structure, such as the software is always being updated and everyone is better off if customers all have the latest version.

# BMW Commits to Subscriptions Even After Heated Seat Debacle

You may not have to pay a monthly fee to keep your butt warm, but BMW isn't backing down from subscription features.

BYRON HURD / PUBLISHED FEB 4, 2026 1:27 PM EST / 0

Car companies have tried to use the subscription service for some of their features. Inherently, the customer already owns the hardware in the car, but car companies are trying to "eek out" extra money from their customers by charging subscriptions. Tesla has done this to limit distance from the battery, as it would be more expensive to create different SKEWS of physical product. I disagree with this approach, but it is a free market and it is cheaper to make one product and place limits on different versions.

However, BMW is crossing the line. They want to charge a subscription for heated seats. Umm. Yes, heated seats are not necessary for survival, but they are standard on almost all cars. BMW is really pushing this one, even after push back from many BMW owners.

Yes, the evil institution the World Economic Forum (WEF) wants you to "own nothing and be happy," but at least let us have warm butts.

If possible, avoid auto companies that charge a subscription for basic features such as heated seats.

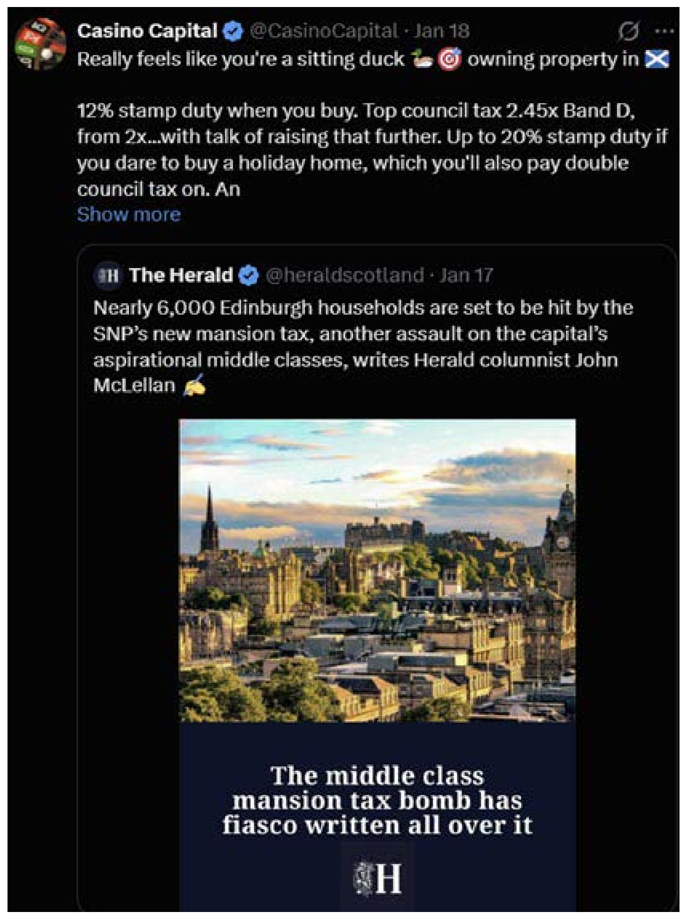
***Rant #5***
***Scotland - becoming unlivable***

Full disclaimer: I used to live in Scotland as a "wee lad." I loved the country and people and still do.

Scotland Now:

Huge tax when you buy property. Huge tax when you sell. Huge tax when it is a holiday home. Huge tax if you rent. Huge tax if your house is big......Add them up...Scotland is becoming unlivable

12% stamp duty when you buy. Top council tax 2.45x Band D, from 2x...with talk of raising that further. Up to 20% stamp duty if you dare to buy a holiday home, which you'll also pay double council tax on. An extra 8% stamp duty if you buy-to-let. Too expensive to ever pay stamp twice, so don't even think about moving home. And now a "mansion tax" if you own a half-decent place in Edinburgh.



Casino Capital @CasinoCapital · Jan 18

Really feels like you're a sitting duck 🦆🎯 owning property in 🏴󠁧󠁢󠁳󠁣󠁴󠁿

12% stamp duty when you buy. Top council tax 2.45x Band D, from 2x...with talk of raising that further. Up to 20% stamp duty if you dare to buy a holiday home, which you'll also pay double council tax on. An

Show more

The Herald @heraldscotland · Jan 17

Nearly 6,000 Edinburgh households are set to be hit by the SNP's new mansion tax, another assault on the capital's aspirational middle classes, writes Herald columnist John McLellan ✍️

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