# What to watch in the week ahead

## Weekly Global

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- President Trump has said he will impose a 15% global tariff after the Supreme Court ruled his use of the International Emergency Economic Powers Act unconstitutional. However, the new global levy needs to be approved by Congress in 150 days. Investors will be looking for guidance on whether the administration will seek to restore its tariff wall on a more lasting basis.
- NVIDIA releases its fourth-quarter results this week at a time of faltering confidence in the outlook for the tech sector. Can the world's largest company calm nerves? Can other sectors, like industrial firms, continue to attract investors?
- The Trump administration has warned of action against Iran if a deal is not reached on Tehran's nuclear program. Investors will be looking to see if a diplomatic solution can be reached. Will the conflict trigger further safe-haven flows into gold?

### What comes next for Fed policy and Trump's tariffs?

Two pillars of US economic policy will be in focus this week. On Friday, the Supreme Court rejected President Trump’s authority to impose tariffs under the 1977 International Emergency Economic Powers Act—halting the collection of two-thirds of the administration’s tariff revenue. That contributed to a 0.7% rally for the S&P 500 on Friday, despite President Trump's announcement that he planned to impose a 10%—then the maximum permissible 15%—global tariff based on alternative legal foundations, which allow the imposition of levies for a maximum of 150 days. The initial market assumption appears to be that it will be challenging for the administration to bring tariffs back to prior levels on a permanent basis using country- and sector-specific tariffs, which are less flexible than the emergency powers the Supreme Court has just struck down. And with the cost of living a major concern for many Americans ahead of November’s midterm elections, it is not yet clear where tariffs might settle.

The second major question for markets will be over the outlook for Fed policy. The minutes of the Fed’s January policy meeting pointed to a widening range of views among top policymakers on interest rates. As before, there were members of the monetary policy committee advocating for cuts and those calling for rates to stay on hold for some time. What was new was the presence of voices hinting that rate hikes might be on the horizon. That was taken as a hawkish sign by markets, with the mere mention of hikes catching investors off guard. Given the high level of uncertainty, investors will be listening especially closely to comments from a range of top Fed officials for guidance—though several of those scheduled

### Learn more about the outlook for monetary and tariff policy

- Drill down on the Supreme Court decision ruling IEEPA tariffs illegal in this blog by Head of Fixed Income for CIO Americas Kurt Reiman.
- Gain further insight into what the Supreme Court's verdict on IEEPA tariffs means for the US administration in A "run it hot" verdict.
- Find out more about what Fed policy means for investors in this UBS House View Briefcase.

### Dig deeper into CIO's take on equities

- Hear about our latest sector view changes from CIO Americas and Head of Global Equities Ulrike Hoffmann-Burchardi in this week's edition of Signal over Noise on Apple podcasts.
- See why we think A new “emerging markets” supercycle has begun and what that means for investors.
- Learn more about the history of the US semiconductor industry in the most recent publication in our 250 years of US innovation, Chips ahoy: The semiconductor.

### Look here for more CIO views on geopolitics and gold

- Discover more about why we see upside in gold with this Gold chart set.
- Find out why gold miners' equities could be attractive to investors with a high

to speak are not currently voting members, such as Austan Goolsbee, Thomas Barkin, and Raphael Bostic, alongside voting members Lisa Cook and Christopher Waller.

Our view is that Fed speakers will support our view that the central bank will take a break from easing in coming months—resuming only later in the year after confirmation that any boost to inflation from tariffs is fading. We expect the Fed to cut rates twice in 2026, providing a positive backdrop for global equities, quality bonds, and gold.

**Can the broadening of the equity rally continue?**

The dominance of the tech sector in the equity rally has recently been challenged, as a wider range of industries have attracted attention. The S&P 500 industrials sector, for example, is up more than 14% this year, as of 20 February, versus a gain of just 0.9% for the index overall. That compares to a 3.5% decline in the information technology sector and a 0.2% decline in communication services. This outperformance of industrials, which makes the sector one of the best performers of 2026, has been linked to evidence of a cyclical pick-up in US manufacturing, with the ISM manufacturing index pointing to the strongest expansion since 2022 after several years of almost constant contraction. A host of structural forces—such as pressure for US reindustrialization, rising energy demand from AI and electrification, and higher aerospace demand—are also helping the industrial sector, in our view.

One central question for investors is whether this trend toward broadening can continue this week or whether tech will resume leadership of the rally. A focal point will be the results of NVIDIA, the AI chipmaker and largest US company by market capitalization, with a weighting of almost 8% in the S&P 500. Investors will want to see whether NVIDIA's results will again highlight the strength of AI capital spending. However, markets have been adopting a more skeptical view of accelerating capital spending, which now looks set to consume all the free cash flow of hyperscalers this year.

But while we are Neutral on US IT and communications services at present, we believe the forces behind the rally in the industrial sector remain in place, and we recently upgraded the sector to Attractive. More broadly, we think investors with excess exposure to US IT and communication services should consider diversifying toward preferred areas of the market where we see superior risk-reward, including industrials, banks, health care, utilities, and consumer discretionary.

**Will escalating tensions between the US and Iran impact markets?**

Gold got an additional boost last week and into the start of this week, after President Trump threatened action against Iran unless there was a nuclear deal in the next 10 to 15 days. With two US aircraft carriers, fighter jets, and refueling tankers reportedly stationed in the region, the US military buildup is now bigger than that off the coast of Venezuela in the weeks before Trump ousted Nicolás Maduro at the start of this year. Whether an agreement with Iran can be reached remains to be seen, but military action against Iran in the near term seems increasingly likely.

Investors will be looking to see if the conflict can be resolved through diplomacy, or whether military action is taken. From a market perspective, a key focus will be gold, which typically benefits from a flight to safety during periods of heightened geopolitical tensions. Even after rallying almost 65%

risk tolerance in High gold prices make miners attractive.

in 2025 and 18% this year, we believe prices will continue to rise.

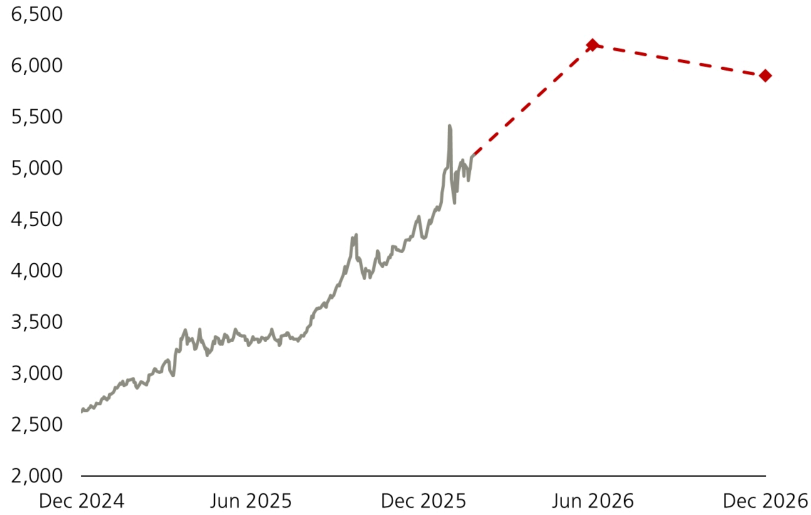
First, the Fed's easing regime should continue to support gold, further reducing the opportunity cost of holding the non-yielding metal. Second, data from the World Gold Council showed that total gold demand exceeded 5,000 metric tons for the first time in 2025, and we expect continued strong demand both from central banks and investors. So, we maintain our Attractive view on gold and view the yellow metal as an effective portfolio diversifier that can help hedge against a range of market and economic risks.

# Chart of the week

The latest developments in US-Iran relations underscore our view that geopolitical risk is not going away. Faced with such uncertainties, we continue to like gold as our preferred hedge against political risks. Further monetary easing by the Fed and robust investor demand underpin our Attractive view on the precious metal and our expectation that gold prices will rise as high as USD 6,200 per ounce this year before finishing the year around USD 5,900 per ounce.

We expect gold to finish the year around USD 5,900/oz

Gold spot price with CIO forecasts, USD/oz




Bloomberg, UBS, as of 23 February 2026

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**Attractive:** We consider this asset class to be attractive. Consider opportunities in this asset class.
**Neutral:** We do not expect outsized returns or losses. Hold longer-term exposure.
**Unattractive:** We consider this asset class to be unattractive. Consider alternative opportunities
**Note: For equities, we have a five-tier rating system with two additional preferences**
**Most Attractive:** We consider this asset class to be among the most attractive. Investors should seek opportunities to add exposure.
**Least Attractive:** We consider this asset class to be among the least attractive. Seek more favorable alternatives opportunities.
When equities are included with the other asset classes in the three-tier rating system, we collapse “Most Attractive” with “Attractive” and “Least Attractive” with “Unattractive.”

## Appendix

**Risk information**
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