GIBRALTAR ASSET MANAGEMENT

STOCKBROKERS & INVESTMENT MANAGERS

Market Commentary - February 2026

FTSE 100	**10,369**	S&P 500	6,932
Resistance	10,400	Gold	$5,007
Support	10,200	GBP/EUR	1.1477
VIX	16%	GBP/USD	1.3617

Introduction:

Gold's abrupt 9% plunge on 30th January shows that an anarchic, gold-based international financial system will probably be inherently less stable that the dollar-based system has been. A lot of people think that gold's natural scarcity and independence from central bank meddling make a gold-based economy inherently stable. But the fact that no large, trustworthy entity manages the gold price actually means that is it subject to such rapid swings. And if global payment and collateral systems were based on gold, those price swings would be disruptive to those systems as well. Goldbugs are thus right about gold's durable safe-haven status, but they're not right that this is a good thing. Gold isn't a superior system - it's a desperate fallback for a world in which the people who were in charge of the superior system abdicated their duties.

Market Outlook:

Over the long term *(since 1984), the FTSE 100 has returned 6% per annum and that does not include the dividend yield (~3.3%) earned on top. Therefore, 'strategically', it pays to be in the market. Also, considering inflation averaged 6.2% over the same period, it is vital that an investor invests in equities in order to preserve the purchasing power of their money. However, markets can be subject to swings in the interim and investors should be mindful of these with a view to protecting their capital and thus maintain a 'tactical' view.*

Our allocation to the stock market remains at overweight. Last year was a good one for stocks. Following double-digit gains in 2023 & 2024, the S&P 500 increased 16% in 2025. This index has put together two consecutive winning years 16 times since 1960. Third-year returns after the two winners, however, have averaged just 3%. On that basis, 2025 beat the odds.

Risks facing the market in 2026 include the statistical difficulty of sustaining forward momentum after three straight years of double-digit gains. And 2026 is the second year in the presidential cycle, which historically has been the weakest. The market has also yet to experience a full-year of in-place tariffs. The US administration's actions in Venezuela and ambitions toward Greenland have added geopolitics to the mix early in 2026. Meanwhile, their mid-term election is looming, and a partial government shutdown is possible.

Yet, there is a lot to like in the outlook, too. The US is coming off two strong GDP growth quarters. Corporate earnings have been excellent, rising in the mid-teens on upper-single-digit revenue growth. Meanwhile, an upward-sloping yield curve is regarded as positive for the economic outlook.

The fourth quarter saw investors cashing out AI winnings and plowing them back into neglected sectors. This led to all sectors closing the year in the black. We believe improved sector diversity sets the market

Market Commentary

Market Outlook (cont):

for further gains in 2026. At the same time, the numbers coming out of the AI economy - deal sizes, revenue growth and projections, and margin expansion - are keeping that trade hot and in some areas even feverish.

Amid geopolitical and economic cross-currents, we believe corporate earnings trends and stock valuations can support a positive year for stocks. The first quarter also has been good for equities historically, averaging 1.4% capital appreciation on the FTSE 100 since 1984.

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Recommended Investment:

Ripple

Ripple was launched in 2012 with a clear and differentiated goal: to modernise global payments. Its technology is designed to move money across borders in seconds, at a fraction of the cost of Swift, the messaging system the world's banks use to transfer an estimated $6 trillion a day.

Like Bitcoin, Ripple is a shared public database and global ledger. A process called consensus allows computers on the network to automatically agree on changes to the ledger within seconds, without needing to go through a central clearinghouse. There are no miners competing with energy-intensive hardware, which makes the network fast and energy-efficient. This settlement speed was its major engineering breakthrough and means Ripple transactions typically settle in 2 to 5 seconds, unlike Bitcoin transfers that can take 10 minutes or longer to process. It also allows for financial transactions in any currency. For example, a user can transfer dollars over Ripple, and the other party can receive euros. What's more, the cost is miniscule (fractions of a cent) compared with traditional banks and credit card companies.

XRP is the native token of the XRP Ledger, similar to ETH for the Ethereum blockchain or BTC for Bitcoin. XRP facilitates transactions on the network, protects the ledger from spam, and bridges currencies in the XRP Ledger's native decentralised exchange. Increased usage of XRP directly translates into higher transactional demand.

Their product Ripple Payments today connects a large global financial network of 300+ banks, payment providers and financial institutions, including such names such as Santander, Standard Chartered and Bank of America. In regions where correspondent banking is slow or expensive, XRP-based solutions offer a compelling alternative. As global payments continue to digitise, the potential market is enormous.

A major overhang on XRP for years was regulatory uncertainty, particularly in the United States. That cloud has begun to lift with Ripple winning a lawsuit against the SEC in 2025. This removed one of the biggest overhangs that had hindered XRP's price and exchange support in the US for years. Furthermore, Ripple has secured licences and approvals in multiple jurisdictions (including the EU and UK) for payments and regulated services, which helps improve compliance and expands markets where XRP and Ripple technology can operate.

XRP is not trying to be everything. It does not compete directly with Ethereum for smart contracts or Bitcoin as digital gold. Instead, it occupies a distinct niche as a settlement and liquidity layer for global payments. One hundred billion XRPs were created at Ripple's inception and no more can ever be created. This fixed supply and escrow mechanism are core parts of XRP's economics and distinguish it from inflationary tokens that mint new units over time.

We believe XRP offers asymmetric upside as adoption of blockchain-based payments grows, particularly if institutional usage accelerates. We recommend obtaining exposure via the Bitwise XRP ETF (XRP), which holds physical XRP tokens (at Coinbase) and has a TER of 0.34%. It trades on the NYSE in USD. Note this investment is only suitable for high risk investors who have passed an Appropriateness Assessment.

Market Commentary

Post of the Month:

Whatever your age or portfolio size, research suggests that if you trade frequently enough, investing can start to look a lot like gambling. Both involve taking on risk in the hope of making money over time - but the outcomes tend to differ markedly

A 2023 study of investors showed that they were, on the whole, a relatively stable bunch. The average investor made just 12 trades per year, with an average value of £2,734 per transaction.

As investment strategies go, trading has its downsides: more trades means higher transaction costs, and more of the impulsive decisions that can cost our portfolios dearly. Trade frequently, and you're more likely to jump on a bandwagon. You also risk selling at the bottom of a dip, and missing the strong recovery days that tend to follow. As the old adage says, *"time in the market beats timing the market"*. So a surprising finding emerged in the study data: investors with the biggest portfolios trade far more often. Among high-value investors (defined as having portfolios worth more than £720,000), the median number of trades was 47 a year. This was more than twice as many as even trigger-happy young investors.

For the younger cohort, one major driver is relatively clear: FOMO, or fear of missing out. The Financial Conduct Authority finds that the majority of 18-40-year-old investors spend less than 24 hours deciding on an investment. A quarter of young investors admit that they make investment decisions impulsively to keep up with current trends. But there could be another explanation for frequent trades. Whatever your age (or portfolio size), research suggests that if you trade frequently enough, investing can start to look a lot like gambling. Both involve taking on risk in the hope of making money over time - but the outcomes tend to differ markedly. Investors can reasonably expect to make a positive return, whereas gambling overwhelmingly leads to losses. Despite this, more than 40% of UK adults surveyed by the Gambling Commission in 2021 reported taking part in some form of gambling in the past four weeks.

As new trading products have emerged, the boundary between gambling and investing has become even more blurred. When Covid closed down casinos and halted sports matches, gambling became a lot more difficult. High-risk retail trading activity surged. Trading apps, meme stocks and crypto assets can provide the same dopamine hit as a slot machine - but can deliver the same financial hit, too. Studies show that high-frequency trading and high-risk investments can generate loss patterns similar to those seen in gambling.

In a study called 'When Las Vegas Comes To Wall Street', academics examined the link between gambling behaviour and trading. The researchers recruited 600 gamblers with investing experience, and asked them to trade fictitious stocks over a period of 30 days. Some were assigned low-volatility stocks and others high-volatility ones. All were rewarded with modest bonuses at the end of the experiment based on their results. It will come as little surprise to hear that high-risk gamblers traded more frequently regardless of whether markets were calm or volatile. The researchers suggest that these investors enjoy the 'excitement' of choppy markets, and manufacture volatility even in calm markets by trading more often. Yet the low-risk gamblers were the most likely to increase their trading when faced with higher price volatility. Just holding more volatile stocks in their portfolio was enough to nudge them towards more gambling-like behaviour.

Market Commentary

Quote of the Month:

"The trend is your friend until it ends" - Ed Seykota

With the ADX at 47 and the index level above all key moving averages, the FTSE's trend is clearly intact. Fighting that strength is costly. However, the phrase *"until it ends"* matters: momentum traders should stay long but remain alert for weakening breadth or momentum divergences.

Economics:

The UK economy is expected to grow modestly in 2026 as persistent global uncertainty leads to a contraction in business investment this year. The EY ITEM Club expects UK GDP to grow by 0.9% in 2026, before accelerating to 1.3% in 2027 and settling at 1.4% from 2028 onwards. Global uncertainty and tariff disruption are expected to be the leading drivers of this subdued growth and are predicted to weigh on private sector confidence. However, a further reduction in interest rates should bring down the cost of finance and support a rebound in business spending next year.

The European Central Bank (ECB) opted to maintain current interest rates, noting that the eurozone economy is demonstrating modest yet steady growth. This resilience persists despite international hurdles, such as the complications arising from US tariffs. Consequently, ECB held its deposit rate at 2%, a level established in June following a transition period from the 4% peak seen in mid-2024. ECB President Christine Lagarde highlighted that the economy is holding firm within a taxing global landscape. This stability is largely attributed to record-low unemployment, a surge in government investment toward infrastructure and defence, and the lingering positive effects of previous rate reductions. However, she cautioned that external factors, specifically the combination of a strong euro and increased tariffs, continue to present a difficult environment for the region.

Despite sweeping policy shifts under President Donald Trump that disrupted trade, migration and business confidence, the US economy has remained resilient. Growth surprised on the upside in 2025, with GDP expanding 2%, unemployment holding near 4.4% and inflation easing to a modest 2.7%. Dire predictions of tariff-driven inflation and job losses failed to materialise, helped by limited foreign retaliation and a powerful stock market rally led by large technology firms. However, strong headline figures mask deep imbalances. Wealth gains and rising consumer spending have been concentrated among high-income households, while many sectors - including manufacturing, retail and construction - have shed jobs. Stricter immigration policies have reduced labour supply, contributing to a projected decline in the workforce. Smaller firms, unable to absorb tariff shocks or benefit from the AI boom, face growing strain. The result is an increasingly divergent economy marked by solid growth but uneven gains, weak hiring and rising concerns over *"jobless growth"* in the years ahead.

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Seasonality: *"History doesn't repeat itself, but it does rhyme" - Mark Twain*

The January Barometer

Historically, the returns in January have signalled the returns for the rest of the year. If they are positive, the returns for the whole year tend to be positive and vice versa. First mentioned by Yale Hirsch in the Stock Trader's Almanac in 1972, a variant has it that returns for the whole year can be predicted by the direction of the market in just the first 5 days of the year. Judging by the first 5 days, 2025 is likely to be a positive year for the stock market.

February

Since 1984 the average month return of the FTSE 100 Index in February has been 0.6%, making it the 5th strongest month of the year. In an average February shares tend to rise strongly on the first trading day, then trade flat for a couple of weeks, before gaining strongly in the middle of the month and finally drifting off slightly to month end.

First Quarter

The FTSE 100 has risen 29 of the 42 years (69%) between 1984 and 2025, posting an average gain of 1.4%.

November - April

The FTSE 100 has returned 6.7% since 1984 during the winter 6-month period. This compares with -0.2% for the summer 6-month period. There is a 1-in-1,000 chance of this occurring by luck. One explanation for this is that as the nights draw in during winter, we become anxious and depressed, which means share prices fall and expected returns rise. This then leads to a decent winter rise.

Second-Year US Presidential Cycle

The stock market tends to bottom out during the second year of each new presidential term and then recover strongly in the final two years. This is due to each Administration ensuring that the economy is strong by re-election time. Unfortunately, the excessive stoking of the economic fires creates excesses, including over-priced stocks, leading to poor stock market returns in the first two years of the next term.

Chinese New Year - Year of the Snake

Chinese calendar revolves around a 12-year cycle where each year is associated with an animal (rat, ox, tiger, rabbit, dragon, snake, horse, goat, monkey, rooster, dog and pig). Each New Year starts between 21st January and 21st February, the exact date being dependent upon a variety of complex factors. The best performing animals since 1950 have been the goat and dog. The worst performing animals have been the rooster and snake. *In Chinese astrology, the Snake symbolises wisdom, caution, and strategic thinking. These traits might culturally inspire investors to adopt a more analytical or conservative approach. Interestingly, this is the Wood Snake Year, which comes about every 60 years. Wood represents expansion, innovation, and flexibility. This could favour industries like tech, renewable energy, and AI, which thrive on evolution.*

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Investment Calendar:

1st February	Full Moon (markets tend to reach a low point around this time)
11th February	US Jobs Report. Economists surveyed expect ~80,000 added jobs and unemployment steady near 4.4%
	US CPI. Markets are watching for continued cooling in inflation, which would support the Federal Reserve's cautious rate outlook.
17th February	New Moon (markets tend to reach a high point around this time)
20th February	Options Expiry Day

Technical Analysis:

With the FTSE 100 trading at 10,369 and pressing close to its recent high of 10,400, momentum remains clearly bullish. An RSI of 63 signals strong upside without yet being overstretched, while a high ADX of 47 confirms a powerful, well-established trend. Price holding comfortably above the 20-, 50- and 200-day moving averages reinforces the medium- and long-term bullish structure. Over the next month, a decisive break above 10,400 could open a move toward the 10,600–10,750 area. However, near-term consolidation or a shallow pullback toward 10,200–10,250 is possible before any further leg higher.

"The illusion of randomness gradually disappears as the skill in chart reading improves" – John Murphy

Chart Legend:

(red dashed line)	20 day moving average	(signifies the short-term direction of the security. prices tend to gyrate around their 20 day m/a)
(red line)	50 day moving average	(signifies the medium-term direction of the security)
(thick red line)	200 day moving average	(signifies the long-term direction of the security - whether it is in a bull or bear market)
(blue line)		(an indicator that measures 2 standard deviations away from the 20 day m/a)

Technical Analysis Guide:

RSI (relative strength index) - indicates whether a security is overbought (above 70) or oversold (below 30). Also when the RSI moves above 50 that is considered bullish (or vice versa).

ADX (average directional index) - indicates whether a security is in a trend (above 20) or not in a trend (below 20). For trending markets moving averages work best when considering lines of support/resistance. ending markets Bollinger Bands work best (sell at upper band, buy at lower band).

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