

# MOATPEAK WEEKLY INVESTMENT BRIEF: THE INFLATION–TARIFF CONVERGENCE

Reporting Period: February 23–27, 2026

## EXECUTIVE SUMMARY: THE RESILIENCE PARADOX

The final week of February 2026 underscored a harsh reality: in a regime of persistent volatility, even outstanding fundamentals struggle to escape macro gravity. We believe we have reached a critical inflection point where record-breaking corporate performance—especially across the AI infrastructure stack—has collided with stubborn inflation data and renewed geopolitical and trade frictions. (see Figure 1).

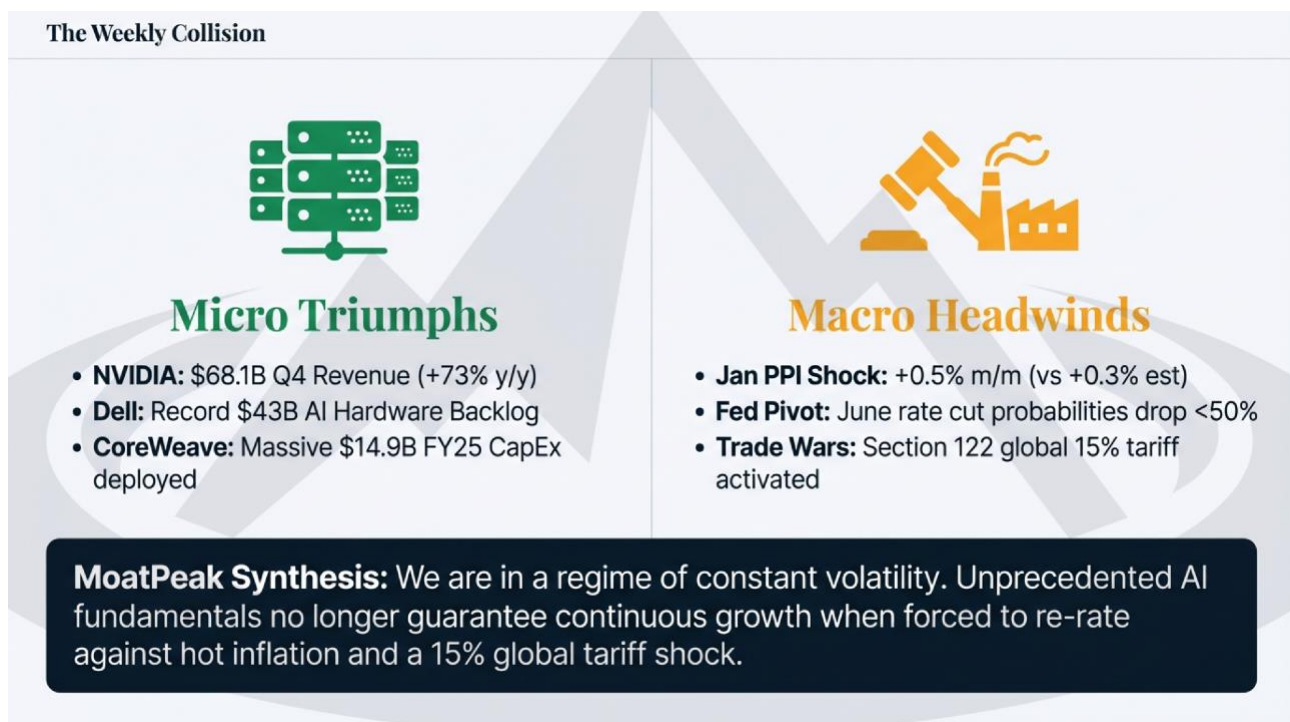


Figure 1. The Weekly Collision: Micro Triumphs vs. Macro Headwinds

**Key takeaway:** AI infrastructure fundamentals remained strong, but sticky inflation and renewed tariff frictions are forcing markets to re-rate risk assets under persistent volatility.

Despite an earnings season defined by historic beats from industry leaders, market behavior decisively shifted into risk-off mode. This disconnect signals a deeper transition: we are moving away from the “growth at any cost” mindset that dominated late 2025 and into a phase of much sharper valuation discipline. Investors are no longer satisfied simply asking whether a company can grow; they now focus on what kind of growth, how durable it is, and how vulnerable each business model is to AI-driven disruption. (see Figure 13).

# Key Valuation Drivers & Sensitivities

**01****Cost of Capital Pivot**

10-year yield acting as a ceiling for tech multiples. CoreWeave's \$388M quarterly interest expense proves that sustained high rates threaten the debt-funded AI hardware supercycle.

**02****Tariff Premium Absorption**

Cyclical and hardware firms must absorb or pass on the 15% Section 122 tariff. Watch for gross margin deterioration (e.g., Lowe's 75 bps warning) as a leading indicator.

**03****The 'Block' Efficiency Ratio**

Valuations will increasingly decouple based on AI-driven OpEx reduction. Companies shrinking headcount by >10% while maintaining revenue growth will receive premium multiples.

Figure 13. Key Valuation Drivers & Sensitivities

**Key takeaway:** Valuation discipline is tightening: macro rates, tariff uncertainty, and demonstrable AI-driven efficiency are increasingly the differentiators markets reward.

This week's narrative is best understood through three pillars: persistent domestic inflation, the re-ignition of global tariff friction following the Supreme Court's intervention, and the evolution of AI from a speculative infrastructure story into a tool for radical corporate restructuring.

## THE RATE FLOOR: WHY 3.5% IS THE NEW 0%

The consensus story of aggressive rate cuts in 2026 has effectively broken down. In our view, the latest hotter-than-expected PPI and PCE prints clearly show that the victory lap on inflation was called too early.

January PPI rose 0.5% month-on-month, with core PPI up 0.8%, re-framing the Fed's 3.50%–3.75% target range as less of a midpoint and more of a de facto floor. Within the FOMC, internal discussions have shifted: the question is no longer simply when to cut, but whether a rate hike becomes necessary if inflation remains stuck above target. (see Figure 3).

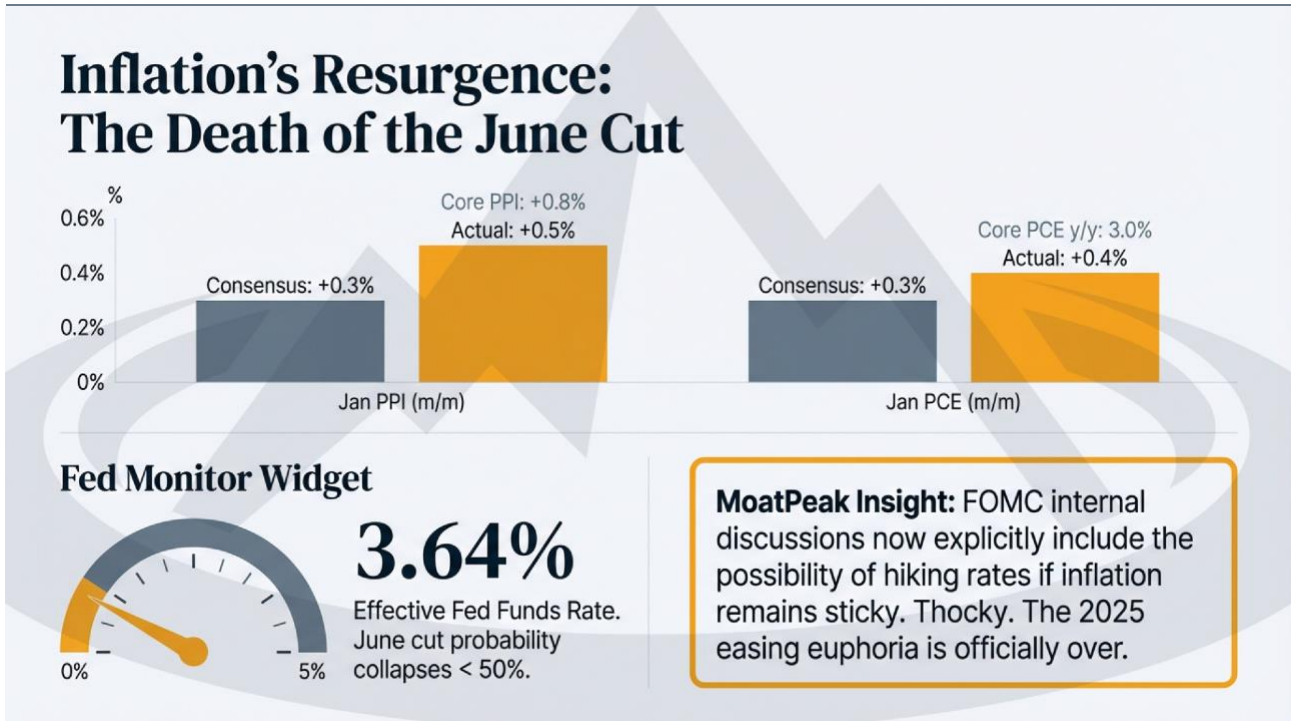


Figure 3. Inflation's Resurgence: The Death of the June Cut

**Key takeaway:** Hotter-than-expected inflation data is breaking the 2026 cut narrative and keeping “higher for longer” in focus, with June-cut confidence materially reduced.

As a result, market confidence in a June rate cut has eroded, with probabilities sliding back to roughly 50%. The market is waking up to what we would call “Higher for Longer 2.0”—a rate environment that is restrictive by design, not a temporary deviation.

## ASSET PERFORMANCE MATRIX (FEB 23–27)

Asset performance over the week illustrated just how fragile sentiment has become: (see Figure 2).

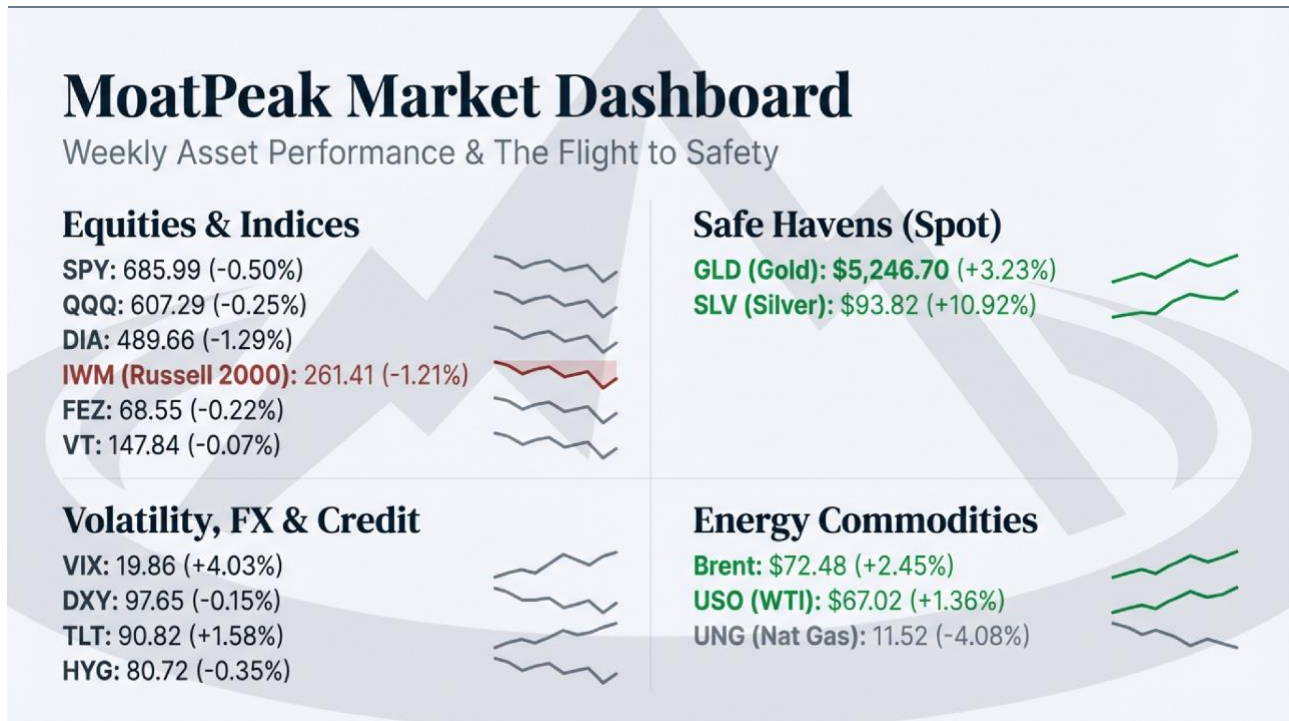


Figure 2. MoatPeak Market Dashboard: Weekly Asset Performance & the Flight to Safety

**Key takeaway:** The week reflected a risk-off bias: equities declined while duration and precious metals benefited as investors hedged volatility and the looming tariff cliff.

S&P 500 (SPY) declined -0.50%, reflecting broad-market weakness despite standout AI earnings. The Nasdaq 100 (QQQ) slipped a milder -0.25%, showing relative tech resilience even as the NVDA post-earnings sell-off weighed on the index. Small caps (IWM) fell -1.21%, exposing their heightened sensitivity to renewed rate anxiety. Meanwhile, the Dow Jones (DIA) dropped -1.29%, as industrial and blue-chip names came under pressure amid growing macro caution.

In a classic Treasury Paradox, the 10-year yield fell 11 bps to 3.97%, even as inflation data surprised to the upside. At MoatPeak, we read this through a reflexivity lens: investors are not buying long-dated Treasuries because they expect an imminent rate collapse, but because they need protection against equity volatility and the looming 150-day tariff cliff. The move is as much about hedging regime risk as it is about discounting future inflation. (see Figure 5).

## The Safe Haven Paradox: Treasuries & Metals Catch the Bid

### 10-Year U.S. Treasury



Yield drops 12.2 bps weekly to hit a multi-month low despite hot inflation data.

### Gold (GLD)

**\$5,246.70**

Testing 2-month highs. Driven by tariff anxiety and unresolved Iranian nuclear talks.

### Silver (SLV)

**+10.92% Weekly**

Climbing to \$93.82. Up 201% y/y.

#### MoatPeak Insight:

Silver's dual identity is exposed. It is no longer just a monetary safe haven; it is a critical industrial metal for AI infrastructure and data centers, creating a massive structural floor for prices.

Figure 5. The Safe Haven Paradox: Treasuries & Metals Catch the Bid

**Key takeaway:** Even with inflation surprises, investors are buying Treasuries and metals for regime protection; we view silver's safe-haven plus industrial AI-demand profile as increasingly relevant.

## EUROPEAN AND GLOBAL MARKET TRANSMISSION

The US-centric tariff story quickly rippled across global markets, exposing the fragility of trade-sensitive economies. The EURO STOXX 50 (FEZ) ended the week almost unchanged at -0.22%, but the headline index masked a more consequential development: accelerating consolidation in global media.

Paramount Skydance, backed by Larry Ellison, has moved to acquire Warner Bros. Discovery (WBD) for approximately \$111 billion (or \$31 per share), after Netflix chose not to raise its \$82.7 billion offer. This \$111 billion merger, which includes a \$2.8 billion breakup fee payable to Netflix, underscores the desperate race for scale as content and distribution costs climb. We see this as a defensive land grab: media firms are being forced to bulk up to preserve negotiating power in a world where platforms and infrastructure owners increasingly dictate terms. (see Figure 11).

# Sector Maturation: SaaS Slowdowns & Media Megadeals

## Software Maturity (Workday)

- **WDAY Q4 Revenue:** \$2.53B (+14.5%)
- **FY27 Guidance:** Growth slows to 12-13%
- **Stock Reaction:** -7.6% on the week (Down 39% YTD)

*The narrative shifts from “growth at any cost” to massive multiple contraction in enterprise software.*

## Media Consolidation

**Netflix (NFLX)** dropping its **\$82.7B** bid, collecting a **\$2.8B** breakup fee.

**Paramount Skydance** launching a massive debt-fueled bid for **Warner Bros. Discovery (WBD)**. **\$111B** (\$31/share)



**Takeaway: In mature, post-growth sectors, pure scale, proprietary content libraries, and access to Apollo/BofA debt are the only remaining survival mechanisms.**

Figure 11. Sector Maturation: SaaS Slowdowns & Media Megadeals

**Key takeaway:** In maturing sectors, scale and discipline matter: legacy software is being re-rated on deceleration risk, while media consolidates defensively to preserve negotiating power.

In commodities, energy prices acted as a real-time geopolitical barometer. Brent crude closed at \$72.48, and WTI at \$67.02, as the stalemate in US–Iran nuclear negotiations sustained a modest but persistent risk premium. We view this as a form of shadow tariff on the global consumer, adding yet another layer of complexity to the already challenging inflation backdrop.

## SECTOR ROTATIONS: BEYOND THE EARNINGS HALO

The week’s trading patterns revealed a clear sell-the-news regime. Even fundamentally “perfect” reports were sold into, signaling that markets have largely priced in the current AI growth trajectory and are now pivoting to second-order risks—customer Capex constraints, regulatory pushback, and competitive dynamics within the AI stack.

### The AI Infrastructure Tier

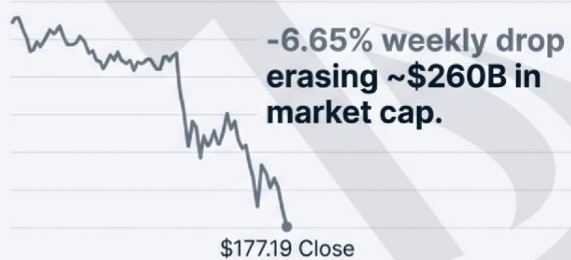
NVIDIA (NVDA) delivered extraordinary numbers, reporting \$68.13 billion in revenue, up 73% year-over-year. Yet the stock fell 6.65% over the week. In our view, this is less about the quarter and more about macro and positioning: concerns over massive customer Capex burdens and the drag from Chinese export limits increasingly outweigh the excitement around NVIDIA’s new Vera Rubin chip platform. When perfection is priced in, even record quarters are not enough. (see Figure 6).

# NVIDIA: Flawless Execution, Imperfect Reaction

## + The Triumphs

- Q4 Revenue: **\$68.13B** (+73% y/y)
- Net Income: **\$43B**
- Q1 FY27 Guide: **~\$78B**
- Vera Rubin Launch: 10x lower inference cost vs. Blackwell

## - The Reality Check



## The 'Sell The News' Checklist

- Overhang of hyperscaler CapEx fears
- Looming AMD mega-deal competition
- Looming China export regulations
- Broad sector multiple compression

Figure 6. NVIDIA: Flawless Execution, Imperfect Reaction

**Key takeaway:** NVIDIA posted exceptional results, yet the stock sold off as positioning and second-order risks—customer Capex burdens and export constraints—dominated sentiment.

At the same time, AMD and Meta announced a \$100 billion, five-year partnership centered on AMD’s MI450 chips—a direct challenge to NVIDIA’s effective monopoly in key AI workloads. The market response was swift: AMD shares rose 9% to \$214, as investors began to underwrite a more credible multi-vendor AI ecosystem. (see Figure 7).

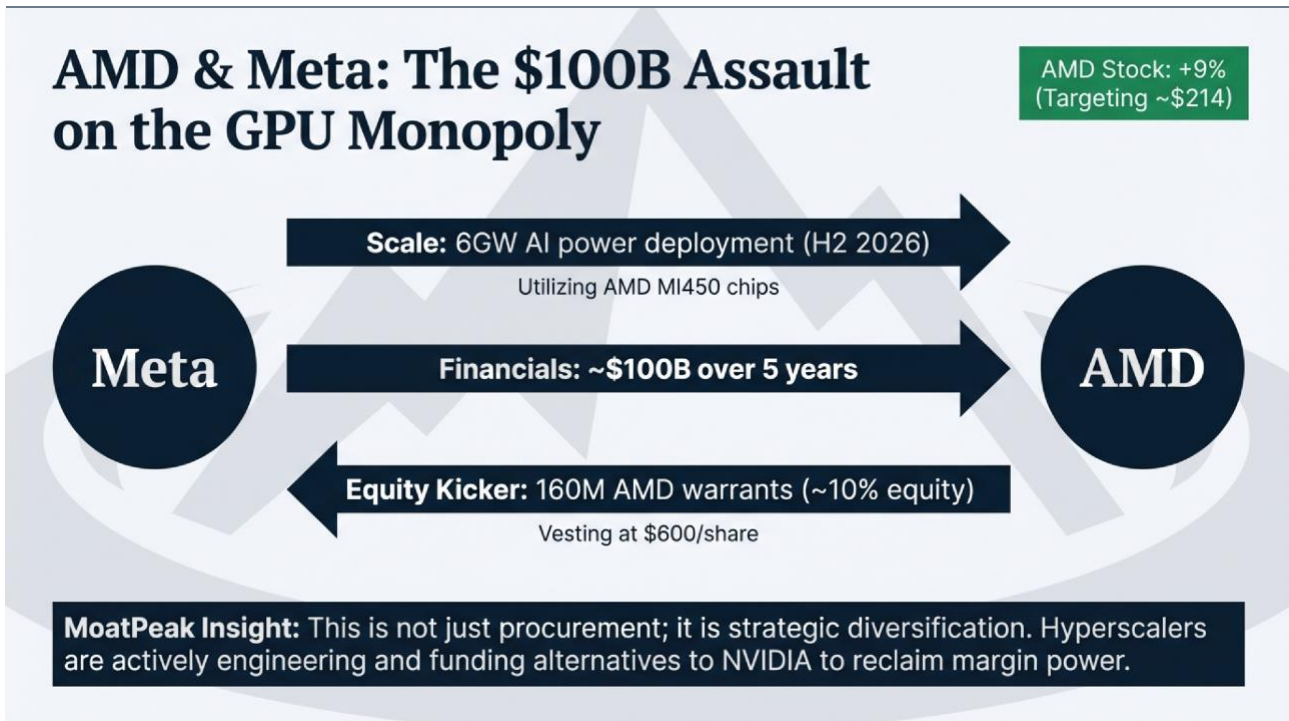


Figure 7. AMD & Meta: The \$100B Assault on the GPU Monopoly

**Key takeaway:** The AMD–Meta partnership signals hyperscalers’ push toward a more credible multi-vendor AI ecosystem, reducing single-supplier concentration over time.

Meanwhile, the “picks-and-shovels” side of the infrastructure story continues to expand. Dell closed a record year with a \$43 billion AI backlog, highlighting how AI demand is transforming traditional hardware pipelines. CoreWeave guided to \$30–\$35 billion in 2026 Capex, underlining the staggering capital flows into specialized cloud infrastructure. We see this as both an opportunity and a warning: such rapid Capex escalation rarely ends in a smooth equilibrium. (see Figure 8).

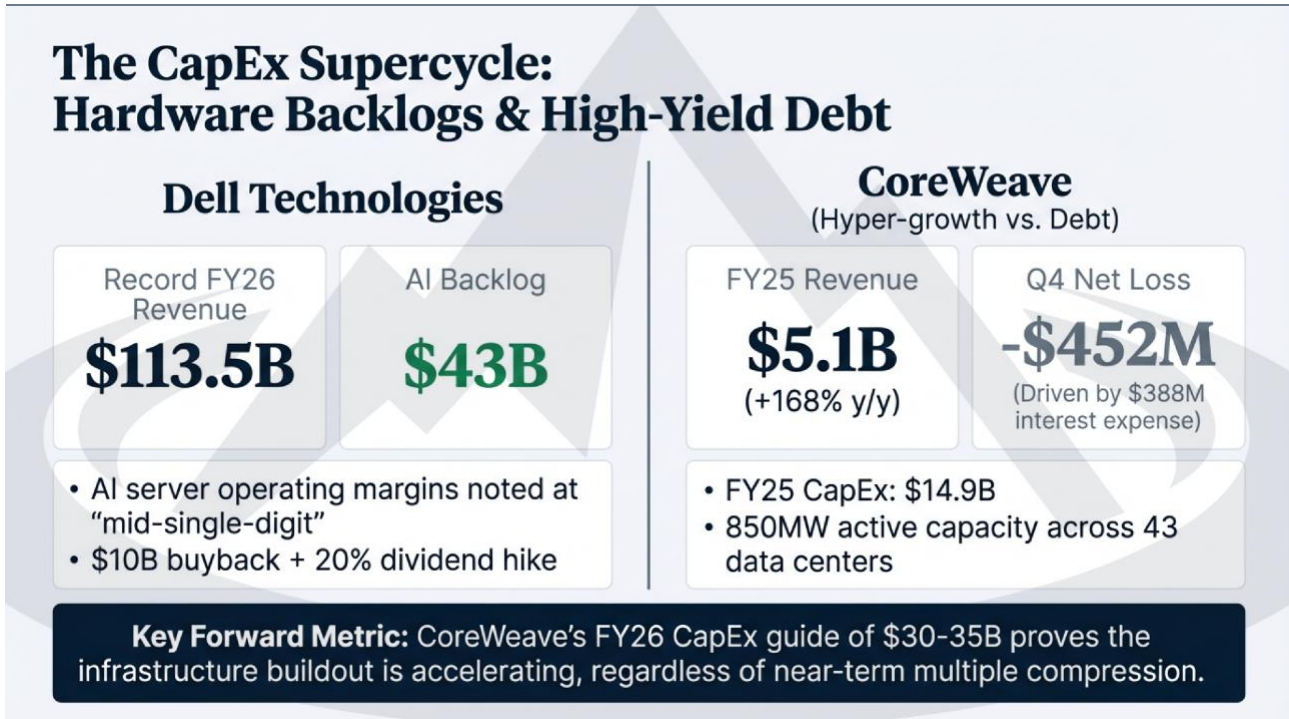


Figure 8. The CapEx Supercycle: Hardware Backlogs & High-Yield Debt

**Key takeaway:** Backlogs and hyperscaler infrastructure spend continue to scale rapidly; we view the pace of Capex escalation as both opportunity and warning for the cycle's stability.

### The Enterprise Tier

In enterprise software, the market sent a sharp message: growth without AI-driven efficiency is no longer enough. Workday (WDAY) reported 15.7% subscription revenue growth, but the stock fell 7.6% on a deceleration narrative. More importantly, Workday is now down 39% year-to-date, signaling a brutal re-rating across legacy enterprise models. Investors are shifting their framework from "Can you grow?" to "Can you expand margins and defend relevance in an AI-native world?"

### Grey Rhinos: Underestimated Signals

*Style Note: Highlight in Signal Amber #F5A623*

At MoatPeak, we focus on Grey Rhinos—highly probable, high-impact threats that the consensus is still discounting.

### The Tariff Volatility Loop

The Supreme Court's 6–3 decision in *Learning Resources, Inc. v. Trump*\*\* ruled that the International Emergency Economic Powers Act (IEEPA) does not permit the imposition of permanent tariffs, potentially obliging the government to refund roughly \$200 billion in previously collected duties. On its face, this looks like a victory for trade normalization.

However, the administration immediately pivoted to Section 122 of the Trade Act of 1974, enacting a 15% global tariff under a different legal authority. That move created a 150-day clock, culminating in a

volatility cliff on July 24, when these tariffs will expire unless Congress intervenes. We see this as a structural source of uncertainty for global supply chains, corporate pricing power, and ultimately, equity valuation multiples. (see Figure 4).

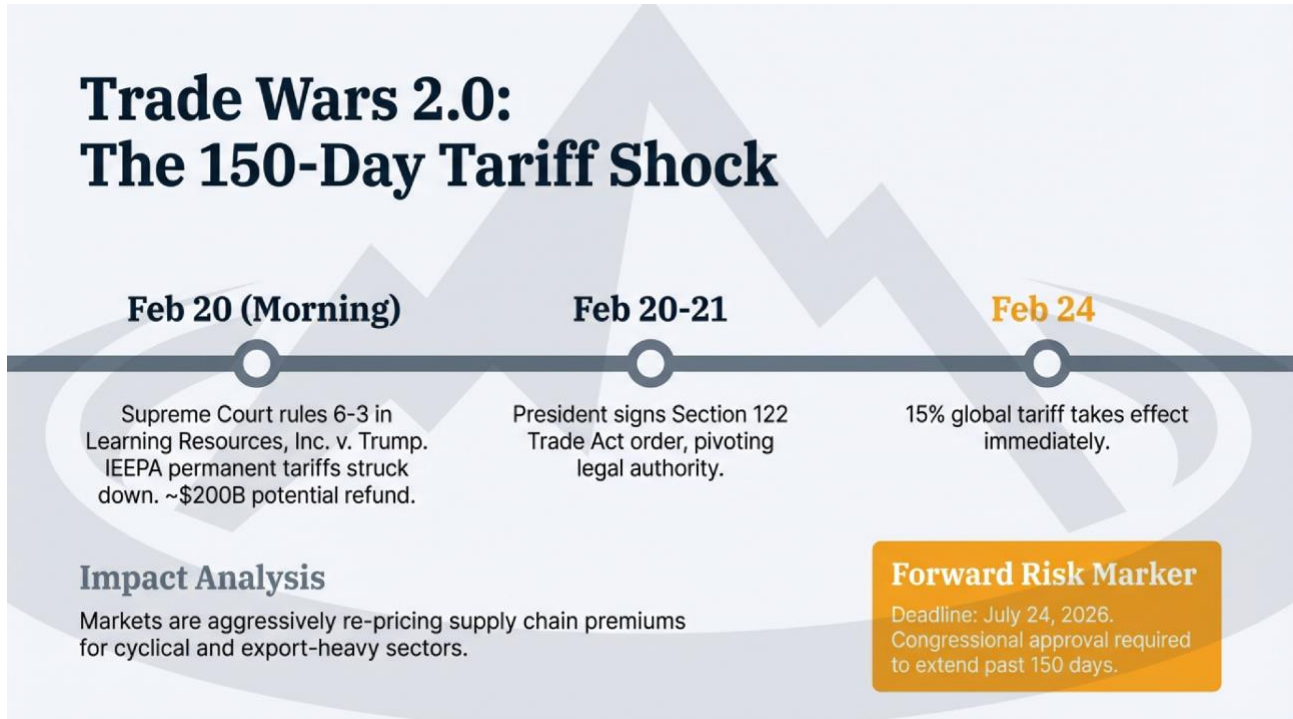


Figure 4. Trade Wars 2.0: The 150-Day Tariff Shock

**Key takeaway:** The pivot to Section 122 created a defined 150-day window to July 24, embedding a volatility loop for supply chains, corporate pricing power, and valuation multiples.

### The AI Labor Disruption

The theoretical debate over AI and employment moved firmly into proof-of-concept territory this week. Block (XYZ) announced a 40% headcount reduction, shrinking its workforce from 10,000 to 6,000 and explicitly citing AI-driven efficiency gains. This is no longer about marginal process optimization—it is about redesigning organizational charts around algorithmic leverage. (see Figure 9).

## AI Implementation: Radical Margin Expansion vs. Legacy Pressure

### Block (SQ)

# 40% Headcount Reduction

(10k to <6k employees)

- Driven explicitly by AI automation and flat-team architecture.
- Market reward: Stock surges +22-25%.
- Q1 Guide: \$600M operating income.

### Lowe's (LOW)

- Solid Q4 beat with \$20.58B revenue.
- Cutting 600 corporate roles.
- Warned of 75 bps gross margin pressure.
- Stock pressured by cautious forward guidance.

**MoatPeak Insight:** The market no longer rewards revenue growth without cost discipline. AI is transitioning from an R&D experiment into a radical restructuring tool for public companies.

Figure 9. AI Implementation: Radical Margin Expansion vs. Legacy Pressure

**Key takeaway:** AI is shifting from experimentation to restructuring: markets are rewarding cost discipline and margin expansion, while growth without efficiency is being penalized.

Simultaneously, IBM suffered a 13.2% single-day decline, its worst in 25 years, after news that Anthropic's Claude Code can automate COBOL modernization. This threatens one of the most lucrative consulting profit pools: large-scale mainframe and legacy-system projects, not just for IBM but also for peers such as Accenture and Cognizant. We believe the market is starting to price in a structural impairment to high-end human consulting models. (see Figure 10).

# Moat Destruction: The 13.2% IBM Collapse

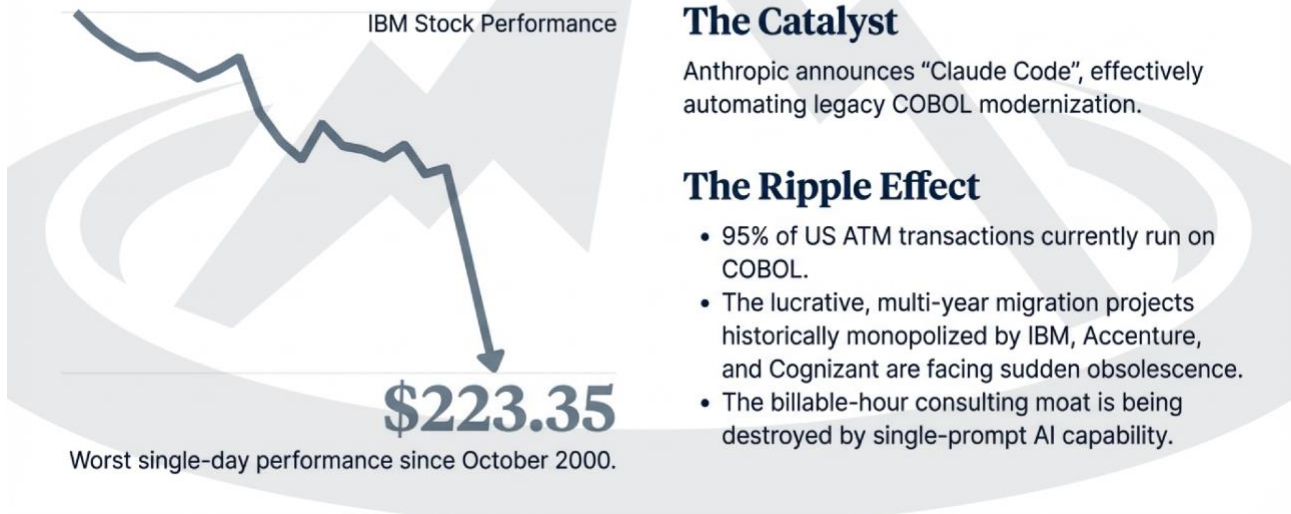


Figure 10. Moat Destruction: The 13.2% IBM Collapse

**Key takeaway:** AI tools that automate legacy modernization threaten the consulting profit pool; markets are beginning to price structural impairment for human-capital-heavy models.

## STRATEGIC SCENARIOS AND PROBABILITIES

Looking across macro, policy, and AI dynamics, we map the coming period into three strategic scenarios, each with distinct market implications.

Our Base Case (probability 60%) is Higher for Longer 2.0, where inflation remains sticky near 3%. Under this regime, we expect range-bound equities and a market that consistently rewards high-margin, capital-disciplined winners while punishing stories built solely on top-line growth. (see Figure 12).

## MoatPeak Playbook: 3-6 Month Macro Scenarios

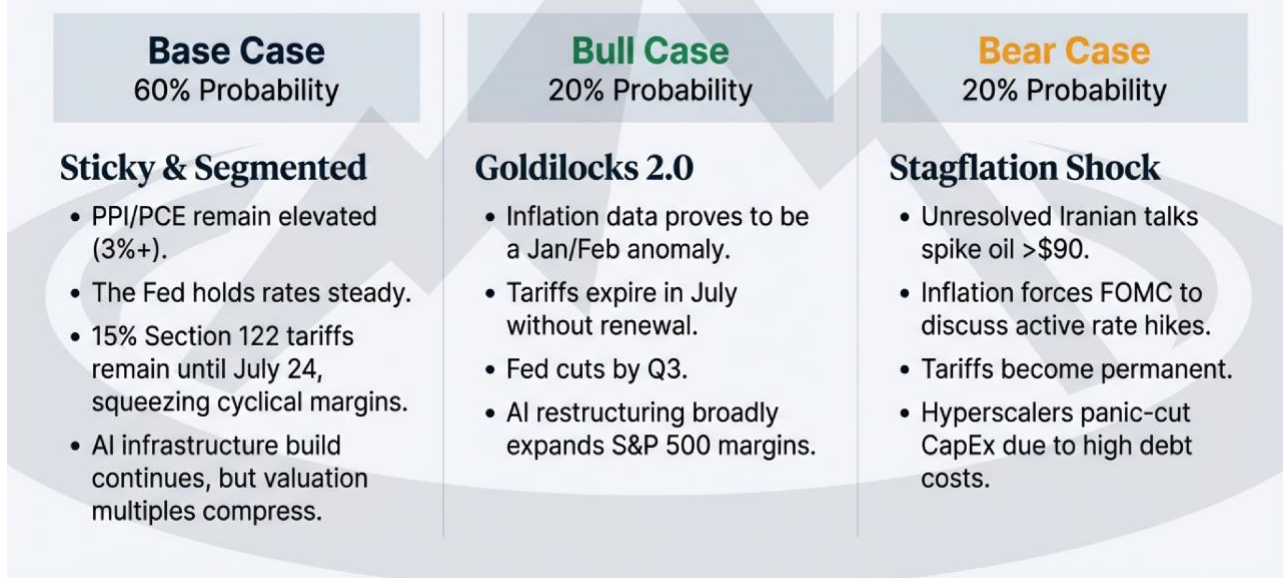


Figure 12. MoatPeak Playbook: 3-6 Month Macro Scenarios

**Key takeaway:** We frame the next 3-6 months through three scenarios—base “higher for longer,” a productivity-led bull case, and a stagflationary bear case—with distinct rotation and multiple implications.

Our Bull Case (probability 15%) assumes AI-led productivity gains are strong enough to offset tariff-induced inflation. In that scenario, the Fed regains confidence and resumes rate cuts, allowing for a broad market rally and a re-rating of cyclicals and quality growth.

Our Bear Case (probability 25%, Signal Amber #F5A623) envisions a combination of escalating Middle East tensions and a prolonged Tariff War. This would likely result in stagflationary pressure and a sharp risk-off correction, with higher real-economy friction and sustained multiple compression across risk assets.

Within this framework, we are closely watching three key triggers: the March 4 Fed Beige Book, which will offer a ground-level view of price and wage dynamics; the March 18 FOMC Meeting and Dot Plot, which will clarify the Fed’s tolerance for sticky inflation; and the July 24 expiration of Section 122 tariffs, the central date in the current tariff volatility loop. (see Figure 14).

## Catalysts & Invalidation Triggers

### Upcoming Catalysts

- **March 1:** OPEC+ supply decision & Berkshire Hathaway shareholder letter.
- **March 4:** Fed Beige Book (searching for real-economy tariff impact).
- **March 18:** FOMC Meeting.
- **July 24:** 150-Day Section 122 Tariff expiration.

### Invalidation Triggers

1. **Thesis:** Tech Multiple Compression.  
**Invalidated if:** Q1 FY27 hyperscaler guidance raises capex without margin degradation.
2. **Thesis:** Sticky Inflation.  
**Invalidated if:** March Core PCE drops below 0.2% m/m.
3. **Thesis:** Silver as AI proxy.  
**Invalidated if:** SLV completely decouples from data center build-out announcements.

Figure 14. Catalysts & Invalidation Triggers

**Key takeaway:** Near-term checkpoints—Beige Book, the March FOMC meeting, and the July 24 tariff expiry—are the key catalysts for validating or invalidating our scenario map.

## MOATPEAK INTERNAL INSIGHTS: THE CAPITAL CYCLE

We apply Capital Cycle Theory to identify where capital is either fleeing disruption or flooding into perceived opportunity.

On the capital exiting side, we see a decisive shift away from traditional, high-cost consulting models. The market is starting to assume permanent ROIC impairment for human-capital-heavy firms, as AI tools such as Claude Code commoditize once-specialized labor. What used to be premium billable expertise is increasingly being reframed as software plus oversight, compressing margins and undermining long-term returns. In our view, the capital that once rushed into large consulting franchises is now seeking an exit, implying a terminal decline in legacy asset returns for this segment.

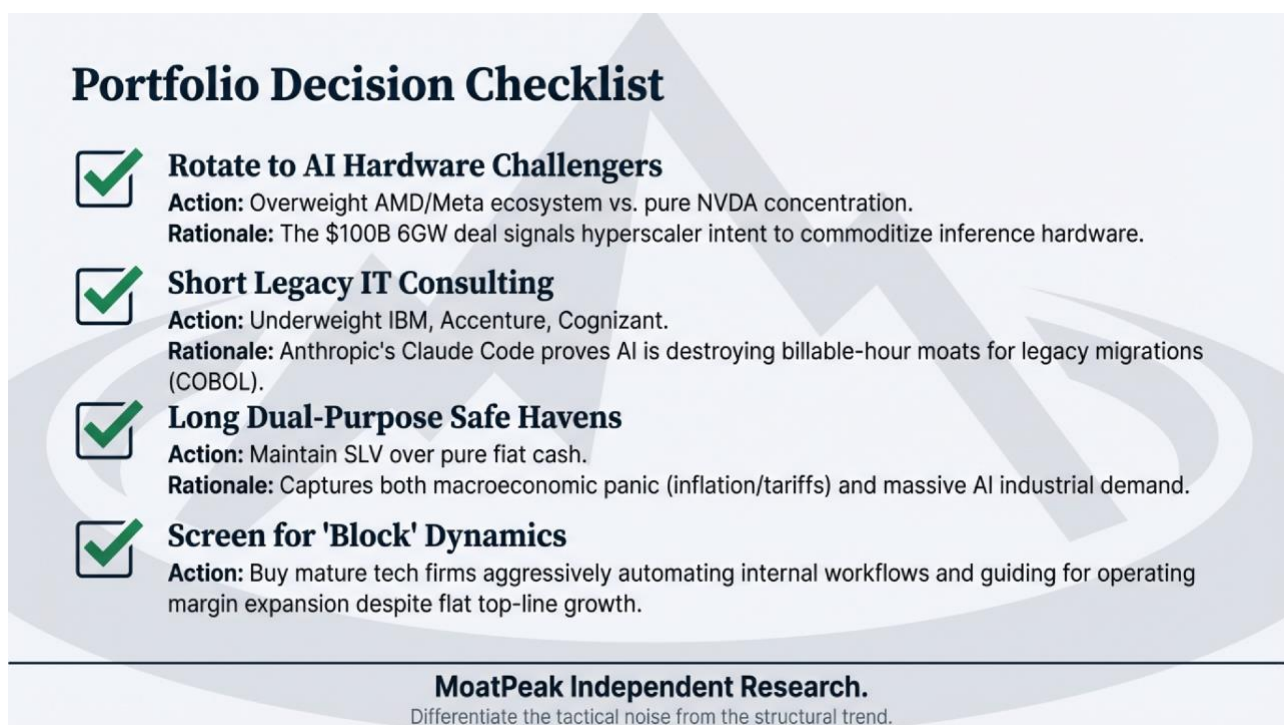
On the capital entering side, we are witnessing a meaningful re-rating of precious metals, particularly silver. The 10.92% weekly gain in Silver (SLV) and 3.23% in Gold (GLD) reflect more than just a short-term flight to safety. Silver, up 201% over the past year, is increasingly recognized as both a monetary hedge and a critical industrial metal for AI data centers and related power infrastructure. This dual-demand profile—safe-haven plus industrial necessity—makes silver, in our view, a superior hedge in the current inflationary and technological regime.

## THE RETAIL INVESTOR ROADMAP: LOOKING TOWARD 2026

As we navigate the remainder of the year, our philosophy at MoatPeak remains anchored in patience and structural thinking. Retail investors, in particular, need to filter out the tactical noise and orient around durable shifts in technology, policy, and capital allocation.

From our perspective, one key observation is to monitor the rollout of NVIDIA's Rubin chip architecture and Greg Abel's first annual letter to Berkshire Hathaway shareholders. Abel's letter replaces Warren Buffett's traditional communication and represents a symbolic passing of the torch in value investing. How Abel chooses to deploy—or not deploy—Berkshire's massive cash pile in the face of a new tariff regime will be a powerful signal for long-term allocators.

On hedging, we continue to see merit in maintaining long-duration Treasuries (TLT) and Gold (GLD) as core volatility dampeners, especially given the 150-day tariff cliff ending July 24. These instruments provide ballast against both policy missteps and risk sentiment shocks. (see Figure 15).



## Portfolio Decision Checklist

- Rotate to AI Hardware Challengers**  
**Action:** Overweight AMD/Meta ecosystem vs. pure NVDA concentration.  
**Rationale:** The \$100B 6GW deal signals hyperscaler intent to commoditize inference hardware.
- Short Legacy IT Consulting**  
**Action:** Underweight IBM, Accenture, Cognizant.  
**Rationale:** Anthropic's Claude Code proves AI is destroying billable-hour moats for legacy migrations (COBOL).
- Long Dual-Purpose Safe Havens**  
**Action:** Maintain SLV over pure fiat cash.  
**Rationale:** Captures both macroeconomic panic (inflation/tariffs) and massive AI industrial demand.
- Screen for 'Block' Dynamics**  
**Action:** Buy mature tech firms aggressively automating internal workflows and guiding for operating margin expansion despite flat top-line growth.

**MoatPeak Independent Research.**  
Differentiate the tactical noise from the structural trend.

Figure 15. Portfolio Decision Checklist

**Key takeaway:** Positioning should balance AI exposure with diversification and robust hedges, emphasizing businesses that convert AI adoption into sustainable margin and pricing power.

Above all, we emphasize discipline. Investors should not confuse a world-class company with a world-class entry price. In a sell-the-news market, any gap between narrative and reality is punished quickly. Our preference is to focus on the arms dealers of the AI era—those with clear margin transparency, robust pricing power, and business models that benefit from AI adoption across sectors rather than betting on any single end-user application.

We believe we are now entering a phase of radical corporate restructuring, where balance sheets, staffing models, and capital budgets are rewritten around AI. By maintaining analytical rigor, resisting herd euphoria, and aligning with businesses that convert AI into sustainable returns on capital, we intend to navigate this volatility together with our clients.

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