GOELZER
INVESTMENT MANAGEMENT

January Job Gains Mask Labor Market Weakness

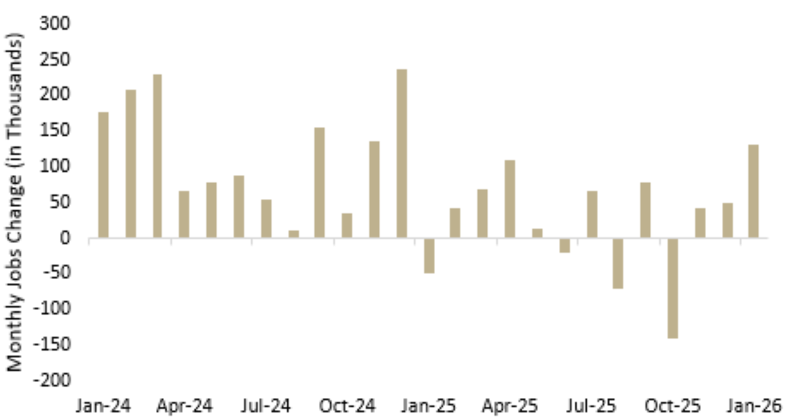
Last week, the financial media celebrated a stronger than expected jobs report, with payroll growth of 130,000 nearly doubling the 65,000 consensus forecast. This was the largest gain in nonfarm payrolls in 13 months. While the report was positive on the surface, a deeper look reveals a less encouraging picture.

Earlier months experienced substantial downward revisions, including a major benchmark adjustment that reduced 2024–2025 employment levels by more than one million jobs—on top of the half million jobs already revised away from 2024. In 2025, payrolls grew by only 118,000, a figure that could easily be erased in next year's revision, especially given disruptions in the Bureau of Labor Statistics' data collection during the government shutdown. Although January showed some signs of improvement (at least before future revisions), the overall trend in employment growth over the past few years has been weaker than previously understood.

Moreover, most of January's reported job gains came from the healthcare and social assistance sectors. These sectors are supported by long-term demographic forces, particularly an aging population. More cyclical industries saw limited or negative job growth, and government employment also declined.

Overall, the report paints a murky picture: payroll growth appears modest but is concentrated in a few sectors and could be revised downward in the future.

Nonfarm Payrolls: Month-over-Month Change



Sources: Bureau of Labor Statistics, FHN Financial
Chart source: Bloomberg

Economy

Last Week	*This Week*
*- **Retail Sales (Dec): 2/10** 0.0% vs. 0.6% 1 month prior*	*- **GDP Annualized (Q4): 2/20***
*- **Payrolls & Unemployment (Jan): 2/11** Unemployment rate 4.3% vs. 4.4% 1 month prior*	*- **Personal Income (Dec): 2/20***
*- **Consumer Price Index (Jan): 2/13** 0.2% vs. 0.3% 1 month prior*	*- **Personal Spending (Dec): 2/20***
*- **Real Avg Hourly Earnings (Jan): 2/13** 1.2% vs. 1.1% 1 month prior*	*- **PCE Price Index (Dec): 2/20***

Equities

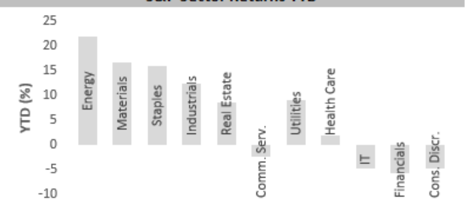
Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	6836	-1.35	-0.02	-0.02	13.21	20.31	13.26
Russell 1000 Growth	4502	-2.08	-5.45	-5.45	8.16	24.70	12.94
Russell 1000 Value	2200	-0.40	6.40	6.40	17.18	14.43	11.25
FTSE High Dividend Yield*	567	-0.24	8.29	8.29	19.29	15.64	13.37
S&P Small and Mid Cap	19845	-0.68	8.27	8.27	13.17	11.13	7.93
MSCI EAFE	3112	-0.11	7.69	7.69	31.24	18.02	10.36
MSCI EM	1558	1.20	11.01	11.01	42.26	19.27	4.44

Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield
S&P 500	21.8	15.6	1.2
Russell 1000 Growth	26.7	18.1	0.5
Russell 1000 Value	18.2	13.6	1.8
FTSE High Dividend Yield*	14.2	13.1	3.6
S&P Small and Mid Cap	16.6	15.4	1.5
MSCI EAFE	16.8	13.5	2.6
MSCI EM	13.3	11.2	2.2

S&P Sector Returns YTD



* Bloomberg U.S Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income

Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.21	0.84	1.28	1.28	7.48	4.73	0.19
U.S. Int. Gov/Credit	3.82	0.54	0.83	0.83	6.98	5.17	1.24
U.S. Corporates	4.74	0.74	1.24	1.24	7.74	6.01	0.57
High Yield	6.62	0.12	0.73	0.73	7.67	9.53	4.38
Municipals (1-10)	2.65	0.27	1.62	1.62	5.84	3.91	1.44

Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	3.41	3.45	3.48	3.48	4.31	4.64	0.11
10-yr Treasury	4.05	4.15	4.17	4.17	4.55	3.86	1.27
30-yr Treasury	4.70	4.79	4.85	4.85	4.77	3.92	2.04
SOFR	3.66	3.65	3.87	3.87	4.37	4.55	
6-mo. CD rate	3.65	3.65	3.62	3.62	4.39	5.12	0.13
Prime Rate	6.75	6.75	6.75	6.75	7.50	7.75	3.25
30-yr fixed mortgage	6.18	6.29	6.25	6.25	7.00	6.79	2.96

Data as of 1:15 PM ET, February 17, 2026. Returns through February 13, 2026.