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# Bull market underpinned by supportive monetary policy and resilient economic growth

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**US Treasury yields rose and the US dollar strengthened on Wednesday after some Federal Reserve policymakers showed willingness to hike interest rates during the Federal Open Market Committee (FOMC) meeting at the end of last month.**

Minutes from the 27-28 January meeting, released Wednesday, showed that “several” participants were open to upward adjustments to interest rates if inflation remains at above-target levels. While the minutes did not suggest officials were contemplating the possibility of rate increases, they made clear policymakers were in no rush to cut rates as “the vast majority of participants judged that downside risks to employment had moderated in recent months while the risk of more persistent inflation remained.”

This is consistent with our view that the Fed is likely to keep rates on hold in the near term. However, we also believe that the US central bank has further to go in its easing cycle, and this remains a key pillar in our positive outlook on US equities overall, despite our recent downgrade of the broader tech sector to Neutral. In fact, we see attractive stock opportunities across regions.

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**The broad US equity bull market is underpinned by supportive monetary policy and resilient economic growth.** It's worth noting that the FOMC meeting preceded the publication of January's consumer price index (CPI), which showed that underlying inflation on a year-over-year basis rose at the slowest pace since early 2021, with shelter inflation remaining contained. Our view is that price pressures are likely to moderate more clearly in the coming months, allowing the Fed to cut rates twice by the end of September. The FOMC minutes also noted that several participants expected higher productivity growth associated with AI or regulatory developments to put downward pressure on overall inflation. With the easing cycle still intact, and the US economy showing resilience amid an improvement in manufacturing activity and industrial output, we expect healthy and broadening profit growth across sectors. We see Attractive opportunities across financials, health care, utilities, consumer discretionary, and industrials.

We think investors with above-benchmark exposure to US IT and communication services should consider diversifying toward other areas of the market, as well as opportunities in global markets.

Original report – [Consider a broader set of equity opportunities, 19 February 2026.](#)

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