



CAPITAL INVESTMENT COUNSEL

# The Columns

**February 2026**

How about a little Super Bowl wrap up?

With the Patriots' loss, Drake Maye and the Tarheels missed joining the Presidential/Winning Superbowl, but there may be a potential silver lining. The Seahawks have now played in four Super Bowls: 2006, 2014, 2015 and 2026. In the first three appearances, the S&P 500 finished the year higher every single time: batting 3 out of 3 with an average gain of 10.2%. Will 2026 make it four out of four?

The players get glory, but a big reason for the Seahawks' success operates quietly behind the scenes and never straps on a helmet. That's John Schneider, the Seahawks general manager since 2010. He helped build the foundation, including pulling the trigger on Russell Wilson deep in the 3<sup>rd</sup> round: a move that changed the Seahawks trajectory overnight.

The parallels with Schneider's front office moves and investment management are hard to miss. In 2022, he traded Russell Wilson near the peak of his powers. This wasn't a small tweak. It was one of those light switch decisions. If it failed, he's out of a job. If it worked, he's a genius. By moving Wilson on, Seattle saved \$80 million. That's real money, no matter how rich you are. But his smarter play was how he reallocated it. The draft picks they received from the Wilson trade turned into three starters who helped power this year's championship run.

I've done this for nearly 40 years and it's hard to sell your winners. There's comfort in opening a statement and seeing those unrealized gains but sometimes, you have to move on. Here's one of my favorites. On August 31<sup>st</sup>, 2020, Exxon was kicked out of the Dow Jones Industrials and replaced with Salesforce. Back then, that move seemed like a no-brainer. The economy was still in Covid lockdown mode, oil was \$35 a barrel, and Salesforce was the shiny new-economy favorite. Since then, Exxon is up 376% while Salesforce looks like it has grabbed a boat anchor and is down 35% over the same time. If Scheider's Wilson trade had ended up like that, he'd be out of a job. Moving on from a star player or stock can be brilliant or brutal. The difference is what you do with the money next.

Six weeks ago, oil looked ready to head lower. The story was straightforward: Maduro was on his way to the US, Venezuelan oil would flood the market, and prices would tumble back to the low \$40s. Oops! Reality intervened and the so-called "Dark Fleet" oil supply disappeared from the market. These were the stealth shipments that were secretly moving to China. Removing that supply reminded everyone that it takes longer to rebuild oil infrastructure than it does to tear it down and it corresponded with oil's run to \$66.

That rally has done what higher oil prices usually do: it lit a fire under the energy stocks. As of last week, every company in the State Street Energy Select ETF was trading over its 50-day moving average. When you get 100% participation like that, stock technicians tend to pay attention. It's typically a classic sign of broad, coordinated strength, and while that's good news for our energy holdings, what's more interesting is what it could mean for the bigger picture.

This is only the tenth time we've seen this kind of full participation. In the prior nine instances, the market was higher 9 months later with a 16% gain and higher one year later by 20%. Nine for nine. Thanks to @TheMarketStats on X for this nugget. Nothing works

forever but when breadth expands like this, history might be quietly suggesting that the wind is at our backs.

Something epic was brewing on February 17, 1963. That's Aquarius territory and the description checks out: independent thinker, future oriented and comfortable being different. That date produced two G.O.A.T.s (Greatest of All Times) – Jensen Huang and Michael Jordan. Both started as underdogs but used the friction as fuel. Huang drew up the business plan for Nvidia at a Denny's and Jordan was too short to make the high school varsity as a sophomore in Wilmington.

They operated in different arenas but shared the same operating system: self-belief. Huang delivered the first AI supercomputer to a small room in Brooklyn in 2016. I mean he personally dropped it off himself. That room became OpenAI, the company behind Chat GPT. Jordan's accomplishments speak for themselves. Greatest to ever play the game and now the headliner of the Nike Jordan line which did \$6 billion in sales last year: 30 years after he retired. I had a conversation in the Paris Nike store a few years back. The Frenchman working asked me where I was from in the US. I replied, North Carolina, and he looked puzzled for a moment but then smiled broadly and exclaimed – Michael Jordan! The legend lives on.

Let's run the checklist.

2025 finished up more than 15%. Check!

January 2026 finished positive. Check!

What will potentially happen next? I've seen this setup 16 times now including this year. In the prior 15 instances, the market finished the rest of the year 14 higher times. I like those odds. The lone exception was 2018. And 2018 wasn't random. Like 2026, that was also a year Jerome Powell and President Trump publicly sparred over interest rates. The

Fed kept tightening into year-end, liquidity dried up, and confidence cracked. On Christmas Eve, the Dow dropped 653 points: nearly 3% at the time. That memory still burns. The good news is that outside of policy missteps like 2018, this pattern has been reliable.

How about the other 14 instances? They finished strong with the market gaining an average of 16% over the remainder of the year. These positive stats don't mean we go full throttle now and disregard the risks. I still expect a pullback at some point, but when multiple historical signals start to line up, I pay attention. Sure, there's volatility ahead but that's part of the ride in a mid-term year. If and when that selloff arrives, I plan on taking advantage. Stay alert for turbulence but keep your eyes on the potential prize of a positive 2027. If you have any comments, feel free to contact me at [heddins@capital-invest.com](mailto:heddins@capital-invest.com) or call at 919-656-0836.

**Disclosures:**

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