



Equities in Focus

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Ordering Up a Broader Market

Over the past four years, US equity markets have been defined by extraordinarily narrow leadership driven by mega-cap technology and AI beneficiaries. Now, evidence from the past several quarters suggest this dynamic may be shifting—and that the broadening underway has room to run.

Key Takeaways

1. Market Breadth Improving Along with the Economy

Many economically sensitive stocks are outperforming as manufacturing new order activity improves.

2. Value Stocks Have Started to Rhyme with Momentum

Key momentum measures now contain a higher level of value equities.

3. This Broadening Phase Looks to Have Legs

Drivers include broad earnings revisions and several sectors being less top heavy than technology.

More Stocks Enjoying the Ride

Market breadth is closely tied to the trajectory of the ISM Manufacturing New Orders Index (an indicator of new orders placed with manufacturers in the US). When new order activity improves—even from deeply depressed levels—more stocks begin to realize higher share prices. This is shown in *Display 1*, where the number of stocks in the Russell 3000 Index trading above their 200-day moving average is reaching new heights with firmer new orders.

Momentum Takes on a Different Complexion

Very often, investors assume that stocks with strong price momentum exclusively have traits such as highly volatile trading patterns, or those with speculative business models. However, this is not always the case. Case in point is *Display 2*, which highlights how the number of stocks in the top 20% of both the Bloomberg Intelligence value and price momentum factors is now 36, versus 16 last summer and well above the historical median of 20 since 1999.* This is a meaningful signal that the market's benign broadening has time on its side.

Our View

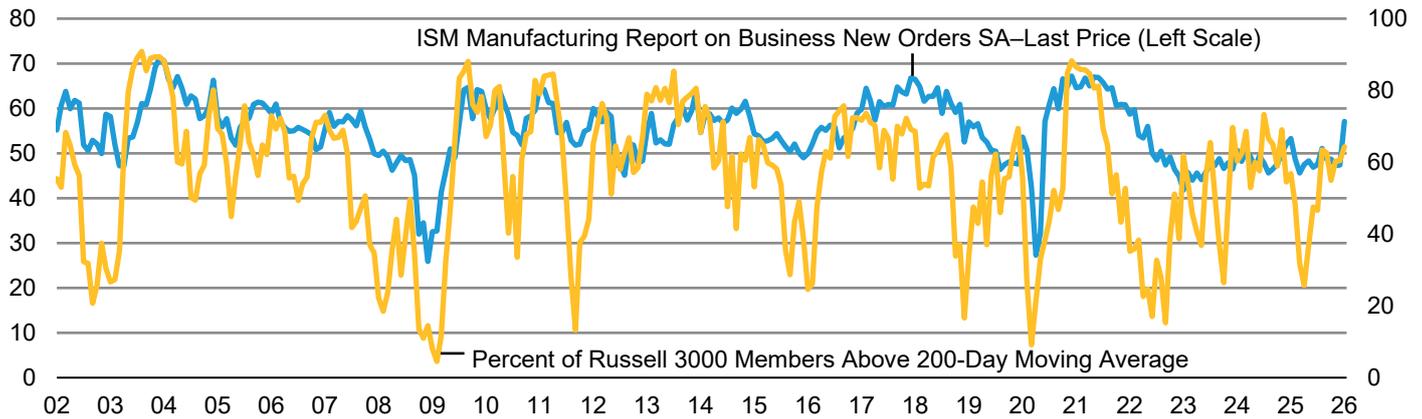
Beyond the intersection of value and momentum attributes, consider also the tight relationship between new manufacturing orders and earnings revisions (*Display 3*). If the economy continues to expand as we anticipate, both lines will continue upward, likely leading more stocks to participate in a market uplift. And there is ample capacity for other sectors to grow into a larger portion of indices, such as the S&P 500. *Display 4* shows ample headroom for sectors other than technology, be they cyclical or defensive. Net, net, casting a wider net has paid off for investors year to date, and we think there is more gas in this tank.

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*Christopher Cain and Andy Barton, "BI Value & Momentum Factors Converge," Bloomberg (February 3, 2026).

Display 1: Firmer New Order Activity Often Leads to Improved Market Breadth

Russell 3000 Index Breadth vs. ISM Manufacturing New Orders Index



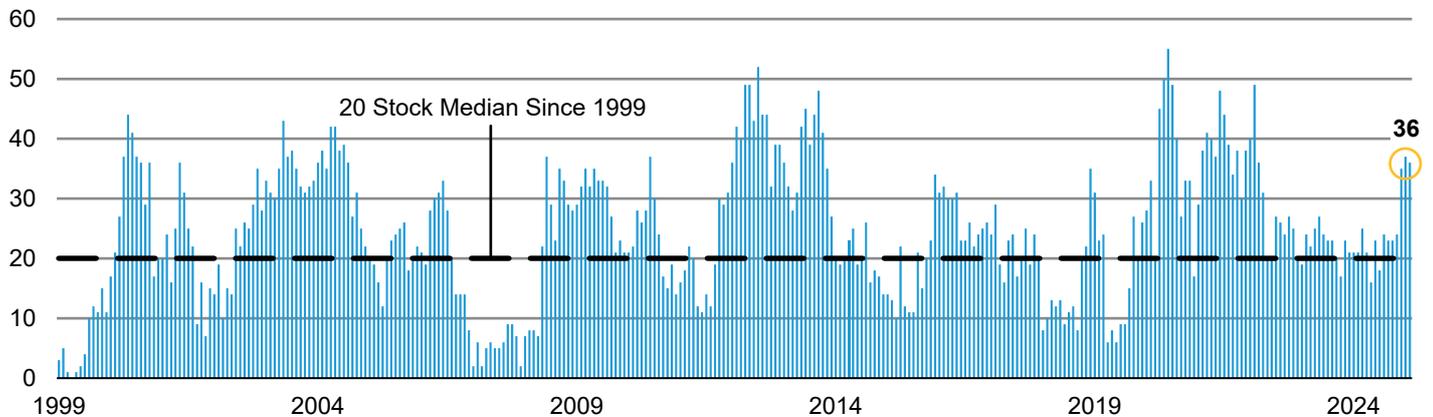
Current analysis does not guarantee future results.

SA: seasonally adjusted

As of January 31, 2026. Source: Bloomberg, FTSE Russell and Institute for Supply Management

Display 2: Value Stocks Rhyming with Momentum in the Bloomberg 1000 Index

Number of Stocks in the Top 20% of Bloomberg Intelligence's Value and Momentum Factors



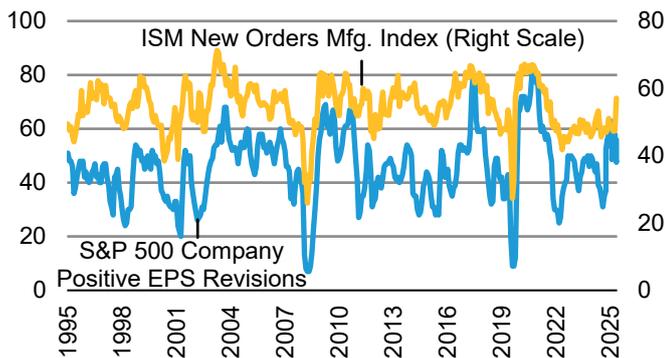
Current analysis does not guarantee future results.

As of February 3, 2026

Source: Christopher Cain and Andy Barton, "BI Value & Momentum Factors Converge," Bloomberg (February 3, 2026)

Display 3: A Material Symmetry Between Earnings Breadth and New Orders

Stock Prices Ultimately Follow Earnings Growth (Percent)



Past performance does not guarantee future results.

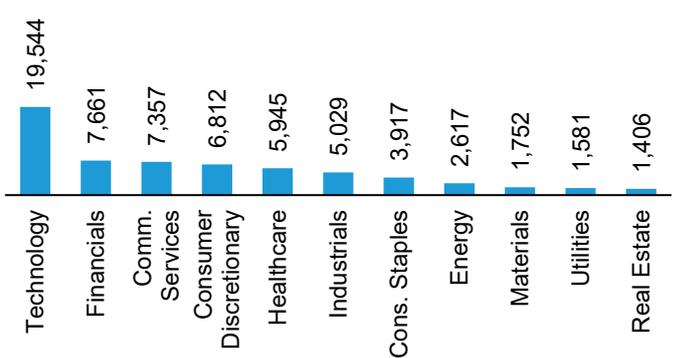
EPS: earnings-per-share

As of January 31, 2026

Source: FactSet, Institute for Supply Management, S&P and AB

Display 4: We Believe There Is Room for Stocks in Other Sectors to Grow in a Broadening Market

Market-Cap of Top 50 Companies by Sector (USD Billions)



Current analysis does not guarantee future results.

As of February 19, 2026

Source: FactSet, S&P and AB

The value of an investment can go down as well as up, and investors may not get back the full amount they invested. Capital is at risk. Past performance does not guarantee future results.

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