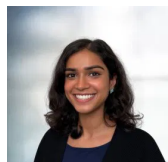


FSI Snapshot

February 8, 2026

SaaS-Pocalypse Shows Signs of Pausing

**Hardika Singh**

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Just as soon as it appeared, the **SaaS-Pocalypse started to show signs of abating** by the end of the week.

On Friday, the S&P 500 added nearly 2%, while the **Dow Jones Industrial Average hurled past the 50,000 points** milestone. The Nasdaq composite added 2.2%, thanks to the tech rebound. Still, that **end-of-week rally wasn't enough to stop** the major indexes from posting losses for the week. The S&P 500 ticked down 0.1%, putting its annual gain at 1.3%. The Nasdaq composite slipped 1.8%, while the Dow added 2.5%.

"As soon as we turned the clock to February — five days in — the **market has really taken a different tone**," Fundstrat Head of Research Tom Lee said on Thursday during the Top Ideas webinar.

The **magnitude of the declines mid-week surprised** many investors. Few had expected that the recent release of Anthropic's Claude Code would wreak such havoc on software stocks, which had become a fixture in the post-pandemic economy. **Known for their multiyear subscription contracts and embedded nature**, software stocks rose to prominence on the simple premise of "it's too much work to switch."

The increasing emergence of **AI tools and vibe coding, however, is challenging that notion**. Salesforce shares fell 9.8% this week, ServiceNow lost 14%, and Atlassian slipped 20%.

Lee said the **decline in software stocks is a sign that “there is payoff from AI** because it’s a lot cheaper to just use Claude than to buy software,” adding that it is a “distributional consequence.”

The carnage **spread to non-software tech stocks, too**, which roiled the broader stock market and left investors with few places to hide this week. Nvidia shares declined 3% this week, Meta decreased 7.7% and AMD fell 12%.

Poor earnings from Amazon, sending shares down 10% the next day, didn’t help either. The retail giant plans to increase its capex much more than last year and is still **struggling to grow its cloud-computing unit**.

Lee and Head of Technical Strategy Mark Newton both **don’t believe that investors should sell tech just yet**.

“I wouldn’t abandon tech here, but recognize that **we’re getting meaningful deterioration out of software** and you really have to be selective on what you own,” Newton said.

On buying the dip, **he encouraged investors to exercise caution**. “Many of you that love to buy the dips will say, ‘Wow it’s a bargain.’ Now, I just think you have to be really careful about jumping into software, given that it’s moved down so quickly,” he said.

Newton believes that tech will likely have one more push up. Tech against the S&P 500 has sort of broken the trend from April 2025. “Of course, **we remain in a longer-term uptrend**, but this does point to the fact that **we could see more weakness in technology** with regards to semiconductors,” he said.



▶ Live Webinar and Q&A

Crypto Market Update

Tuesday, February 24 @ 2pm ET



Mark Newton
Head of Technical Strategy



Sean Farrell
Head of Digital Assets

[Register Now](#)

Chart of the Week



JANUARY BAROMETER: As January goes, so goes the year

Years S&P 500 Positive First 5 Days and

S&P 500 Forward Returns

Full Month January Performance

Since 1950

| | | First 5D of Jan | Jan | Feb | Mar | 1H Return | 2H Return | FY Return | |
|----|------|--------------------|-------|-------|--------|--------------|--------------|--------------|------|
| 1 | 1950 | 1.7% | 1.5% | 1.0% | 0.4% | 5% | 15% | 22% | |
| 2 | 1951 | 2.8% | 6.0% | 0.6% | -1.5% | 3% | 13% | 16% | |
| 3 | 1952 | 0.2% | 1.6% | -3.6% | 4.8% | 5% | 6% | 12% | |
| 4 | 1954 | 0.5% | 5.1% | 0.3% | 3.0% | 18% | 23% | 45% | |
| 5 | 1958 | 2.5% | 4.3% | -2.1% | 3.1% | 13% | 22% | 38% | |
| 6 | 1959 | 0.3% | 0.4% | -0.0% | 0.1% | 6% | 2% | 8% | |
| 7 | 1961 | 1.2% | 6.3% | 2.7% | 2.6% | 11% | 11% | 23% | |
| 8 | 1963 | 2.6% | 4.9% | -2.9% | 3.5% | 10% | 8% | 19% | |
| 9 | 1964 | 1.3% | 2.7% | 1.0% | 1.5% | 9% | 4% | 13% | |
| 10 | 1965 | 0.7% | 3.3% | -0.1% | -1.5% | -1% | 10% | 9% | |
| 11 | 1966 | 0.8% | 0.5% | -1.8% | -2.2% | -8% | -5% | -13% | -13% |
| 12 | 1967 | 3.1% | 7.8% | 0.2% | 3.9% | 13% | 6% | 20% | |
| 13 | 1971 | 0.0% | 4.0% | 0.9% | 3.7% | 8% | 2% | 11% | |
| 14 | 1972 | 1.4% | 1.8% | 2.5% | 0.6% | 5% | 10% | 16% | |
| 15 | 1975 | 2.2% | 12.3% | 6.0% | 2.2% | 39% | -5% | 32% | |
| 16 | 1976 | 4.9% | 11.8% | -1.1% | 3.1% | 16% | 3% | 19% | |
| 17 | 1979 | 2.8% | 4.0% | -3.7% | 5.5% | 7% | 5% | 12% | |
| 18 | 1980 | 0.9% | 5.8% | -0.4% | -10.2% | 6% | 19% | 26% | |
| 19 | 1983 | 3.2% | 3.3% | 1.9% | 3.3% | 20% | -2% | 17% | |
| 20 | 1987 | 6.2% | 13.2% | 3.7% | 2.6% | 26% | -19% | 2% | |
| 21 | 1989 | 1.2% | 7.1% | -2.9% | 2.1% | 14% | 11% | 27% | |
| 22 | 1994 | 0.7% | 3.3% | -3.0% | -4.6% | -5% | 3% | -2% | -2% |
| 23 | 1995 | 0.3% | 2.4% | 3.6% | 2.7% | 19% | 13% | 34% | |
| 24 | 1996 | 0.4% | 3.3% | 0.7% | 0.8% | 9% | 10% | 20% | |
| 25 | 1997 | 1.0% | 6.1% | 0.6% | -4.3% | 19% | 10% | 31% | |
| 26 | 1999 | 3.7% | 4.1% | -3.2% | 3.9% | 12% | 7% | 20% | |
| 27 | 2004 | 1.8% | 1.7% | 1.2% | -1.6% | 3% | 6% | 9% | |
| 28 | 2006 | 3.4% | 2.5% | 0.0% | 1.1% | 2% | 12% | 14% | |
| 29 | 2011 | 1.1% | 2.3% | 3.2% | -0.1% | 5% | -5% | -0% | |
| 30 | 2012 | 1.8% | 4.4% | 4.1% | 3.1% | 8% | 5% | 13% | |
| 31 | 2013 | 2.2% | 5.0% | 1.1% | 3.6% | 13% | 15% | 30% | |
| 32 | 2017 | 1.3% | 1.8% | 3.7% | -0.0% | 8% | 10% | 19% | |
| 33 | 2018 | 2.8% | 5.6% | -3.9% | -2.7% | 2% | -8% | -6% | -6% |
| 34 | 2019 | 2.7% | 7.9% | 3.0% | 1.8% | 17% | 10% | 29% | |
| 35 | 2023 | 1.4% | 6.2% | -2.6% | 3.5% | 16% | 7% | 24% | |
| 36 | 2025 | 0.6% | 2.7% | -1.4% | -5.8% | 5% | 10% | 16% | |
| 37 | 2026 | 1.1% | 1.4% | | | | | | |

Fed induced
shock

Fundstrat Head of Research Tom Lee pointed out that stocks were positive during both the first five days of the year and then during the month of January, which bodes well for stocks despite the recent SaaS-Pocalypse. Our Chart of the Week has more details on how stocks have performed historically when January has finished up.

Recent ⚡ Flash Insights



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

QQQ ▲2.09%

i suspect might hit 609 but this is a strong initial area of resistance and it requires quite a bit of strength to get back above 618.27 to expect that it is in the clear. Movement back down under 603 would be a concern and signal a possible early week test and break of 595 which then would represent the 5th wave down from late January. If that's the case, then rallies into late February and/or Early March. Overall, it's certainly good to see Technology rebound, but given the weakness in Software and the downturn in this group relatively, more needs to happen to have better confidence of a move to new highs right away, and this is thought to require a bit more time.



Feb 6 • 12:33 PM



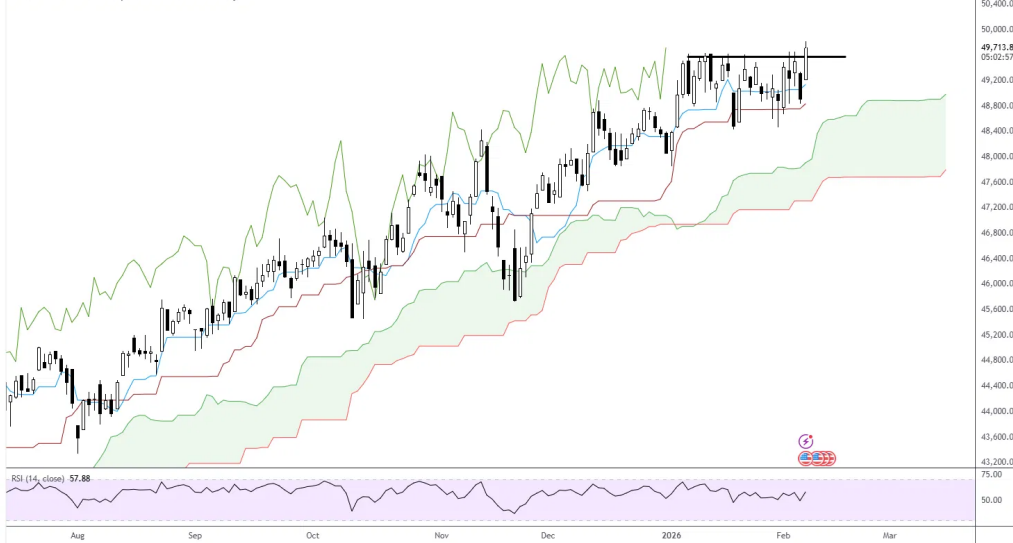
Mark L. Newton, CMT_{AC}

Head of Technical Strategy

DJIA however, and Equal-weighted SPX are both at new All-time highs and this is something to certainly consider a technical positive. DJIA shown below.



MarkNewtonCMT created with TradingView.com, Feb 06, 2026 10:57 UTC-5

Dow Jones Industrial Average Index - 1D - TVC O49,218.24 H49,812.68 L49,218.24 C49,713.86 +805.14 (+1.65%)
Ichimoku (9, 26, 52, 26) 49,136.28 48,832.86 49,713.86 48,964.57 47,797.13
Vol: The data vendor doesn't provide volume data for this symbol.

TradingView

Feb 6 • 12:32 PM

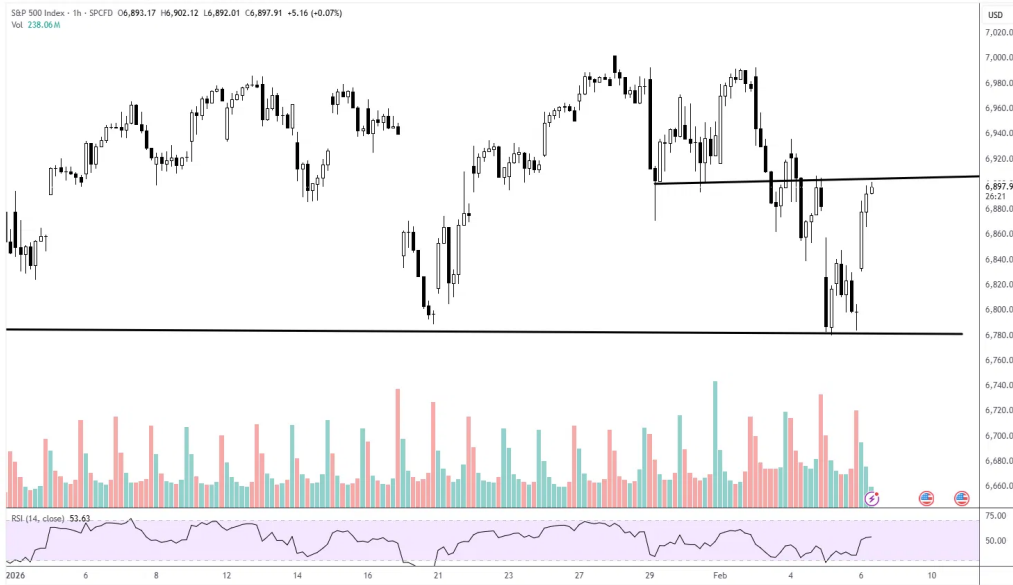
**Mark L. Newton, CMT_{AC}**Head of Technical Strategy

Into mid-day we've seen the early morning bounce continue on better than average market breadth and has now neared an area that could prove to be the first meaningful area of resistance to this early bounce. Despite DJIA and RSP having moved back to highs, the strength in "Mag 7" per **MAGS ▲0.45%** along with the Russell 3k has not proven as robust. Overall, market breadth is quite good today at over 4/1 positive but more is necessary both for **^SPX** along with **QQQ ▲2.09%** to suggest lows are definitely in place, and it's difficult to say this just yet.



MarkNewtonCMT created with TradingView.com, Feb 06, 2026 12:03 UTC-5

SPX 500 Index - 1h - SPXFD 06,893.17 H6,902.12 L6,892.01 C6,897.91 -5.16 (+0.07%)
Vol 238.06M



TradingView

Feb 6 • 12:26 PM

FS Insight Video: Weekly Highlight



Key incoming data

- ~~2/2 9:45 AM ET: Jan F S&P Global Manufacturing PMI~~ **Tame**
- ~~2/2 10:00 AM ET: Jan ISM Manufacturing PMI~~ **Tame**
- ~~2/4 9:45 AM ET: Jan F S&P Global Services PMI~~ **Tame**
- ~~2/4 10:00 AM ET: Jan ISM Services PMI~~ **Tame**
- ~~2/6 10:00 AM ET: Feb P U. Mich. 1yr Inf Exp~~ **Tame**
- 2/9 11:00 AM ET: Jan NYFed 1yr Inf Exp
- 2/10 6:00 AM ET: Jan Small Business Optimism Survey
- 2/10 8:30 AM ET: Dec Retail Sales
- 2/10 8:30 AM ET: 4Q ECI QoQ
- 2/11 8:30 AM ET: Jan Core CPI MoM
- 2/12 10:00 AM ET: Jan Existing Home Sales

▶ Live Webinar with Q&A

Macro Update & Top Ideas Webinar



Tom Lee, CFA
Head of Research



Mark Newton, CMT
Head of Technical Strategy

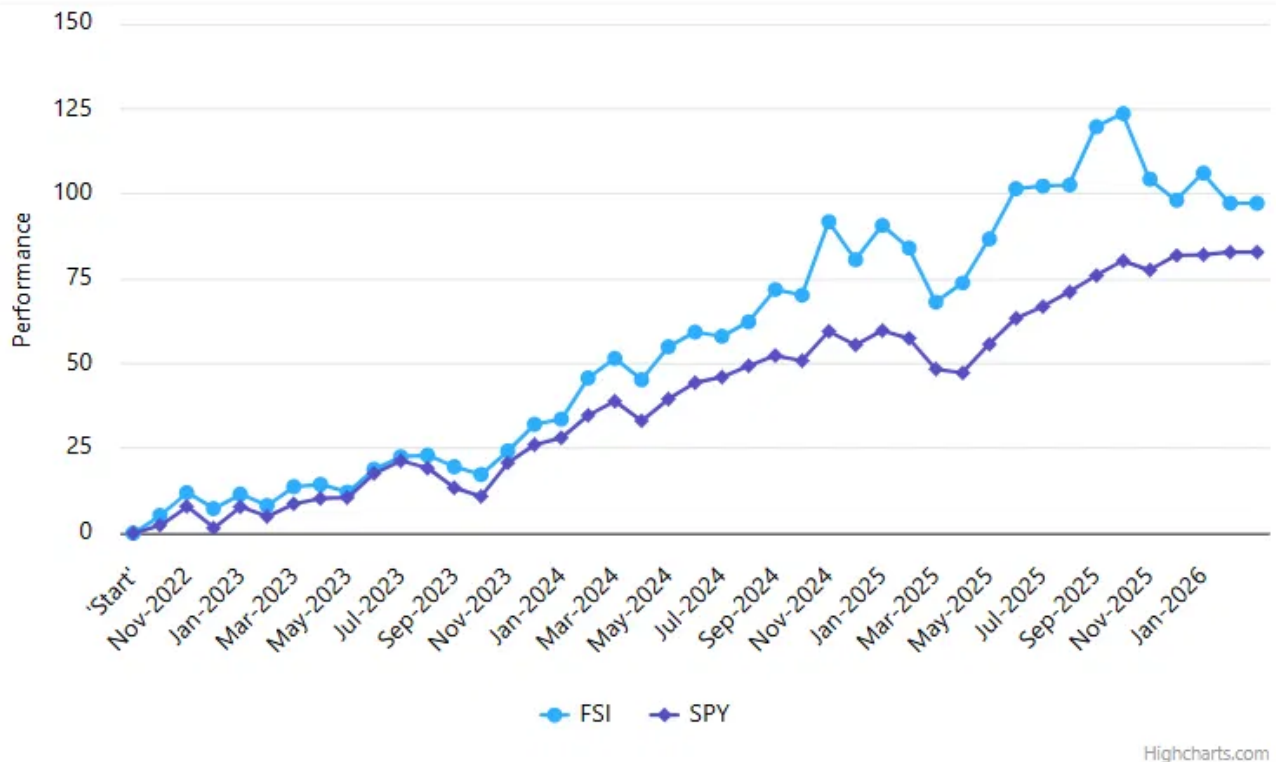


Thursday, February 5 @ 2pm ET



Stock List Performance

Upticks vs SPY (Inception to Date)



Performance period: October 5, 2022 through February 06, 2026

In the News

Tom Lee on Gold, Mag 7 and the Next Rotation Trade

Jan 25, 2026





Tom Lee on Why This Dip Matters

Jan 25, 2026



Why a 2% Market Drop Isn't What It Looks Like

Jan 20, 2026

Start Your 30-Day Free Trial Now! [More News Appearances](#)

Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at fsinsight.com.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, and (2) does not manage any investment funds.

This communication is issued by FS Insight and/or affiliates of FS Insight. This is not a personal recommendation, nor an offer to buy or sell nor a solicitation to buy or sell any securities, investment products or other financial instruments or services. This material is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject



to any prohibition on dealing ahead of the dissemination or publication of investment research. Intended for recipient only and not for further distribution without the consent of FS Insight.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fsinsight.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2026 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.