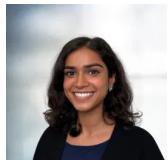


FSI Snapshot

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

Full Month January Performance

Since 1950

| First 5D of Jan | Jan | S&P 500 Forward Returns | | | | |
|--------------------|------|-------------------------|-------|--------------|--------------|--------------|
| | | Feb | Mar | 1H Return | 2H Return | FY Return |
| 1 1950 | 1.7% | 1.5% | 1.0% | 0.4% | 5% | 15% |
| 2 1951 | 2.8% | 6.0% | 0.6% | -1.5% | 3% | 13% |
| 3 1952 | 0.2% | 1.6% | -3.6% | 4.8% | 5% | 6% |
| 4 1954 | 0.5% | 5.1% | 0.3% | 3.0% | 18% | 23% |
| 5 1958 | 2.5% | 4.3% | -2.1% | 3.1% | 13% | 22% |
| 6 1959 | 0.3% | 0.4% | -0.0% | 0.1% | 6% | 2% |
| 7 1961 | 1.2% | 6.3% | 2.7% | 2.6% | 11% | 11% |
| 8 1963 | 2.6% | 4.9% | -2.9% | 3.5% | 10% | 8% |
| 9 1964 | 1.3% | 2.7% | 1.0% | 1.5% | 9% | 4% |
| 10 1965 | 0.7% | 3.3% | -0.1% | -1.5% | -1% | 10% |
| 11 1966 | 0.8% | 0.5% | -1.8% | -2.2% | -8% | -5% |
| 12 1967 | 3.1% | 7.8% | 0.2% | 3.9% | 13% | 6% |
| 13 1971 | 0.0% | 4.0% | 0.9% | 3.7% | 8% | 2% |
| 14 1972 | 1.4% | 1.8% | 2.5% | 0.6% | 5% | 10% |
| 15 1975 | 2.2% | 12.3% | 6.0% | 2.2% | 39% | -5% |
| 16 1976 | 4.9% | 11.8% | -1.1% | 3.1% | 16% | 3% |
| 17 1979 | 2.8% | 4.0% | -3.7% | 5.5% | 7% | 5% |
| 18 1980 | 0.9% | 5.8% | -0.4% | -10.2% | 6% | 19% |
| 19 1983 | 3.2% | 3.3% | 1.9% | 3.3% | 20% | -2% |
| 20 1987 | 6.2% | 13.2% | 3.7% | 2.6% | 26% | -19% |
| 21 1989 | 1.2% | 7.1% | -2.9% | 2.1% | 14% | 11% |
| 22 1994 | 0.7% | 3.3% | -3.0% | -4.6% | -5% | 3% |
| 23 1995 | 0.3% | 2.4% | 3.6% | 2.7% | 19% | 13% |
| 24 1996 | 0.4% | 3.3% | 0.7% | 0.8% | 9% | 10% |
| 25 1997 | 1.0% | 6.1% | 0.6% | -4.3% | 19% | 10% |
| 26 1999 | 3.7% | 4.1% | -3.2% | 3.9% | 12% | 7% |
| 27 2004 | 1.8% | 1.7% | 1.2% | -1.6% | 3% | 6% |
| 28 2006 | 3.4% | 2.5% | 0.0% | 1.1% | 2% | 12% |
| 29 2011 | 1.1% | 2.3% | 3.2% | -0.1% | 5% | -5% |
| 30 2012 | 1.8% | 4.4% | 4.1% | 3.1% | 8% | 5% |
| 31 2013 | 2.2% | 5.0% | 1.1% | 3.6% | 13% | 15% |
| 32 2017 | 1.3% | 1.8% | 3.7% | -0.0% | 8% | 10% |
| 33 2018 | 2.8% | 5.6% | -3.9% | -2.7% | 2% | -8% |
| 34 2019 | 2.7% | 7.9% | 3.0% | 1.8% | 17% | 10% |
| 35 2023 | 1.4% | 6.2% | -2.6% | 3.5% | 16% | 7% |
| 36 2025 | 0.6% | 2.7% | -1.4% | -5.8% | 5% | 10% |
| 37 2026 | 1.1% | 1.4% | | | | |

1966

1994

2018

Fed induced
shock

-13%

-2%

-6%

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 FlashInsights



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



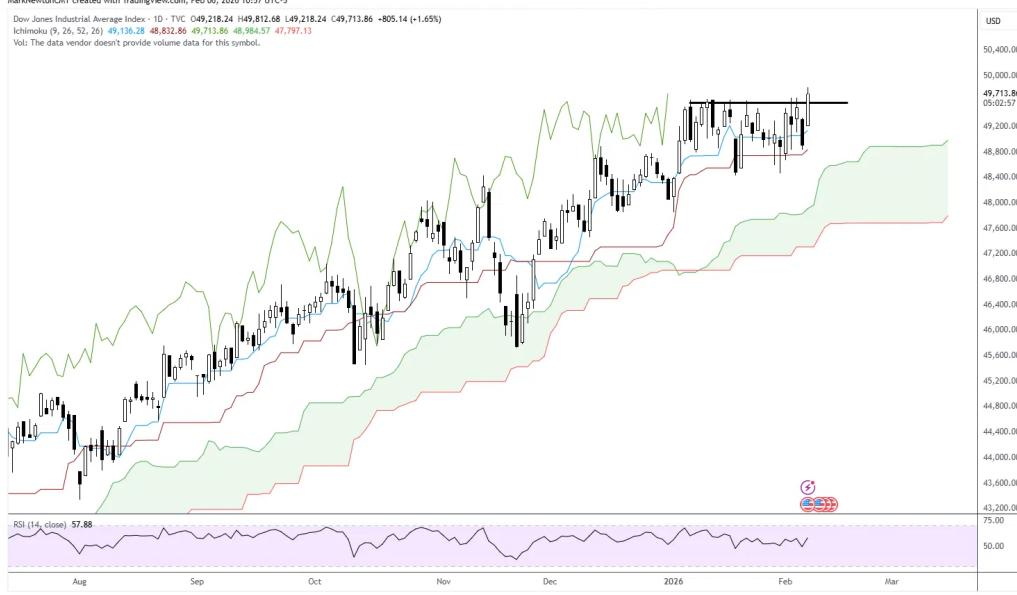
Mark L. Newton, CMT^{AC}

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 : TIVC : 049,218.24 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 48,364.57 47,791.13
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.



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



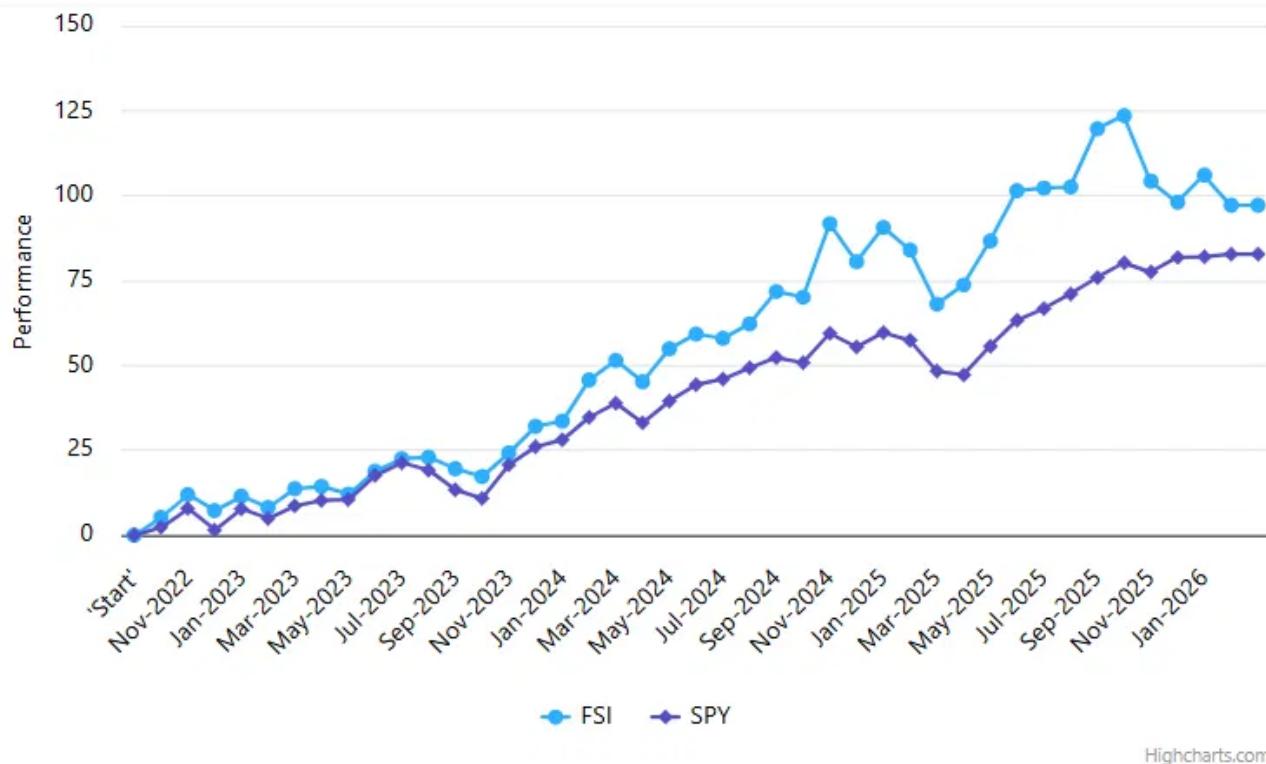
Mark Newton, CMT
Head of Technical Strategy



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

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