Weekly Market Recap

October 26, 2026

	Price	Price Returns	
Index	**Close**	**Week**	**YTD**
S&P 500® Index	7,624	-0.5%	11.4%
Dow Jones Industrial Average	52,215	0.4%	8.6%
NASDAQ	25,955	-0.7%	12.5%
Russell 2000® Index	2,776	2.0%	11.9%
International Equities[1]	102.63	-0.9%	6.9%
Emerging Markets Equities[2]	62.01	-1.3%	13.3%
Ten-Year Treasury Yield	5.00%	0.7%	-5.3%
Bonds[3]	$95.96	0.6%	-3.9%
Oil WTI[4] ($/bbl[5])	$103.44	1.7%	126.4%

[1]International Equities are represented by iShares Core MSCI ETF. [2]Emerging Markets Equities are represented by iShares MSCI Emerging Markets ETF. [3]Bonds are represented by the iShares U.S. Aggregate Bond ETF [4]WTI = West Texas Intermediate [5]bbl = Barrel.
Sources: Bloomberg L.P.; FactSet.

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) fell -0.5% as an early week rebound in the artificial intelligence (AI) theme was erased by a sharp Thursday selloff as funding/capital expenditure (capex) concerns (Meta signaled plans to potentially raise additional capital) appeared to remain the key overhang along with elevated interest rates. Equity markets appeared to rotate away from the AI theme/tech and into more defensive sectors (healthcare, utilities, consumer staples) as well as small caps. Q3 earnings were broadly supportive of macro backdrop despite continued pockets of cost pressure as airlines highlighted pricing power and resilient travel demand, industrials pointed to an improving cyclical backdrop, and consumer/credit trends appeared to remain generally healthy. Oil (WTI) pushed back above $100 as renewed U.S.-Iran escalation concerns outweighed signs of improving Gulf supply. National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) fell to 29 in October, marking the lowest level of homebuilder confidence since 2012. Gold fell -4.1%.

- S&P 500 Index Sector Returns:
  - Energy (+1.6%) rose, as the price of oil rose +1.7%.
  - Healthcare (+1.5%), utilities (+0.8%), and consumer staples (+0.5%) outperformed, as investors tend to favor more defensive stocks.
  - Real Estate (+0.9%) rose, led by cell towers and senior housing.
  - Financials (+0.7%) rose, led by fin-tech.
  - Consumer discretionary (+0.5%) rose, led by Tesla, homebuilders, and home improvement retailers.
  - Materials (-0.1%) fell, led lower by previous metals miners.
  - Tech (-0.3%) fell, led lower by AI semiconductor stocks on concerns of rising rates impacting the financing of the AI infrastructure buildout.
  - Industrials (-1.9%) fell, led lower by AI power suppliers, and aerospace and defense stocks.
  - Communication services (-6.2%) fell, led lower by telecom, social media and internet search stocks.

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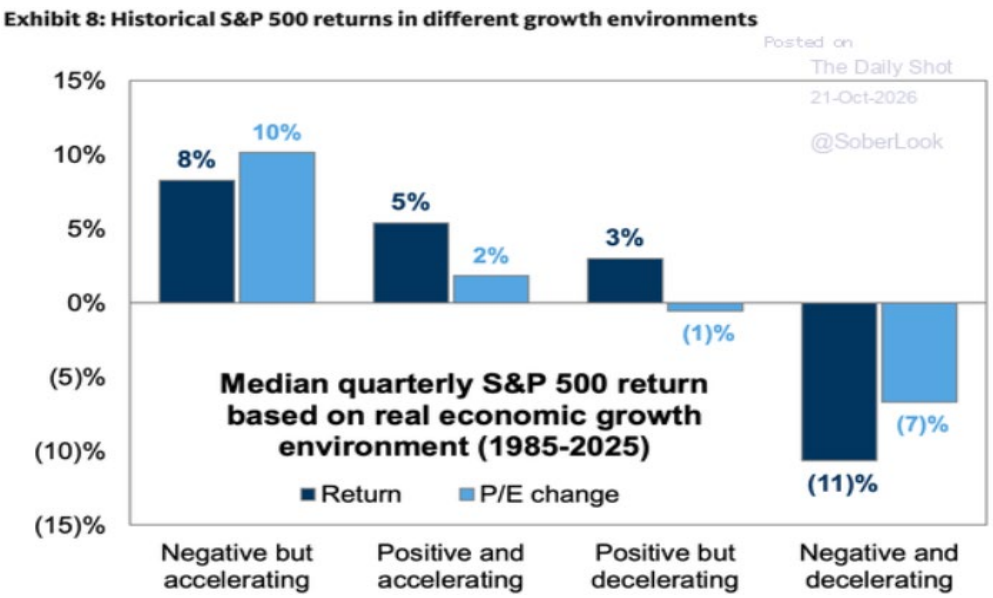
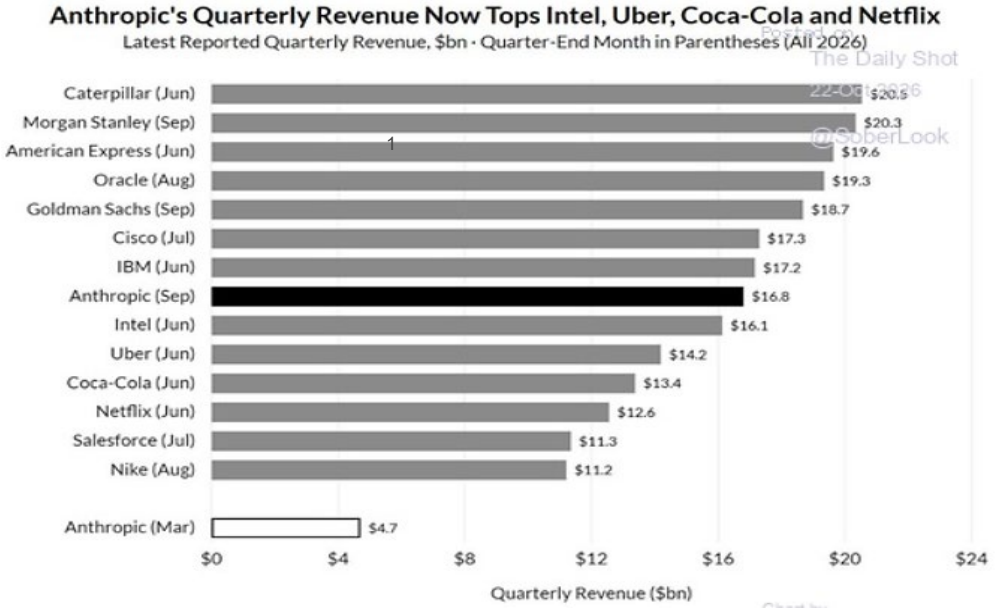
- Historically, the S&P 500 Index has generated median quarterly returns of approximately 3% when economic growth remained positive but price-to-earnings (P/E) decelerated, compared with 5% during accelerating growth. Earnings growth for the S&P 500 Index in 2027 is estimated to decelerate to 17% from 30% in 2026.



P/E= price-to-earnings. Sources: Goldman Sachs; The Daily Shot. Data as of 10.21.2026.

- Anthropic reported 3Q26 revenue of $16.8B, which appears to be greater than Intel, Uber, Coca-Cola and Netflix. However, analysts were expecting $18B of revenue for the third quarter. In our view, AI infrastructure stocks may have reacted negatively to Anthropic's revenue missing expectations.



Bn = billion. Banks and AmEx = net revenues. Hollow bar = Anthropic, 03.2026 quarter. Sources:Company earnings releases and SEC filings; Anthropic per FT/Reuters reports of its 10.14.2026 investor meeting (unaudited gross vs. net not disclosed); The Daily Shot. Data as of 10.22.2026.

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- The S&P 500's P/E to profitability ratio (twelve-month forward price-earnings ratio divided by operating margin) appears to have declined towards the low end of its range since 2006, suggesting that valuations may potentially be less stretched relative to corporate profitability.

Source: The Daily Shot. Data as of 10.21.2026.

- Scheduled earnings reports during the week of October 26 may include approximately 44% of the market capitalization (market cap) of the S&P 500 Index, thus these earnings reports and guidance may be potential catalysts for individual stocks and the overall equity market.

Wk: week. Sources: Bloomberg L.P.; Morgan Stanley; The Daily Shot. Includes 451 of S&P 500 companies and 92% of S&P market cap reporting from 10.05.2026 to 11.27.2026. Future reporting dates and related market cap percentages are based on the anticipated earnings calendar and are subject to change.

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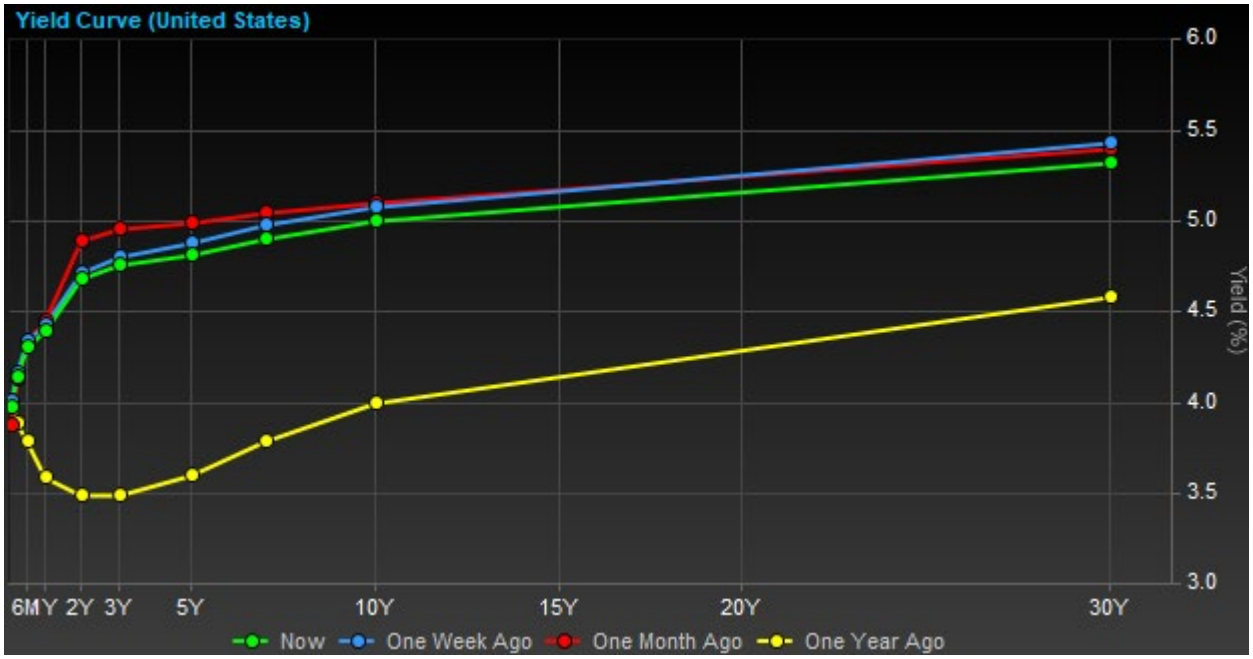
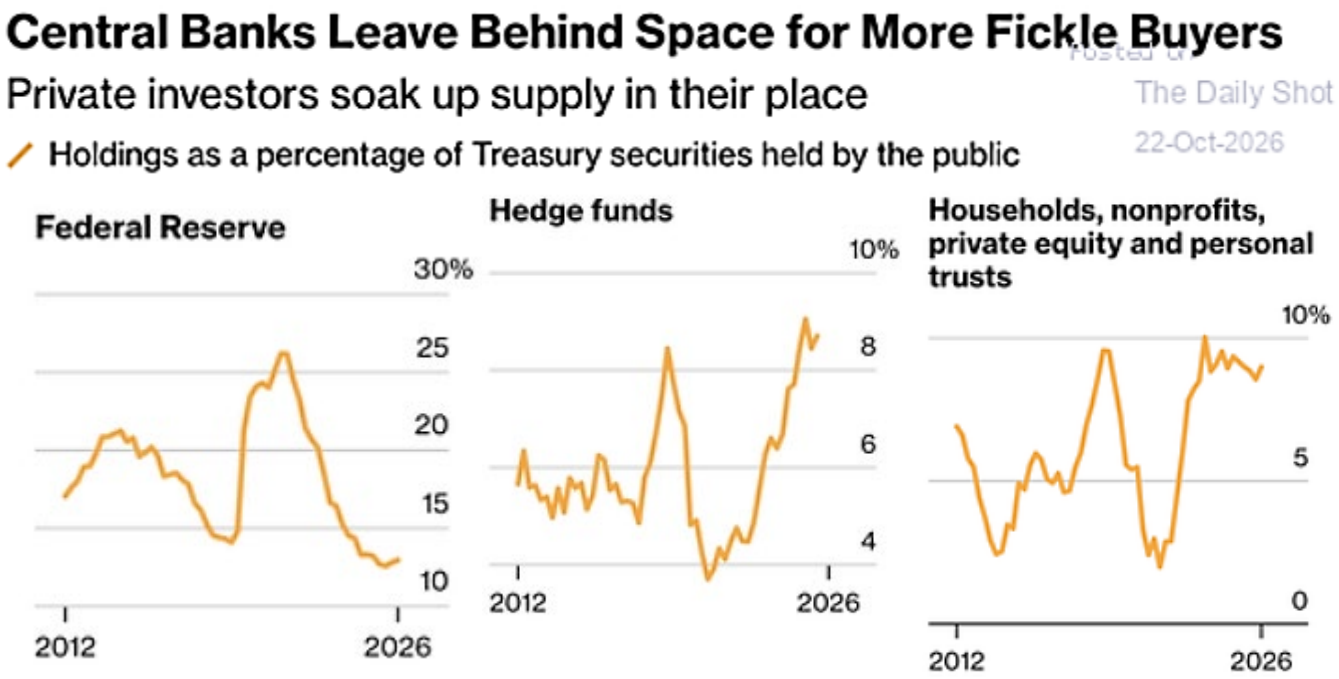
Fixed Income Markets

- U.S. 10-year Treasury yield fell modestly this week but appears to remain elevated from one year ago.



M= month. Y= year. Sources: FactSet; Tullet Prebon Information.

- As the Federal Reserve's (Fed's) percentage of Treasury holdings has appeared to decrease over the past several years, hedge funds, households, nonprofits, private equity, and personal trusts have appeared to increase their Treasury holdings.



Sources: Federal Reserve Board; The Daily Shot. Data as of 10.22.2026.

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International Markets Summary

- European markets (STOXX 600 Index) fell -1.4% as rising oil prices, Middle East tensions, elevated inflation, and domestic political unrest appeared to weigh on investor sentiment.
- The Chinese stock market (Shanghai Composite A share) fell -0.7% as AI-oriented and tech/growth stocks declined along with global technology markets.
- Japanese equities (Nikkei 225 Index) fell -4.0%, led lower by AI-oriented stocks along with global technology stocks.

This Week:

- The volume of corporate earnings reports will increase this week.
- Economic data:
  - Monday: Limited U.S. economic data;
  - Tuesday: Durable Orders, Federal Housing Finance Agency House Price Index, New Home Sales, Consumer Confidence, Redbook Chain Store, Automatic Data Processing Weekly Employment, American Petroleum Institute Crude Inventories;
  - Wednesday: Federal Open Market Committee Meeting/Target Upper Bound; Mortgage Bankers Association Mortgage Purchase Applications, Wholesale Inventories (Preliminary), Department of Energy Crude Inventories;
  - Thursday: Core Personal Consumption Expenditure, Personal Spending/Income, Gross Domestic Product, Weekly Jobless Claims, Energy Information Administration Natural Gas Inventories.
  - Friday: Employment Cost Index, Chicago Purchasing Managers Index.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
Executive Director

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Index Definitions

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.
The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.
The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.
The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.
The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
The **MSCI World ex USA Index** is a stock market index that tracks medium and large companies in developed countries around the world, excluding the United States.
The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
The **Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.
The **Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms:

A **forward P/E (price-to-earnings) ratio** is a financial metric that divides a company's current stock price by its expected earnings per share over the next 12 months. The **P/E ratio (price-to-earnings ratio)** is a financial metric that compares a company's stock price to its earnings per share (EPS). It shows how much investors are willing to pay for each dollar of company profit. The **Federal Open Market Committee (FOMC)** has oversight and the power to take steps to contract or expand the U.S. economy depending on market conditions. The **NAHB/Wells Fargo Housing Market Index (HMI)** is a monthly survey measuring builder confidence in the single-family home market. The **Federal Housing Finance Agency (FHFA) House Price Index (FHFA HPI®)** is a broad, weighted, repeat-sales index that tracks average single-family home price changes in the United States. The **Consumer Confidence Index (CCI)** is a monthly economic indicator that measures how optimistic or pessimistic consumers feel about the overall economy and their personal financial situation. The **core Personal Consumption Expenditures (PCE) price index** measures the average price changes for goods and services purchased by U.S. consumers, excluding food and energy prices. **Gross domestic product (GDP)** is the total monetary or market value of all final goods and services produced within a country's borders during a specific time period, such as a quarter or a year. The **Employment Cost Index (ECI)** is a quarterly economic series published by the U.S. Bureau of Labor Statistics (BLS) that measures the change in hourly labor costs to employers over time. The **Chicago Purchasing Managers' Index (PMI)** determines the economic health of the manufacturing sector in Chicago region. A **hedge fund** is a private, pooled investment vehicle managed by professional asset managers who use complex strategies to earn high returns. A **nonprofit** is a group that operates to serve a collective, public, or social mission rather than to make a profit for owners or shareholders. **Private equity (PE)** is an alternative investment where firms and institutional investors buy, actively manage, and grow privately held companies, or take public companies private, with the goal of selling them later for a profit. A **personal trust** is a legal arrangement where an individual (the grantor or trustor) transfers ownership of assets to a trustee who manages and holds those assets for the benefit of designated beneficiaries, which can include the grantor or their family members. **Market capitalization (market cap)** is the total dollar value of a publicly traded company's outstanding shares of stock. An **operating margin** is a financial ratio that shows the percentage of revenue remaining after paying for core production and operating expenses, before deducting interest and taxes. **Capital expenditure (capex)** is the money a business spends to buy, upgrade, or maintain long-term physical or fixed assets. The **target upper bound** in finance refers to the maximum ceiling rate or value within an established policy range, pricing limit, or target band.

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