TALKING POINTS

Data through October 2026

Climate

Inflation accelerated in September 2026 amid elevated crude oil prices and larger-than-expected increases to "core" consumer prices, which exclude food and energy. The trailing 12-month rate of change in the consumer price index (CPI) came in at 3.7% during the month, up from its calendar-year low of 2.4% in February. Fuel costs pushed the overall CPI higher, with energy prices increasing by 20.4% year-over-year (YoY) during the month. While snarled oil supply lines remain a key factor in surging energy prices, increased pressure on refining capacity appears to be playing a role as well. Data from the U.S. Energy Information Administration showed that U.S. refinery utilization averaged more than 95% of capacity between May 2026 and September 2026, the highest for those months since 1998 and well above the 92% average for the same months since 1991. That said, total refining capacity has declined by 4% since 2019, resulting in lower total output in the most recent period. The U.S. economy grew at a strong clip in the third quarter, with GDP coming in at a 3.4% annual rate. Business investment and strong consumption led the way, bolstered by the expansion of AI and a healthy job market. Labor market data reinforces this strength. Initial claims for unemployment insurance averaged just 197,000 per week over the last four weeks of October, the lowest since October 1969, according to Brian Wesbury, Chief Economist at First Trust Portfolios, LP.

Stock Market

The S&P 500 Index ("Index") closed at 7,580.07 on October 30, 2026, representing an increase of 10.82% (price return) YoY, according to data from Bloomberg. The Index is now 52.13% above its most recent low of 4,982.77, which occurred on April 8, 2025. The Index posted a total return of -0.87% in October 2026. Nine of the 11 major sectors that comprise the Index registered positive total returns for the month. Energy was the top-performing sector, increasing by 14.00%, while Communication Services had the worst showing, declining by 15.11%. Equity performance was positive across lower market capitalizations in October 2026, with the S&P MidCap 400 and S&P SmallCap 600 Indices posting total returns of 1.90% and 3.18%, respectively, pushing their year-to-date (YTD) total returns above the broader Index's. Concerns regarding increased capital costs, rising inflation, and growing political headwinds regarding AI compelled investors to exit large cap and technology stocks in October, sending the Bloomberg Magnificent 7 and NASDAQ 100 Indices plummeting 4.67% and 6.63% (total return), respectively, over the period. Even so, the broader Index's earnings estimates continued higher in October. Data from FactSet showed that the Index's 2026 and 2027 calendar-year earnings per share were estimated to reach a record 364.48 and 424.55, respectively, on October 30, 2026, up from estimates of 311.19 and 357.49 at the start of the year. Asset growth and capital expenditure (capex) among the five major hyperscalers continue to make headlines, with J.P. Morgan Global Research projecting global spending on AI capex will total $900 billion in 2026, up from its previous estimate of $736 billion earlier this year. Meanwhile, the Index's constituents saw return on assets (ROA) increase to a record 4.88% in Q2'26. By comparison, the Index's quarterly ROA averaged 2.72% between Q1'90 and Q2'26.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 4.93% at the close of trading on October 30, 2026, an increase of 85 basis points (bps) from its 4.08% close on October 31, 2025, according to data from Bloomberg. The 4.93% yield is 202 bps above its 2.91% monthly average for the 10-year period ended October 2026. The yield on the 2-year T-note stood at 4.59% at the close of October 2026, up 101 bps from 3.58% in October 2025. Benchmark yields were remarkably volatile in September and October, with the yield on the 10-year T-note falling as low as 4.77% (September 3) and rising as high as 5.31% (October 5), before settling at 4.93% at month-end. The pullback from the October 5 peak drove strong price recovery across each of the fixed income categories we track (yields and prices typically move in opposite directions). Long duration municipal bonds saw the largest price increase, rising 3.91% during the month. U.S. corporate high yield was the worst-performing sector, increasing 0.30% over the period. Fixed income flows have been strong this year, with investors adding a net $879 billion to active and passive taxable and municipal bond mutual funds and ETFs over the trailing 12 months ended September 2026. Data from Morningstar showed that investors added nearly $14 billion to municipal bonds in September 2026 alone, the largest figure on record. The ultrashort category (not tracked in our Bloomberg Fixed Income Indices table to the right) saw net inflows of $21 billion in September 2026, marking the second-largest figure in the category's history.

Takeaway

Surging capex, elevated inflation, and growing regulatory concerns leading up to (and in the wake of) the midterm elections led to a broad sell-off among technology and AI-adjacent sectors in October. The increased equity volatility was quantified by the CBOE Volatility Index (VIX), which peaked at a reading of 19.99 in October. For comparison, the VIX's daily average was 16.07 in Q3'26. Investors turned to defensive sectors as a result. Aside from Energy, the Consumer Staples, Utilities, and Health Care sectors were the top performers in October, posting total returns of 11.62%, 10.17%, and 9.87%, respectively. Communication Services, Information Technology, and Industrials were the worst-performing sectors, with total returns of -15.11%, -6.80%, and 0.30%, respectively, during the month. Benchmark yield compression reveals a similar reaction within the bond market, with each of our tracked fixed income indices posting positive total returns in October, led by long duration municipal bonds and Ginnie Mae 30-year mortgage-backed securities. Turning to the consumer, spending remains elevated, which, alongside continued business expenditure, resulted in better-than-expected GDP in the third quarter. Data on consumer health is mixed, however. On one hand, the personal saving rate was 3.8% in September 2026, bringing it near COVID-era lows, suggesting current spending levels may be unsustainable. On the other, unemployment claims came in lower than expected during the month, and Americans have never been wealthier. Data from the Federal Reserve Bank of St. Louis showed that the net worth of all U.S. households totaled a record $185.7 trillion in Q2'26, an increase of 12.0%, or nearly $20 trillion YoY. Median net worth has increased over time as well. Data from the Federal Reserve's 2025 triennial Survey of Consumer Finances showed that real U.S. median household net worth was $215,900, up from $97,300 in 2016.

Open-End Net Fund Flows ($)	9/26	8/26	YTD (Sep)
Equity	-97.4B	-104.5B	-787.7B
Taxable Bond	-14.5B	14.4B	125.3B
Municipal Bond	-12.3B	3.2B	22.3B
Hybrid	-7.9B	-7.1B	-65.0B
Taxable Money Market	-55.7B	51.5B	-18.1B

Key Interest Rates/Yields	10/30/26	9/30/26	10/31/25
Federal Funds Target Rate	4.00%	4.00%	4.00%
2-Year T-Note	4.59%	4.89%	3.57%
5-Year T-Note	4.72%	5.09%	3.69%
10-Year T-Note	4.93%	5.28%	4.08%
Bond Buyer 40	5.48%	5.41%	4.52%

Commodities/U.S. Dollar	10/26	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.42%	3.62%	2.08%
FTSE/CC CRB Excess Ret.	0.21%	37.59%	35.88%
Crude Oil/WTI (per Barrel)	15.15%	81.33%	70.74%
Natural Gas (per million BTUs)	-4.23%	-21.38%	-29.73%
Gold Bullion (Ounce)	-6.80%	-10.30%	-3.21%

S&P 500 Full-Year Earnings Estimates	2026	2027
10/30/26	364.48	424.55
9/30/26	361.80	417.53
12/31/25	311.19	357.49

Total Return Performance

U.S. Stock Indices	10/26	YTD	12 Mo.
S&P 500	-0.87%	11.75%	12.09%
DJIA	1.76%	9.08%	10.60%
Nasdaq 100	-6.63%	12.98%	10.47%
S&P MidCap 400	1.90%	11.96%	14.33%
Russell 2000	0.58%	14.53%	14.96%
Russell 3000	-0.64%	11.70%	11.98%

U.S. Styles/Market Caps	10/26	YTD	12 Mo.
S&P 500 Growth	-5.44%	9.54%	8.33%
S&P 500 Value	4.94%	14.37%	16.72%
S&P MidCap 400 Growth	-1.51%	11.93%	13.03%
S&P MidCap 400 Value	5.59%	11.91%	15.73%
Russell 2000 Growth	-1.30%	9.34%	7.20%
Russell 2000 Value	2.51%	20.17%	23.76%

Foreign Stock Indices (USD)	10/26	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-0.19%	9.96%	14.44%
MSCI Emerging Markets NET	-8.05%	13.45%	14.05%
MSCI Europe NET	0.39%	6.45%	12.22%
MSCI BRIC NET	-5.06%	-14.67%	-15.99%
MSCI EM Latin America NET	-7.59%	6.05%	13.69%
Nikkei 225	-5.30%	26.77%	20.16%

Bloomberg Fixed Income Indices	10/26	YTD	12 Mo.
U.S. Treasury: Intermediate	1.64%	0.16%	0.86%
GNMA 30 Year	3.06%	-0.13%	0.61%
Municipal Bond (22+)	3.91%	-1.30%	-1.50%
U.S. Aggregate	2.44%	-0.54%	-0.07%
Intermediate Corporate	1.59%	-0.01%	0.91%
U.S. Corporate High Yield	0.30%	0.40%	1.56%
Global Aggregate	1.41%	-1.30%	-0.81%
EM Hard Currency Aggregate	0.98%	-0.95%	-0.13%

Sources: Bloomberg, FactSet, and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index. There can be no assurance past trends will continue or estimates will be realized.

HIGH/LOW SNAPSHOT

Data through October 2026

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	7818.93	10/6/2026	2085.18	11/4/2016	7580.07	-3.05%	11.75%	1.09%
S&P 500 Growth	5892.80	10/6/2026	1168.78	11/4/2016	5421.46	-8.00%	9.54%	0.54%
S&P 500 Value	2378.58	10/29/2026	814.98	3/23/2020	2359.15	-0.82%	14.37%	1.71%
S&P MidCap 400	3926.98	8/14/2026	1218.55	3/23/2020	3662.22	-6.74%	11.96%	1.41%
S&P MidCap 400 Growth	1929.12	8/17/2026	610.53	3/23/2020	1749.43	-9.31%	11.93%	0.84%
S&P MidCap 400 Value	1211.74	8/14/2026	373.28	3/23/2020	1162.73	-4.04%	11.91%	1.99%
S&P 100	3902.06	10/7/2026	923.84	11/4/2016	3737.40	-4.22%	9.80%	0.94%
DJIA	54349.12	8/5/2026	17888.28	11/4/2016	51770.31	-4.74%	9.08%	1.54%
Nasdaq 100	31224.69	10/6/2026	4660.46	11/4/2016	28384.85	-9.09%	12.98%	0.57%
Russell 2000	3068.42	8/14/2026	991.16	3/18/2020	2811.84	-8.36%	14.53%	1.47%
Russell 2000 Growth	2019.90	8/14/2026	679.88	3/18/2020	1798.06	-10.98%	9.34%	0.55%
Russell 2000 Value	3398.75	8/14/2026	1067.63	3/23/2020	3208.11	-5.61%	20.17%	2.39%
Russell 3000	4439.88	8/13/2026	1230.73	11/4/2016	4297.04	-3.22%	11.70%	1.11%
MSCI World Net (ex U.S.) (USD)	12486.40	9/7/2026	4246.27	3/23/2020	11945.88	-4.33%	9.96%	2.67%
MSCI Emerging Markets Net (USD)	992.73	6/22/2026	359.79	3/23/2020	869.65	-12.40%	13.45%	2.34%
Bovespa/Brazil (USD)	41906.41	10/9/2026	12513.21	3/23/2020	30976.74	-26.08%	5.78%	6.26%
RTS/Russia (USD)	1919.58	10/25/2021	742.91	2/24/2022	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	461.76	9/26/2024	129.66	3/23/2020	360.60	-21.91%	-12.43%	1.28%
Shanghai Composite/China (USD)	624.77	5/13/2026	358.39	10/18/2018	540.84	-13.43%	-2.72%	2.42%
KOSPI/South Korea (USD)	5.93	6/22/2026	1.16	3/19/2020	4.29	-27.60%	48.65%	1.74%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2969.60	-29.98%	-7.26%	3.21%
MSCI Euro (USD)	2455.06	8/17/2026	865.50	3/18/2020	2212.26	-9.89%	3.16%	2.77%
S&P 500 Consumer Discretionary	2024.18	5/28/2026	608.93	11/4/2016	1877.86	-7.23%	-2.11%	0.66%
S&P 500 Consumer Staples	1005.37	10/22/2026	500.59	12/24/2018	1002.77	-0.26%	18.30%	2.20%
S&P 500 Energy	1076.50	10/30/2026	179.94	3/18/2020	1076.50	0.00%	59.92%	2.26%
S&P 500 Utilities	482.91	2/27/2026	227.75	3/23/2020	441.14	-8.65%	3.94%	2.89%
S&P 500 Financials	972.16	9/3/2026	293.55	3/23/2020	939.87	-3.32%	4.39%	1.54%
S&P 500 Banks	694.22	8/12/2026	192.40	3/23/2020	618.37	-10.93%	2.60%	2.30%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	825.78	-15.74%	13.12%	3.81%
S&P 500 Health Care	2155.33	10/30/2026	763.33	11/3/2016	2155.33	0.00%	21.02%	1.43%
S&P 500 Pharmaceuticals	1683.94	10/30/2026	551.81	11/3/2016	1683.94	0.00%	32.13%	1.70%
NYSE Arca Biotechnology	9760.75	10/29/2026	2834.14	11/3/2016	9706.95	-0.55%	35.95%	0.19%
S&P 500 Information Technology	7494.81	10/6/2026	775.19	11/14/2016	6771.47	-9.65%	19.65%	0.49%
Philadelphia Semiconductor	14634.72	6/22/2026	802.88	11/4/2016	10688.80	-26.96%	51.62%	0.61%
S&P 500 Communication Services	508.66	5/13/2026	130.86	12/24/2018	398.79	-21.60%	-11.31%	0.80%
S&P 500 Industrials	1577.25	8/14/2026	412.06	3/23/2020	1416.77	-10.17%	8.87%	1.18%
S&P 500 Materials	676.35	8/25/2026	241.67	3/23/2020	657.95	-2.72%	15.97%	1.59%
Philadelphia Gold & Silver	470.37	2/27/2026	61.84	11/13/2018	314.88	-33.06%	-7.10%	1.42%
FTSE/CC CRB Excess Return	429.15	9/10/2026	106.29	4/21/2020	411.10	-4.21%	37.59%	N/A
ICE BofA Perpetual Preferred	345.64	2/19/2026	224.97	3/23/2020	325.94	-5.70%	-3.87%	8.41%
ICE BofA U.S. High Yield Constrained	634.21	8/27/2026	370.97	3/23/2020	619.35	-2.34%	0.33%	7.62%

Source: Bloomberg

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