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Market Month: October 2026



The Markets (as of market close October 30, 2026)

The U.S. stock market experienced much volatility throughout the month as investors weighed the viability of economic growth, persistent inflation, Federal Reserve policy, corporate profitability, geopolitical unrest, and the impact of potential overvaluation of equities. The result was a market characterized by focus on individual companies and sectors rather than a broad-based preference for equities in general. Renewed selling pressures and profit-taking at the end of the month dragged the NASDAQ and the S&P 500 lower as investors reacted to disappointing technology sector earnings and stubborn inflation. Tech and AI shares, which had driven the market for much of the year, experienced a larger decline compared to the broader market. Meanwhile, the Russell 2000 and the Dow outperformed. The majority of the market sectors ended October higher, led by energy, consumer staples, and utilities. Communication services declined the furthest, followed by information technology and industrials.

Stock Market Indexes

Market/Index	2025 Close	Prior Month	As of 10/30	Monthly Change	YTD Change
DJIA	48,063.29	50,906.05	51,770.31	1.70%	7.71%
NASDAQ	23,241.99	26,861.06	25,437.00	-5.30%	9.44%
S&P 500	6,845.50	7,651.54	7,580.07	-0.93%	10.73%
Russell 2000	2,481.91	2,796.86	2,811.84	0.54%	13.29%
Global Dow	6,169.34	6,868.61	6,997.95	1.88%	13.43%
fed. funds target rate	3.50%-3.75%	3.75%-4.00%	3.75%-4.00%	0 bps	0 bps
10-year Treasuries	4.16%	5.29%	4.92%	-37 bps	76 bps
US Dollar-DXY	98.26	101.50	101.92	0.41%	3.72%
Crude Oil-CL=F	$57.46	$90.55	$102.96	13.71%	79.19%
Gold-GC=F	$4,323.90	$4,188.40	$3,886.10	-7.22%	-10.13%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark the performance of specific investments.



Key Dates/Data Releases

11/2: S&P Global Manufacturing PMI

11/3: JOLTS

11/4: International trade in goods and services, S&P Global Services PMI

11/6: Employment Situation

11/10: Consumer Price Index

11/12: Existing home sales, Treasury statement

11/13: Producer Price Index

11/17: Retail sales, import and export prices, industrial production

11/18: Housing starts

11/25: New home sales, durable goods orders, GDP, Personal Income and Outlays

11/27: International trade in goods

Volatility defined the bond market in October. At the beginning of the month, inflation concerns, expectations for Federal Reserve rate increases, and uncertainty surrounding the economic outlook drove long-term Treasury yields higher. Ten-year Treasury yields began the month at around 5.25%. However, yields gradually slid to just under 5.00% by the end of the month as investors' concerns about interest rates waned somewhat, while confidence in the economy rose, which prompted a move toward risk. However, bond yields remain well above their 2025 year-end values as inflation concerns remain prevalent.

Inflation remained one of the most important challenges confronting the economy during October. The latest personal consumption expenditures (PCE) price index along with the Consumer Price Index (CPI) showed that inflation rose for the month and for the year. Rising energy prices were a major contributor to overall price increases, as geopolitical tensions in the Middle East contributed to uncertainty surrounding energy supplies and transportation costs. Nevertheless both goods and services experienced inflationary pressures evidenced by an increase in core (excluding food and energy) prices for the month and year.

The U.S. economy in October showed strength. The advance estimate of gross domestic product (GDP) showed the economy accelerated at a rate of 3.4%, well ahead of the second quarter's growth rate of 2.2%. This growth was encouraging as it came in the face of rising inflation, elevated interest rates, geopolitical uncertainty, and higher energy costs. Consumer spending rose 3.8%, technology-related expenditures strengthened business investment, and government expenditures increased. While the economy expanded, caution about future growth is pertinent. For instance, consumer spending, while growing, was attributable, in part, to rising prices and inflationary pressures, which could ultimately constrain household purchasing power. Business investment was focused primarily in technology and AI sectors, which face concerns about overvaluation and sustainability.

Recent data indicated that the labor market cooled with hiring down, although not enough to suggest a broad-based deterioration in employment conditions. The latest jobs report showed employment ticked up by 29,000 jobs, well below the 45,000 average for the last 12 months. The unemployment rate ticked up marginally. Annual wage growth was 3.0%, not keeping pace with annual inflation growth.

According to FactSet, more than halfway through the earnings season, the S&P 500 is reporting mixed results for Q3 relative to expectations. Overall, 60% of S&P 500 companies have reported actual results for Q3 to date. Of these companies, 82% have reported actual earnings per share above estimates, which is above the five-year average of 78% and above the 10-year average of 77%. In aggregate, companies are reporting earnings that are 1.9% above estimates, which is below the five-year average of 7.5% and lower than the 10-year average of 8.0%. If this holds true, it will mark the lowest earnings surprise percentage reported by the index since Q4 2022.

Crude oil prices were already elevated at the beginning of October and, despite some downswings, ultimately closed the month higher. Rising prices reflected sensitivity to geopolitical tensions between Iran and the U.S., along with underlying supply risks to commercial shipping through the Strait of Hormuz. The retail price of regular gasoline was $4.269 per gallon on October 26, $0.196 lower than the price a month earlier but $1.234 higher than the price a year ago. The dollar showed resilience in October, despite periods of volatility. The dollar benefited from elevated interest rates, somewhat attractive bond yields, and concerns about economic and financial conditions in other major economies. Gold experienced a notable correction in October, relinquishing much of the gains garnered throughout the year. After beginning the month at about $4,200.00 per ounce, gold prices fell to about $3,890.00 per ounce by the end of October, falling to the lowest levels in the last 12 months.

Latest Economic Reports

The following section contains a review of the latest economic data available as of October 30, 2026.

- **Employment:** Job growth slowed in September as employment rose by 29,000 after increasing 133,000 (revised) in the previous month. The change in employment for July was revised down by 31,000, from +21,000 to -10,000, and the change for August was revised down by 29,000, from +162,000 to +133,000. With these revisions, employment in July and August combined was 60,000 lower than previously reported. The unemployment rate was 4.2% in September, up 0.1% from the previous month's rate but 0.2 percentage point lower than the rate from a year earlier. The number of unemployed persons in September was 7.1 million, which was 78,000 more than the total from the previous month and nearly 500,000 above the September 2025 estimate. The number of long-term unemployed (those jobless for 27 weeks or more), at 1.9 million in September was little changed from the August estimate and accounted for 27.1% of all unemployed persons. The total number of long-term unemployed in September was 129,000 more than the total from a year earlier. The labor force participation rate, at 61.8% in September, was up 0.2 percentage point from the August figure but 0.7 percentage point below the rate from a year earlier. The employment-population ratio in September, at 59.2%, increased 0.1 percentage point from the prior month but was 0.5 percentage point below the September 2025 estimate. In September, average hourly earnings rose by $0.05, or 0.1%, to $37.81.



Over the year, average hourly earnings have increased by 3.0%. The average workweek was unchanged at 34.4 hours in September.

- There were 194,000 initial claims for unemployment insurance for the week ended October 24, 2026. During the same period, the total number of workers receiving unemployment insurance was 1,701,000. The insured unemployment rate was 1.1%, 0.1 percentage point above the rate a year earlier. A year ago, there were 221,000 initial claims, while the total number of workers receiving unemployment insurance was 1,953,000.
- **FOMC/interest rates:** Despite acknowledging that inflation remained elevated, the Federal Open Market Committee (FOMC), by a 10-2 vote, opted to maintain the federal funds rate at 3.75%-4.00%. In support of its decision, the Committee noted that economic activity was expanding at a strong pace. While uncertainty remained elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth was strong, and capital investment was robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little. The FOMC next meets in December.
- **GDP/budget:** The rate of economic expansion increased in the third quarter of 2026, with gross domestic product rising 3.4%, according to the Bureau of Economic Analysis. In the second quarter, GDP rose 2.2%. Compared to the second quarter, the increase in GDP in the third quarter reflected accelerations in private investment (4.6% to 19.4%) and government spending (-0.1% to +5.3%). Consumer spending rose 3.8% in the third quarter, the same increase as in the second quarter. Imports, which are a negative in the calculation of GDP, rose from 12.6% in the second quarter to 19.7% in the third quarter.
- September 2026 saw the federal budget register a deficit of $27 billion following August's $167 billion deficit. A year earlier, September ran a surplus of $198 billion. In September, receipts totaled $558 billion, while expenditures were $585 billion. For fiscal year 2026, the government deficit sits at $1,992 billion, $217 billion above the cumulative deficit over the same period of the previous fiscal year. For FY2026, individual income taxes, at $2,846 billion, accounted for more than half of the total receipts of $5,403 billion. Total expenditures for this fiscal year equal $7,396 billion, of which Social Security ($1,667 billion) was the largest outlay.
- **Inflation/consumer spending:** Inflation continues to rise. According to the latest Personal Income and Outlays report, personal income rose 0.2% in September (0.3% in August), while disposable (after-tax) personal income increased 0.2%. Personal consumption expenditures increased 0.5% in September, lower than the 0.9% rise in August. Consumer prices, as measured by the PCE price index, increased 0.5% in September, up from the August advance of 0.3%. Excluding food and energy, the PCE price index also ticked up 0.3%. From September 2025, the PCE price index rose 3.6%, higher than the increase (3.4%) for the 12 months ended in August. Excluding food and energy, the PCE price index increased 3.1% from September 2025 (3.0% for the year ended in August).
- The Consumer Price Index advanced 0.6% in September and 3.7% over the last 12 months, a larger increase than the 3.4% increase reported for the 12 months ended in August. Gasoline rose 9.1% in September, accounting for over half of the overall monthly increase. Energy prices increased 5.2% over the month. Shelter prices rose 0.4% in September after rising 0.3% in August. Prices for food were unchanged in September. Prices less food and energy rose 0.3% in September (the same increase as in August) and 2.6% over the year following a 2.4% increase over the 12 months ended in August. Energy prices increased 20.4% for the 12 months ended September. Prices for food increased 2.5% over the last year.
- The latest data reveals that the Producer Price Index increased 1.3% in September following a 0.5% increase in August. The September increase is the largest advance since rising 1.7% in March 2022. Producer prices climbed 6.3% over the last 12 months, the largest 12-month increase since moving up 6.4% in December 2022. In September, prices for goods rose 2.6% from the previous month, the largest increase since data was first calculated in December 2009. Prices for services increased 0.8% in September, the largest rise since advancing 0.8% in April. For the year, producer prices for goods rose 6.3%, the largest 12-month increase since moving up 6.4% in December 2022. Excluding foods and energy, prices increased 0.7% in September and 5.0% over the year. Excluding foods, energy, and trade services, producer prices moved up 0.5% in September and 5.0% since September 2025.
- **Housing:** Sales of existing homes increased 1.5% in September but were 2.2% below the pace from a year earlier. According to the National Association of Realtors®, August and September marked the two slowest months for home sales this year, attributable, in part, to increases in mortgage rates, which meant fewer potential buyers could qualify to purchase a home. In September, unsold inventory represented a supply of 4.8 months at the current sales pace, unchanged from the August estimate but up from 4.5 months a year ago. The median sales price in September was $417,500, down from $427,700 in August but higher than the September 2025 price of $412,300. Sales of existing single-family homes rose 2.0% in September but were down 1.9% from a year earlier. The median

existing single-family home price in September was $422,700, well below the August price of $433,600 but higher than the September 2025 price of $417,600.

- The most recent data shows sales of new single-family houses in September 2026 were 0.6% below the August rate and 5.3% under the September 2025 estimate. Inventory sat at a supply of 8.4 months, which was slightly under the August rate of 8.5 months but above the 8.2-month estimate from a year earlier. The median sales price of new houses sold in September was $400,400, 3.9% above the August price of $385,400 but 3.9% below the September 2025 price of $416,800. The average sales price of new houses sold in September was $472,800, which was 0.4% above the August price of $470,800 but 6.7% below the September 2025 price of $506,800.
- **Manufacturing:** Industrial production (IP) increased 0.7% in September after edging up 0.1% in August. Manufacturing output rose 0.3% in September and 1.1% for the last 12 months. Mining moved up 0.2% last month and 2.8% since September 2025. Utilities increased 3.5% in September and 8.7% for the year. Total IP in September was 2.2% above its year-earlier level.
- According to the latest report from the Census Bureau, new orders for durable goods in September rose 1.8% from the prior month. This followed a 0.1% August increase. Excluding transportation, new orders increased 0.5%. Excluding defense, new orders increased 2.2%. Transportation equipment, up two of the last three months, increased 4.6% in September.
- **Imports and exports:** U.S. import prices increased 1.1% in September following a 0.5% rise in August. Higher prices for nonfuel imports and fuel imports drove the advance in September. Prices for U.S. imports rose 8.1% since September 2025, the largest 12-month advance since import prices increased 8.8% for the year ended July 2022. Prices for U.S. exports increased 2.2% in September after rising 1.2% the previous month. U.S. export prices increased 11.6% for the year ended September 2026, the largest 12-month rise since export prices advanced 12.9% for the year ended July 2022.
- The international trade in goods deficit was $134.9 billion in September, up $2.8 billion, or 2.1%, from August. Exports of goods for September were $209.2 billion, $5.3 billion, or 2.6%, more than August exports. Imports of goods for September were $344.1 billion, $8.1 billion, or 2.4%, more than August imports. Since September 2025, exports are up 12.7%, while imports have risen 28.2%.
- The latest information on international trade in goods and services, released October 6, 2026, was for August and revealed that the goods and services trade deficit was $105.6 billion, up $12.7 billion, or 13.7%, from the July deficit. August exports were $315.2 billion, $4.5 billion, or 1.4%, more than July exports. August imports were $420.8 billion, $17.2 billion, or 4.3%, more than July imports. Year to date, the goods and services deficit decreased $138.2 billion, or 19.9%, from the same period in 2025. Exports increased $267.7 billion, or 11.8%. Imports increased $129.5 billion, or 4.4%.
- **International markets:** European equity markets reflected guarded optimism that the economy was improving, influenced by corporate earnings, inflationary pressures, and global unrest. October ultimately saw European stocks have their strongest month since June. Asian stock markets didn't fare quite so well in October. As overvaluation concerns around tech shares grew, volatility increased, prompting profit-taking, resulting in a drop in stock market values. By the end of October, the STOXX Europe 600 Index rebounded from the previous month, closing up 2.5% for the month; the United Kingdom's FTSE rose 2.6%; Japan's Nikkei 225 Index declined 7.4%; and China's Shanghai Composite Index dropped 6.3%.
- **Consumer confidence:** The Consumer Confidence Index rose 7.5 points to 91.7 in October, up from 84.2 in September. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, advanced 8.6 points to 120.4. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, increased 6.9 points to 72.6, only partially reversing three consecutive monthly declines.

Eye on the Month Ahead

Throughout the autumn season, the U.S. economy continued to experience moderate growth despite rising energy costs and the ongoing unrest in the Middle East. Heading into the winter, investors will look to see how the labor market and inflation influence the Federal Reserve's monetary policy moving forward.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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