osaic
Research

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MARKET VIEW WEEKLY

Philip Blancato, Chief Market Strategist, Osaic

ECONOMIC REVIEW[1]

- The Institute for Supply Management (ISM) Manufacturing PMI rose to 55.5 in October from 54.5 in September, beating expectations of 54.6 and marking the sector's 10th straight month of expansion.
    - Production rose to 59.0, its highest level since November 2021, and new orders edged up to 55.5.
    - The Prices Index fell 2.7 points to 75.2, partly reversing September's jump.
- The ISM Services PMI slipped to 54.5 in October from 54.9, just below expectations of 54.8. This reading still marked the 28th straight month of expansion.
    - Business activity (53.8) and new orders (55.9) slowed after strong September readings, and employment improved to 51.4, its second month in expansion.
    - The Prices Index eased to 73.0 from 74.0 but has been above 70 in seven of the last eight months.
- The Job Openings and Labor Turnover Survey (JOLTS) showed job openings rose by 333,000 to 7.5 million in September, well above expectations of 7.15 million.
    - Hires were little changed at 5.4 million. Quits rose to 3.4 million – a sign that workers feel confident about finding new jobs. Layoffs held steady at 1.6 million.
    - There were 1.1 job openings for every unemployed worker, up slightly from the prior month.
- Nonfarm payrolls rose by 165,000 in October, far above expectations of 59,000 and the 48,000 average monthly gain over the past year. The unemployment rate fell to 4.1% from 4.2%.
    - Professional and business services led the gains (+70,000), followed by health care (+42,000) and transportation and warehousing (+25,000). Manufacturing added 19,000 jobs.
    - August and September were revised up by a combined 84,000.
    - Average hourly earnings rose 0.4% month-over-month (MoM) and 3.1% year-over-year (YoY), down from 3.2% in September. Wage growth is below September's 3.7% inflation rate, so purchasing power is shrinking.

How does the most recent economic data impact you?

- This week's data showed the job market firming after a soft summer, and both manufacturing and services kept growing. Demand tied to AI, data centers, and infrastructure continues to support factory activity. High prices paid in both ISM surveys suggest businesses have not yet passed all of the higher costs on to consumers.
- After the stronger-than-expected jobs report, markets now see about a 77%–80% chance that the Federal Reserve (Fed) raises rates at its December 8–9 meeting. A strong job market gives the Fed more room to focus on bringing inflation down.

A LOOK FORWARD[1]

- This week investors will focus on October's Consumer Price Index (CPI) on Tuesday and Producer Price Index (PPI) on Friday. U.S. bond markets will be closed Wednesday for Veterans Day.

How does this week's slate of economic data impact you?

- CPI is expected to rise 0.3% MoM in October, down from 0.6% in September, with core CPI expected to rise 0.2%. There will be no YoY figures because the October 2025 CPI was never published due to a government shutdown.
- With markets expecting a December rate hike, the CPI and PPI reports are among the last major inflation readings before the Fed meets. A cooler reading could ease pressure on the Fed, while a hot one would likely confirm a hike.

MARKET UPDATE[2]

Market Index Returns as of 11/06/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-2.67%	-3.51%	8.78%	10.90%	20.54%	11.02%
NASDAQ	-3.37%	-8.47%	6.25%	7.48%	22.50%	9.80%
Dow Jones Industrial Average	-0.94%	0.81%	8.06%	10.91%	16.53%	9.18%
Russell Mid-Cap	-2.05%	1.07%	13.04%	14.56%	18.04%	6.61%
Russell 2000 (Small Cap)	-2.03%	-1.46%	12.05%	14.60%	18.26%	3.90%
MSCI EAFE (International)	-1.84%	-2.57%	7.50%	12.27%	17.59%	7.88%
MSCI Emerging Markets	-4.08%	-11.80%	8.83%	10.95%	18.64%	6.04%
Bloomberg U.S. Agg Bond	0.40%	2.85%	-0.15%	0.30%	4.78%	-0.20%
Bloomberg High Yield Corp.	0.40%	0.70%	0.80%	2.26%	7.87%	3.66%
Bloomberg Global Agg	0.35%	1.76%	-0.95%	-0.40%	4.12%	-1.61%

OBSERVATIONS

- In a turbulent week for markets, an initially positive response to the midterm elections was later overwhelmed by a massive retreat from data center and AI-related stocks that dragged global equity indices lower.
  - Among major US indexes, the NASDAQ, which entered correction territory on Thursday, led the declines for the week (-3.37%), but the S&P 500 (-2.67%) and the Dow (-0.94%) also fell meaningfully.
- Mid-cap (-2.05%) and small-cap stocks (-2.03%) also pulled back at the index level, as few areas of the equity market were spared.
- Developed international markets also declined (-1.84%), while emerging market stocks fell substantially (-4.08%) due to close links with the data center and AI-related trade.
- Bonds provided a singular bright spot as rates fell, along with declining growth expectations, and investors sought the safety of high-quality Treasurys.
  - Fixed income returns improved domestically (0.40%), internationally (0.35%), and across the credit spectrum (0.40%).

BY THE NUMBERS

US stocks lose over $3 trillion as Democrats' midterm victory rattles Wall Street's AI trade: US stocks suffered a massive sell-off on Thursday, wiping out more than $3 trillion in market value in a single day, according to the Financial Times. The tech-heavy Nasdaq 100 plunged 6.4% as investors grew concerned that the Democrats' sweeping victory in the US midterm elections could slow down the artificial intelligence (AI) spending boom that has driven Wall Street's rally this year. The dramatic fall came after Democrats scored a major victory over Republicans in Tuesday's midterm elections. Investors fear that the newly elected lawmakers could introduce stricter rules for the technology industry and put the brakes on the rapid expansion of AI data centers. According to Financial Times calculations based on FactSet data, the fall in the market value of the S&P Composite 1500, which tracks publicly listed US companies, was the biggest since the turn of the millennium.[3]

The $5 billion golf league you never watched is gone. Here's why it flopped. LIV—a wildly expensive golf league that nobody asked for or watched—has finally gone kaput. What did we learn? Like I yell to my children at the water park arcade, there is no such thing as "unlimited funding." From its inception, LIV's power was its money, its ability to thunderclap generational wealth upon aging Phil Mickelson and other curious players to get them to join a noisy golf start-up named for its three-day, 54-hole format. LIV engineer Greg Norman liked to puff about disrupting a staid sport, but the mode of disruption was cash, Vuitton trunks of it, from the Saudi Public Investment Fund, which freaked out the fusty PGA Tour because those PIF pockets were believed to be limitless.[4]

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

ISM Manufacturing Index: The Manufacturing ISM PMI (formerly the ISM Report On Business) is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), the report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction and the negative economic direction, and the diffusion index. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining.

ISM Services Index: The Services ISM PMI (formerly the ISM Report On Business) is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to the service producers make up about 90 percent of the US economy.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Producer Prices – PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Job Openings – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or

below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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[1] Data obtained from Bloomberg as of 11/06/26.
[2] Data obtained from Morningstar as of 11/06/26.
[3] US stocks lose over $3 trn as Democrats' midterm victory rattles Wall Street's AI trade - Global Markets News | The Financial Express
[4] The $5 billion golf league you never watched is gone. Here's why it flopped.