

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Institute for Supply Management (ISM) Services Index fell to 54.9 in September from 55.4 in August, as the services sector continued to grow, though at a slightly slower pace. Readings above 50 indicate expansion.
 - New orders remained strong at 59.8, while employment returned to growth following two months of contraction.
 - However, the prices paid index rose to 74.0, its highest level since July 2022, as businesses reported higher fuel costs and ongoing supply shortages. This suggests inflation pressures remain despite slower activity.
- The preliminary University of Michigan Consumer Sentiment Index fell to 46.3 in October from 48.1 in September, as high prices and borrowing costs continued to weigh on households.
 - Lower-income consumers and households with smaller equity portfolios reported sharper declines in confidence.
- Minutes from the Federal Reserve's (Fed) September meeting showed most officials believed another interest rate hike would likely be appropriate before year-end.
 - While officials unanimously supported September's quarter-point increase, they differed on whether it was a precaution against persistent inflation or the start of a broader need for more restrictive policy.
- Initial unemployment claims fell by 2,000 to 197,000 for the week as employers remain reluctant to cut workers.
 - Similarly continuing claims, which track people still receiving unemployment benefits, increased by 17,000 to 1.716 million for the week, but continues to remain in a downward trend for the year.

How does the most recent economic data impact you?

- The services sector continues to be the dominant force behind U.S. economic activity, with September's ISM report showing continued growth despite higher business costs.
- Continued strength in services, an upwardly revised gross domestic product (GDP) report, and a balanced labor market give the Fed more room to raise rates again.
 - For consumers, another rate hike would likely keep pressure on borrowing costs, such as mortgage rates, but investors purchasing new bonds could benefit from higher income opportunities not seen in two decades.



A LOOK FORWARD¹

- This week investors will be primarily focused on inflation data, both the Consumer Price Index (CPI) and Producer Price Index (PPI), as well as retail sales.

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

- The inflation readings should help clarify whether higher energy and business costs are spreading into broader consumer prices. Softer readings could strengthen the case for the Fed to hold rates steady and support stocks, while stronger readings could increase the likelihood of another hike.
- Consumer spending, which accounts for roughly 70% of economic growth, has remained strong throughout the year. September's reading will help show whether higher prices and rates are creating any weakness beneath the surface.



MARKET UPDATE²

Market Index Returns as of 10/9/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.17%	2.13%	15.14%	20.60%	23.06%	13.82%
NASDAQ	0.65%	1.89%	18.28%	23.98%	27.21%	14.25%
Dow Jones Industrial Average	0.96%	1.51%	8.80%	15.41%	17.30%	10.32%
Russell Mid-Cap	1.42%	2.94%	15.14%	18.46%	18.14%	8.26%
Russell 2000 (Small Cap)	-0.90%	0.38%	14.14%	18.66%	18.06%	6.14%
MSCI EAFE (International)	-0.54%	-1.49%	8.69%	14.31%	17.68%	9.10%
MSCI Emerging Markets	0.03%	0.27%	23.71%	27.68%	24.55%	8.93%
Bloomberg U.S. Agg Bond	0.39%	0.44%	-2.48%	-1.98%	4.31%	-0.45%
Bloomberg High Yield Corp.	0.20%	0.24%	0.34%	2.29%	8.27%	3.72%
Bloomberg Global Agg	0.03%	-0.08%	-2.74%	-2.14%	3.83%	-1.81%



OBSERVATIONS

- Major U.S. large-cap equity indices ended the week higher on optimism heading into third-quarter earnings season as the S&P 500 reached a new all-time high.
 - The S&P 500 led the advance for the week (+1.17%), followed by the Dow Jones (+0.96%), and the NASDAQ (+0.65%).
- Mid-cap stocks were the best domestic performer for the week, climbing +1.42%. Small-cap stocks finished lower for the week as elevated rates weighed on performance, posting a decline of -0.90%.
- Developed international markets trailed domestic large cap equities and posted lower returns for the week (-0.54%), while emerging markets were mostly unchanged (+0.03%).
- Domestic and international fixed income indices gained on the week as interest rates fell. The U.S. Aggregate Bond Index rose +0.39% as yields fell, while less interest-rate-sensitive high-yield corporate bonds posted smaller gains (+0.20%).
 - International bonds were mostly flat for the week and finished up +0.03%.



BY THE NUMBERS

Halloween Survey Shows Consumer Spending Expected to Reach \$13.5 Billion: Consumer spending on Halloween is expected to reach \$13.5 billion this year, according to the National Retail Federation's annual consumer survey conducted by Prosper Insights & Analytics. The figure maintains the strong spending level of last year's record \$13.1 billion and reflects consumers' continued enthusiasm for the holiday. Halloween remains a popular holiday for consumers, with 74% planning to celebrate this year, on par with 73% last year. Participation in the holiday has held steady since its increased popularity during the pandemic and is notably higher than pre-pandemic levels, when only 68% of consumers planned to celebrate in 2019. While consumers are expected to spend an average of \$115.14 per person, in line with \$114.45 per person in 2025, they remain mindful of costs and are taking a strategic approach to their Halloween purchases.³

At Least 4 deaths Attributed to Isaías After Hurricane Bashes Florida and Alabama: Emergency crews in Florida and Alabama are surveying damage and power outages caused by Hurricane Isaías, after the storm bashed into the Gulf Coast as a Category 2 storm Friday night. At least four people have died from storm-related incidents. Isaías brought 105 mph winds onshore, snapping trees and knocking out electricity. In Florida, the worst outages were in counties such as Santa Rosa; Holmes; Washington; and Walton – all of which had more than 80% of their residents without power, Florida Gov. Ron DeSantis said in a morning news conference. On Sunday, there were tornado warnings in North Carolina, as well as a high risk of flooding. Other parts of the rest of the East Coast, including Virginia, also saw heavy rain.⁴

Economic Definitions

Continuing Jobless Claims: Continuing claims are the number of people filing for unemployment benefits who have already filed an initial claim. To be included in continuing claims, the person must be covered by unemployment insurance and must be currently receiving benefits. They must have been unemployed for at least a week after filing the initial claim, per Department of Labor (DoL) specifications.

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.

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

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Initial Jobless Claims: Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

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.

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).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100).

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.

NASDAQ-100: The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

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 represent 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's 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 10/9/26.

² Data obtained from Morningstar as of 10/9/26.

³ [NRF Halloween Survey Shows Consumer Spending Expected to Reach \\$13.5 Billion](#)

⁴ [At least 4 deaths attributed to Isaias after hurricane bashes Florida and Alabama](#)