

Wealth
Management

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The Markets

Markets hate uncertainty.

Last week, there was a lot of uncertainty. Technology stocks rallied and retreated. Defensive sectors gained and lost ground. Stock market gyrations reflected the markets' uneasiness. The VIX Index, which gauges expectations for volatility over the next 30 days, moved like a rollercoaster through the week, rising and falling and rising again.

Here are a few of the matters investors were pondering:

- **Mid-term elections.** Elections create a lot of uncertainty as pundits speculate about possible congressional configurations and their potential effect on the economy. While pre-election jitters contribute to market volatility, political uncertainty generally dissipates after the election. Matthew Griffin, Felice Maranz, and Ye Xie of Bloomberg explained:

“Investors can take some amount of comfort, as history points to gains for stocks no matter the election outcome. An analysis...found that the S&P 500 Index has risen in the 12 months after every midterm election in the post-World War II era.” Of course, past performance is no indication of future results.

- **Oil prices, inflation, and higher interest rates.** Last week, oil prices rose to the highest level since spring as hostilities continued in the Middle East and reports emerged that the U.S. plans to escalate following the midterm elections, reported Ines Ferré of Yahoo! Finance.

Rising fuel and energy costs rekindled concerns about rising prices and the steps the Federal Reserve may take to quell inflation. The CME FedWatch tool showed the market-implied probability of a December rate hike was above 70 percent.

- **Spending on artificial intelligence (AI).** The shares of a major technology firm fell sharply despite a solid earnings report. Investors were not happy about the cost of developing a new AI agent or that the company's cash flow was in negative territory. Investors also were concerned about future spending, reported CJ Haddad of CNBC.

“Investors are reassessing two competing forces within hyperscaler stocks: AI spending and return on investment. The market was suffering the consequences, with the Nasdaq Composite down 2.7 percent and the S&P 500 losing 1.4 percent,” reported Naomi Buchanan of Barron's on Thursday.

Investment risks and opportunities. As tech stocks sold off, many investors moved into the U.S. Treasury market, which is the largest and most liquid government bond market in the world. Historically, Treasury bonds have been considered “safe haven” investments, and that was how investors saw them last week. Demand pushed Treasury yields lower.

It was a sea change. In 2026, “persistent inflation, heavy government borrowing and policy uncertainty prompted investors to demand greater compensation — higher yields — to hold US debt,” reported Ruth Carson, Masaki Kondo, and Alice Atkins of Bloomberg.

While market volatility can be unnerving, it's important to keep your eye on your long-term goals. Your portfolio was selected to help you achieve those goals. If you have any questions about markets or your investments, please get in touch.

Last week, major U.S. stock indexes finished the week lower, as did yields on all maturities of U.S. Treasuries.

Data as of 10/23/26	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-0.5%	11.4%	13.1%	21.8%	10.8%	13.5%
Dow Jones Global ex-U.S. Index	-1.8	7.9	11.0	17.4	5.1	6.3
10-year Treasury Note (yield only)	5.0	N/A	4.0	4.8	1.6	1.8
S&P GSCI Gold Index	-4.1	-7.7	-3.3	26.3	17.3	12.2
Bloomberg Commodity Index	-0.5	31.0	33.3	11.1	6.3	5.3

S&P 500, Dow Jones Global ex-US, S&P GSCI Gold Index, Bloomberg Commodity Index returns exclude reinvested dividends. The three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WE'RE HEADING INTO THE HOLIDAY SEASON. The holidays are almost here. Soon, we'll gather with family and friends, share meals, exchange gifts, and celebrate the traditions that make the season special. We'll do it while trying not to overspend. How well do you know this magical time of year? Take this brief quiz to find out.

- Which of these holidays and celebrations does not begin on November 1, 2026?
 - National Vinegar Day
 - Aviation History Month
 - Polar Bear Week
 - Month of Giving
- Shopping for gifts long before the holiday season can reduce stress, spread out holiday spending, and leave more time to enjoy the holiday. What percentage of holiday shoppers begin buying gifts before November, according to the National Retail Federation's (NRF's) Winter Holidays survey?
 - 89 percent
 - 73 percent
 - 43 percent
 - 27 percent
- About 53 percent of people who participated in the NRF survey said they will do most of their shopping online. How does that percentage compare to previous years?
 - It's the highest in a decade
 - It's the lowest in a decade
 - It's unchanged over the past decade.
 - It has increased every year for a decade.
- The millennial generation is expected to spend less this holiday season, according to PwC, which forecasts the group will spend 10 percent less on gifts and 37 percent less on travel. Why will Millennials spend less?
 - They prefer thrifting, so gifts cost less.
 - They're opting to travel in the U.S.
 - They're busy parenting and paying mortgages.
 - They're choosing to save more for the future.

We hope your holidays are filled with good company, great conversation, and more joy than stress.

WEEKLY FOCUS – THINK ABOUT IT

"The new dawn blooms as we free it. For there is only light if we are brave enough to see it, if only we're brave enough to be it."

— *Amanda Gorman, Poet*

Answers: 1) d; 2) c; 3) b; 4) c

Best regards,

A handwritten signature in black ink that reads "Ann Marie Etergino". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

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- Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
- Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
- The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
- All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
- The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
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