

Market Brief

- U.S. equities finished mostly lower as a sharp selloff in technology and semiconductor shares, concerns surrounding AI spending, and persistent inflation pressured sentiment. The S&P 500 declined approximately 1.95%, the Nasdaq fell 4.48%, and the Russell 2000 dropped 3.05%, while the Dow gained 0.67% as investors rotated toward defensive sectors.
- European equities finished higher as stronger corporate earnings, gains in banking and industrial shares, and improving sentiment offset technology weakness. The broader STOXX Europe 600 advanced more than 2%, marking its strongest weekly performance since June, while the FTSE 100 also recorded gains despite elevated borrowing costs.
- Treasury yields declined as investors sought safer assets amid technology weakness and concerns surrounding AI-related financing. Despite stronger than expected September inflation, the 10-year Treasury yield finished around 5.09%, while the 2-year yield ended near 4.71%, as investors reassessed expectations for further Federal Reserve tightening.
- WTI crude finished at approximately \$101.41 per barrel, while spot gold ended near \$4,166/oz and silver around \$56.99/oz. Oil advanced amid escalating Middle East supply concerns, while gold declined approximately 0.68% and silver fell 6.30% as inflation concerns and monetary-policy uncertainty pressured precious metals.
- Volatility increased sharply as technology weakness, persistent inflation concerns, and uncertainty surrounding AI valuations weighed on investor confidence. The VIX finished around 19.99, rising approximately 34.70% from 14.84 a week earlier, reflecting heightened market uncertainty despite declining Treasury yields.
- Global equity funds recorded approximately \$20.01 billion in net inflows during the week through October 14, marking a fourth consecutive week of inflows. U.S. equity funds attracted \$13.00 billion, while European funds received \$1.50 billion. Global bond funds attracted \$7.79 billion, while money-market funds recorded \$46.73 billion in outflows.

Market Data Snapshot

Index	Value	WTD	1-Month	YTD
DOW JONES INDUS.	52,002.41	0.67%	1.05%	8.20%
S&P 500 INDEX	7,659.44	-1.95%	1.43%	11.89%
NASDAQ COMPOSITE	26,140.03	-4.48%	0.62%	12.47%
RUSSELL 2000 INDEX	2,721.37	-3.05%	-4.81%	9.65%
S&P 500/TSX COMPOSITE INDEX	36,176.55	1.44%	1.93%	14.08%
EURO STOXX 50 PR	6,204.23	0.50%	-0.99%	7.13%
FTSE 100 INDEX	10,881.90	3.13%	1.81%	9.47%
DAX INDEX	25,622.61	2.13%	0.33%	4.62%
CAC 40 INDEX	7,956.70	1.97%	-2.26%	-2.37%
NIKKEI 225	65,324.29	-5.37%	2.19%	29.77%

Commodities	Value (\$)	WTD	1-Month	YTD
Crude Oil (WTI)	101.41	10.41%	-1.00%	76.61%
Gold	4,165.58	-0.68%	-2.30%	-3.56%
Silver	56.9884	-6.30%	-9.52%	-20.48%
Natural Gas	3.116	-3.23%	7.78%	-15.46%

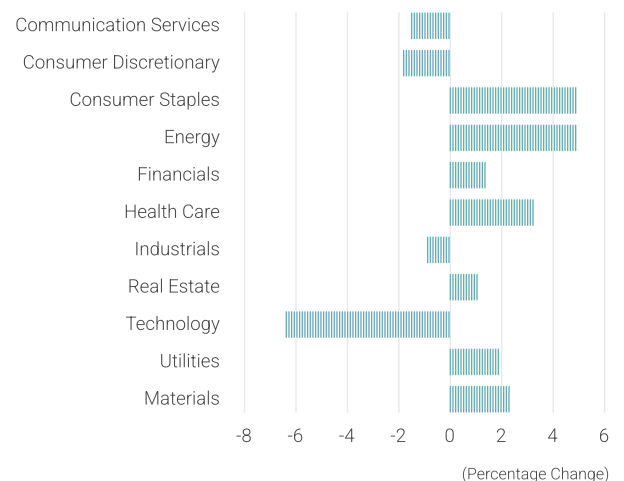
Fixed Income	Yield	WTD	1-Month	YTD
U.S. 2 Year Treasury	4.715%	-8.20	-3.70	123.20
U.S. 10 Year Treasury	5.085%	-15.20	8.80	91.30
Germany 2 Year Bund	3.092%	-2.43	-20.09	95.92
Germany 10 Year Bund	3.440%	-5.16	-8.98	57.99

(Basis Point Change)

Currency	Value	WTD	1-Month	YTD
U.S. Dollar Index (DXY)	101.84	-0.37%	1.58%	3.57%
EUR/USD	1.1239	0.35%	-1.97%	-4.32%
USD/JPY	158.02	-0.18%	1.13%	0.84%
GBP/USD	1.3327	0.70%	-0.40%	-1.10%
USD/CAD	1.4141	-0.81%	1.09%	3.04%
USD/CHF	0.824	-0.73%	-0.21%	3.96%
EUR/JPY	177.58	0.14%	-0.88%	-3.49%
EUR/CHF	0.92597	-0.42%	-2.19%	-0.51%

Risk Free Rates	1M	3M	6M	12M
CHF (SARON)	-0.04%	-0.05%	-0.04%	-0.05%
EUR (EURIBOR)	2.43%	2.64%	2.97%	3.22%
USD (SOFR)	3.95%	4.08%	4.24%	4.50%
GBP (SONIA)	3.74%	3.75%	3.77%	3.85%
JPY (TORF)	1.14%	1.30%	1.43%	-

S&P 500 Weekly Sector Performance



Market Drivers

U.S. Markets

Wall Street finished broadly lower following a volatile week dominated by a sharp selloff in technology shares, concerns surrounding artificial-intelligence investment, and shifting Federal Reserve expectations. The S&P 500 declined approximately 1.95%, the Nasdaq fell 4.48%, and the Russell 2000 dropped 3.05%, while the Dow gained 0.67% as investors rotated toward defensive sectors. Semiconductor and AI infrastructure companies experienced pronounced weakness as concerns surrounding elevated valuations and the sustainability of capital expenditures pressured sentiment. September consumer inflation reached 3.7% year over year, reinforcing expectations that the Federal Reserve may maintain a restrictive monetary policy stance. Despite stronger inflation, the 10-year Treasury yield declined approximately 15 basis points, while WTI crude settled around \$101.41 per barrel amid continued Middle East supply concerns. U.S. equity funds attracted approximately \$39.1 billion during the week through October 14, while global technology funds received approximately \$10.7 billion. Overall, corporate earnings and continued AI investment remain supportive, although elevated valuations, inflation pressures, and concerns surrounding technology spending continue to create near-term risks.

European Markets

European markets finished broadly higher as stronger corporate earnings, easing global bond yields, and renewed demand for cyclical and defensive sectors supported investor sentiment despite weakness across global technology shares. The STOXX Europe 600 advanced approximately 2.09% for the week, recording its strongest weekly performance since June, and gained approximately 0.72% Friday to finish at 644.74. Industrial companies, healthcare shares, and selected technology manufacturers contributed to the advance, with encouraging results from ASML, Aixtron, and Ericsson supporting confidence in corporate fundamentals. Expectations for third-quarter earnings growth of approximately 20.7% provided additional support, helping European markets outperform their U.S. counterparts. However, euro-area inflation remained elevated at approximately 3.8% in September, reinforcing expectations that the European Central Bank could maintain a restrictive policy stance or consider additional tightening. Overall, Europe's relatively diversified sector exposure and improving corporate earnings remain supportive, although persistent inflation, elevated energy prices, and monetary policy uncertainty continue to present risks.

Asia-Pacific Markets

Asia-Pacific markets finished broadly lower despite a late-week recovery, as a sharp selloff in semiconductor and artificial-intelligence-related shares pressured regional equities amid concerns surrounding elevated valuations and global financing conditions. South Korea's KOSPI experienced pronounced volatility, falling approximately 7.6% Thursday as Samsung Electronics and SK Hynix declined amid concerns surrounding AI infrastructure spending, before rebounding approximately 3.6% Friday. Japan's Nikkei 225 also experienced considerable selling pressure before recovering approximately 1.8% Friday, while Taiwan's TAIEX gained approximately 0.55% during the final session as semiconductor shares stabilized. Hong Kong and mainland Chinese equities recorded comparatively mixed performances as investors assessed economic conditions and shifting global risk appetite. Indonesia experienced particularly severe weakness, with its benchmark index plunging approximately 11% Friday after MSCI proposed reclassifying the country from emerging-market to standalone status, raising concerns about potential foreign investment outflows. Overall, continued semiconductor investment and technology demand remain supportive, although elevated valuations, monetary policy uncertainty, and concerns surrounding AI spending continue to generate considerable regional volatility.

Emerging Markets

Emerging markets finished mixed as improving global fund flows and selective opportunities across developing economies contrasted with pronounced weakness in certain Asian markets and continued geopolitical uncertainty. Indian equities recorded their strongest weekly performance in several months, with the Nifty 50 gaining approximately 2.8% and the Sensex advancing 2.7%, supported by stronger corporate earnings and a recovery in information-technology shares. Brazil remained particularly sensitive to political developments ahead of the October 25 presidential runoff between Luiz Inácio Lula da Silva and Flávio Bolsonaro, with investors assessing implications for fiscal policy and economic reforms. Indonesian equities experienced severe selling pressure, with the Jakarta Composite declining approximately 11.6% Friday after MSCI launched a consultation on a proposed reclassification from emerging-market to standalone status, with a final decision expected by June 2027. Global emerging-market funds attracted approximately \$17.7 billion during the week through October 14, including \$8.6 billion directed toward China, while Brazil received approximately \$4.7 billion over two weeks. Overall, improving capital flows and selective corporate earnings strength remain supportive, although political uncertainty, elevated energy prices, and global monetary conditions continue to drive considerable performance dispersion.

Technical Update

The S&P 500 closed the week at 7,659.44, declining approximately 1.9% as a sharp selloff across technology and semiconductor shares, renewed concerns surrounding artificial-intelligence valuations, and persistent inflation pressures weighed on investor sentiment. The decline marked the index's weakest weekly performance since June, with selling pressure intensifying toward the end of the week despite improving performance across several defensive sectors. Investors became increasingly concerned about the sustainability of substantial AI-related capital expenditures, particularly as elevated financing costs placed additional pressure on highly valued technology companies. Semiconductor and software shares experienced significant weakness, while energy, healthcare, and consumer staples demonstrated greater resilience as investors rotated away from growth-oriented sectors. Friday produced the week's sharpest decline, with the index falling approximately 1.09% to 7,659.44, as renewed selling across major technology companies overshadowed strength elsewhere in the market. The 10-year Treasury yield finished near 5.10%, declining during the week as demand for safer assets increased, although persistently elevated inflation and oil prices continued to complicate expectations surrounding Federal Reserve policy. The weekly close left the index below its 20-day moving average near 7,739 and its 50-day moving average around 7,706, while remaining comfortably above the rising 200-day moving average near 7,271. The move below both shorter-term averages represents a deterioration in the immediate technical structure, suggesting that recent selling pressure has weakened near-term momentum despite the broader upward trend remaining intact. The 14-day RSI finished near 44, declining into moderately negative territory without indicating oversold conditions. Approximately 45% of S&P 500 constituents finished above their 50-day moving averages, while fewer than half remained above their 200-day averages, highlighting continued weakness beneath the headline index. The 7,650 to 7,670 area now represents the first important support zone, incorporating Friday's closing level and the late-September consolidation range. A sustained break below that area would shift attention toward 7,600 to 7,615, incorporating the psychological 7,600 level and previous September support, with further downside risk toward approximately 7,550 and the September low near 7,508.

On the upside, initial resistance sits around 7,700 to 7,740, incorporating the 50-day and 20-day moving averages and the region surrounding Thursday's close at 7,744. A sustained move above that area would strengthen near-term momentum and shift attention toward 7,780 to 7,815, incorporating recent October trading levels and the psychologically important 7,800 threshold. Further resistance remains near 7,820 to 7,845, encompassing recent early-October highs. Overall, the longer-term technical structure remains constructive, with the index holding above its rising 200-day moving average, although the deterioration below both shorter-term averages and an RSI near 44 suggest weakening momentum. Continued pressure across technology shares, elevated Treasury yields, energy-price volatility, and uncertainty surrounding Federal Reserve policy warrant near-term caution. A decisive close above 7,740, followed by a sustained recovery above 7,800, would strengthen the bullish outlook, while a break below 7,650 and particularly 7,600 would materially weaken the technical picture and increase the likelihood of a deeper correction.

S&P 500: 50 & 200 Day Moving Average

Source: WSJ



The Week in Focus

The coming week brings a relatively light U.S. economic calendar but a busy third-quarter earnings schedule, with investors focused primarily on housing-market activity, labor-market conditions, manufacturing and services-sector performance, consumer sentiment, and several major corporate earnings releases. Monday begins with the October NAHB Housing Market Index, while Tuesday brings September housing starts and building permits. Wednesday features a quieter economic calendar but several important technology earnings releases. Thursday brings weekly jobless claims, the Conference Board's Leading Economic Index, and the Kansas City Fed Manufacturing Survey, while Friday closes the week with preliminary October manufacturing and services PMIs and the University of Michigan's final October consumer-sentiment survey.

Monday, October 19 begins with the October NAHB Housing Market Index at 10 a.m. ET, providing an updated assessment of homebuilder confidence amid elevated mortgage rates, construction costs, and affordability pressures. The report will be closely monitored for signs of further weakness in residential construction and housing demand as borrowing costs remain elevated. Fifth Third Bancorp, Steel Dynamics, and W.R. Berkley are among the companies scheduled to report quarterly results, offering insight into regional banking conditions, industrial demand, and insurance profitability.

Tuesday, October 20 brings September housing starts and building permits at 8:30 a.m. ET, providing further insight into residential construction activity and the impact of elevated financing costs on housing demand. General Motors, GE Aerospace, Netflix, RTX, and Northrop Grumman are among the companies scheduled to report results, with investors focused on consumer demand, industrial activity, pricing conditions, and corporate margins.

Wednesday, October 21 features a relatively quiet U.S. economic calendar, shifting investor attention toward corporate earnings, Treasury yields, and developments ahead of the Federal Reserve's October policy meeting. The Energy Information Administration's weekly petroleum inventory report will provide additional insight into domestic crude supplies and energy-market conditions. Tesla, Meta Platforms, IBM, Texas Instruments, and Lam Research are scheduled to report quarterly results, with investors closely monitoring artificial-intelligence investment, semiconductor demand, automotive profitability, and capital-expenditure expectations.

Thursday, October 22 brings weekly initial jobless claims at 8:30 a.m. ET, followed by the Conference Board's Leading Economic Index and the Kansas City Fed Manufacturing Survey. Labor-market data will be closely watched for evidence of further weakness in employment conditions, while the Leading Economic Index and regional manufacturing survey will provide additional insight into business activity and economic momentum. Procter & Gamble, Union Pacific, Blackstone, and Western Digital are among the companies scheduled to report results, offering perspectives on consumer spending, freight activity, financial markets, and technology demand.

Friday, October 23 closes the week with S&P Global's preliminary October manufacturing, services, and composite PMIs at 9:45 a.m. ET, followed by the University of Michigan's final October consumer-sentiment survey at 10 a.m. Manufacturing and services activity will be closely monitored for signs of continued economic expansion, particularly through employment, new orders, and input-price components. Consumer sentiment will provide an additional assessment of household confidence and inflation expectations, while earnings from American Express, General Dynamics, and SLB will offer insight into consumer spending, defense demand, and energy-sector activity.

For U.S. markets, attention will be focused primarily on whether incoming economic data and third-quarter corporate earnings reinforce expectations that the Federal Reserve will maintain restrictive monetary policy at its October meeting. Recent inflation readings have highlighted persistent price pressures, while signs of softer labor-market momentum have complicated the outlook for additional monetary tightening. Stronger manufacturing and services activity, resilient jobless-claims data, or renewed price pressures could keep Treasury yields elevated and preserve expectations for further tightening, while softer economic readings would support a more cautious policy approach. Corporate results from Netflix, Tesla, Meta Platforms, Procter & Gamble, and several major industrial companies will provide additional insight into consumer demand, corporate profitability, and the sustainability of artificial-intelligence investment. Overall, the combination of housing data, labor-market indicators, business activity surveys, consumer sentiment, and corporate earnings should provide markets with further guidance on economic conditions, Federal Reserve policy expectations, and the outlook for equities heading into the final months of 2026.