Your Weekly Investment
Insights
October 19, 2026

VERDENCE CAPITAL ADVISORS

Key **Takeaways:**

- S&P 500 enters year five of current bull market.
- Equity investors have absorbed many obstacles in current bull market.
- GDP has not been as strong as other bull markets.
- History suggests year five can be strong.
- Closer to peak earnings so returns will not be easy for investors.

S&P 500 Enters Year Five of Current Bull Market

Last week (October 12th), the S&P 500 entered its fifth year of the current bull market. Since 1945, there have only been seven other bull markets that marked this anniversary and only two that have seen a better bull market rally at this point (i.e. 1982 and 2009). The current bull market has not been without its challenges. Inflation has been stubborn, there have been multiple geopolitical events, a regional banking crisis and a downgrade of U.S. debt (to name a few). However, the market has been resilient as companies pour trillions of dollars into spending on artificial intelligence. In fact, capex spending has increased ~5% annually since 4Q22 (through 2Q26). In this Weekly Insights, we offer a review of the current bull market vs. past bull markets from an economic and asset class perspective. In addition, we offer a historical look at what year five may hold for investors and what we expect over the next year.

- **Growth has been good, not great:** Despite the massive amount of money being spent on AI, capex spending is a small portion of GDP. On an annualized basis since 4Q22, GDP has only grown 2.7%, the only bull market that saw weaker growth was the bull market after the Great Recession (2009-2020). The consumer makes up the majority of GDP and the consumer during this bull market has been much weaker than the median average of every bull market since 1945 (2.7% vs. 3.9% historically).
- **Inflation and rates :** Inflation has been a headwind in this bull market. In fact, the median average core PCE (YoY) in this bull market has been 3%, compared to a historical average of ~2%.[1] While real rates (10YR real rate) have been below the historical average in past bull markets (2.6%), at 1.3% it is the highest experienced since the 2002-2007 bull market.
- **Info tech leads again:** This is the second consecutive bull market (also 2020-2022) that tech has led all 11 S&P 500 sectors higher. The sector has made up ~50% of the S&P 500 total return during this bull market and the top companies by contribution to the return have made up 52% of the total return.
- **History suggests year five can be strong**: When looking back at all the bull markets since 1945 that have made it through year five, the returns look favorable. There have been seven other bull markets that accomplished this (1949-1956, 1957-1961, 1974-1980, 1982-1987, 1990-2000, 2002-2007, 2009-2020). The average S&P 500 return in year five of those seven bull markets has been ~20%, with only one (1957-1961) posting a negative return in year five.

The Bottom Line:

When using history as a guide the current bull market does have room to run. The average return in historical bull markets has been strong and if a bull market enters a fifth year, five of the seven have gone onto mark a sixth year. However, only two go onto mark year eight (90-00, 09-20). While history offers an interesting way to evaluate markets, it does not completely influence our decisions. We think the best of economic growth is behind us and we are reaching a peak in earnings. At this point, we think the remainder of the bull market will be more volatile and we do not rule out stocks dipping into correction territory before making new bull market highs.

Megan Horneman | Chief Investment Officer
mhorneman@verdence.com
Past performance is not indicative of future returns.

Weekly Economic Recap –

Inflation Remains a Problem

According to the NFIB Small Business Optimism Index, confidence fell for the second consecutive month in September. The weakness was led by the outlook for capital outlays, credit conditions and current earnings.

Existing home sales rose for the first time in four months in September led by single family home sales. However, the month's supply was unchanged at the highest level since 2015. The third consecutive month of price declines of a single family home enticed buyers as the mortgage rate surged above 7%.

Inflation as measured by the Consumer Price Index rose 0.6% (MoM) at the headline level and 0.3% (MoM) when excluding food and energy. As a result, the year over year increase rose to 3.7% and 2.6%, respectively. At the core level prices were driven higher by used cars and trucks, shelter, transportation services and apparel.

Inflation as measured by the Producer Price Index rose at the fastest month over month pace seen since April 2022 (+1.3% MoM) in September. The biggest increase was seen in energy (+10.8%). However, trade and transportation and warehousing also saw large increases. On a year over year basis, when excluding food, energy and trade, inflation is rising 5.0%.

Retail sales increased more than expected in September (+0.8% MoM vs. 0.3% est.). The headline increase was primarily driven by higher sales at gas stations. When excluding food, gas, autos and building materials, sales were weak (+0.1% MoM) but led by sales of furniture, electronics and health/personal care. This data is not inflation adjusted.

Key Takeaways:

- Small business optimism slips in September.
- Tariffs and war keeping inflation sticky.
- Retail sales are driven higher by energy. Core sales are weak.
- Global equities drop as tech suffers.
- Investors rotate from tech stocks to bonds for safety.
- Commodities rally on geopolitical tensions.

Weekly Market Recap –

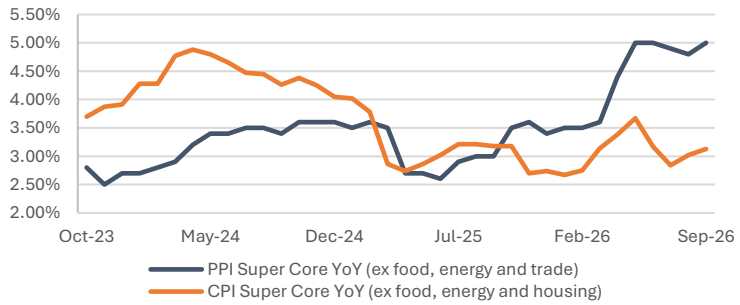
Global Equities Drop as Tech Stocks Sell Off

Equities: The MSCI AC World Index posted its worst weekly decline since July led by the worst weekly pullback in U.S. tech stocks (i.e. Nasdaq) in 16 weeks. Tech stocks were driven lower by fears that higher interest rates would impact the ability for AI companies to issue debt. As a result, the S&P 500 and Russell 1000 Growth Index led the weakness. In addition, the emerging markets were driven lower by tech oriented countries like Korea (-15.8%) and Taiwan (-6.5%).

Fixed Income: The Bloomberg Aggregate Index posted its best one week rally since February as investors rotated from tech stocks into Treasuries. The rally was led by high quality fixed income sectors (e.g. Treasuries, investment grade) as high yield debt was hampered by concerns about AI tech. Municipal bonds posted their best one week gain since September 2025 as supply declined and attractive yields drew investors.

Commodities/FX: The Bloomberg Commodity Index rose for the second consecutive week led by crude oil. Energy prices rose as geopolitical tensions threaten Saudi supply. Gold modestly declined as hotter than expected inflation data increased the chance of further rate hikes.

Inflation Moving Higher



Footnotes: Data is as of September 2026.
Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

Megan Horneman | Chief Investment Officer
mhorneman@verdence.com
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Global Equities Fall as Tech Weakens

		Current	1WK	1MO	3MO	1YR	YTD
U.S. Equities	Dow Jones Industrial Average	52,002	0.7%	1.1%	-0.7%	15.0%	9.5%
	S&P 500	7,659	-1.9%	1.5%	1.9%	16.9%	12.9%
	Russell 1000 Growth	4,892	-5.0%	0.8%	0.4%	5.1%	3.1%
	Russell 1000 Value	2,514	0.9%	1.8%	2.9%	28.9%	23.0%
	Russell 2500	4,893	-2.0%	-2.8%	-5.8%	16.3%	13.8%
	Russell 2000	2,721	-3.0%	-4.7%	-8.2%	11.8%	10.8%
	Nasdaq	26,140	-4.5%	0.6%	1.1%	16.6%	13.0%

		Current	1WK	1MO	3MO	1YR	YTD
International Equities	MSCI AC World (USD)	1,129	-1.6%	0.2%	1.0%	16.2%	12.5%
	MSCI EAFE (USD)	3,122	1.4%	-1.2%	0.2%	14.1%	10.2%
	MSCI Europe ex UK (USD)	3,370	2.1%	-1.8%	-2.2%	9.3%	5.4%
	MSCI Japan (USD)	5,668	-1.4%	-1.2%	3.7%	22.8%	20.0%
	MSCI UK (USD)	1,728	4.3%	1.2%	2.9%	18.7%	12.0%
	MSCI EM (USD)	1,621	-5.1%	-3.7%	-2.1%	19.9%	17.3%
	MSCI Asia ex Japan (USD)	1,061	-5.7%	-4.5%	-3.4%	19.9%	17.9%

		Current Yield	1WK	1MO	3MO	1YR	YTD
Fixed Income	U.S. Aggregate	5.4%	0.9%	-0.1%	-1.7%	-1.7%	-1.6%
	U.S. Govt/Credit	5.3%	0.9%	0.0%	-1.6%	-1.8%	-1.6%
	U.S. 10 Year Treasury	5.1%	1.3%	-0.1%	-2.8%	-4.1%	-3.7%
	U.S. TIPS (1-10YR)	5.0%	0.8%	0.4%	-1.1%	0.0%	0.2%
	U.S. High Yield	8.4%	-0.3%	-1.7%	-2.1%	1.4%	0.0%
	EM Bonds (USD)	6.8%	0.6%	-0.8%	-2.1%	1.0%	-0.6%
	Municipal Bonds	4.5%	1.3%	-0.4%	-3.7%	-1.7%	-2.2%

		Current	1WK	1MO	3MO	1YR	YTD
Commodities	Bloomberg Commodity Index	375	0.4%	-1.0%	12.4%	41.0%	35.6%
	Crude Oil (USD/bbl)	$109.9	1.2%	4.0%	19.7%	46.5%	47.0%
	Gold ($/oz)	$4,165.6	-0.3%	-4.2%	3.8%	-4.5%	-3.7%
	Copper	$14,407.5	-0.9%	1.2%	5.9%	35.3%	16.0%
	Wheat	$243.8	0.4%	1.1%	3.4%	18.0%	21.8%
	U.S. Dollar	102	-0.7%	1.6%	1.1%	3.4%	3.6%
	VIX Index	20.0	34.7%	12.9%	19.5%	-21.0%	33.7%

Footnotes: Data is as of October 16, 2026.
Source: Bloomberg Finance LP, Verdence Capital Advisors.

1. *Bear markets that we have data for are 1962 to present.*

Megan Horneman | Chief Investment Officer
mhorneman@verdence.com
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