Your Weekly Investment
Insights
November 2, 2026

VERDENCE CAPITAL ADVISORS

Key **Takeaways:**

- October tests investor sentiment on many fronts.
- Capex spending supports economic growth.
- Investors shift away from tech stocks.
- Municipals rebound after worst quarter in decades.
- Gold loses its luster as tech sell off causes forced selling.

October Market Recap – AI Doubts Rattle Tech While Bonds Rebound

The month of October pressured sentiment from several different angles. Geopolitical tensions pushed oil above $100/ bbl. The U.S. added a meager 29K jobs. Inflation was driven higher by two different forces. Investors lost patience with AI leaders whose spending has yet to pay off in earnings. In contrast, bond investors cheered as Treasuries posted their best month since 2023. In this Insights, we offer an overview of October from an economic and asset class perspective.

- **Capex spending supports growth:** The first reading on 3Q26 GDP showed spending on AI remains a major driver of growth. Spending on information processing equipment and software now makes up a record amount of GDP (7.5%). The consumer also boosted growth by posting the best back to back quarterly gain in roughly a year.
- **Inflation moving away from Fed:** Inflation data continued to trend higher. Core consumer prices are growing 2.6% (YoY), the PCE Core is up 3.1% (YoY) and core producer prices are rising 5.0% (YoY).
- **Fed stays on hold:** The Fed kept rates unchanged at their meeting despite two voters wanting a hike.
- **Housing frozen:** High mortgage rates and elevated prices have frozen the housing market. The Pending Home Sales Index is at a record low and sentiment is at the lowest level since 2012.

Global Equities: Tech Selloff. The MSCI AC World Index posted its first back to back monthly decline since the tariff sell off in Feb-Mar 2025. Several indices hit record highs during the month before a late month sell off (e.g., S&P 500, Russell 1000 Growth, Nasdaq).

- **Tech jitters**: Earnings season kicked off and fears grew about AI spending and its ability to pay off. The Nasdaq and Russell 1000 Growth fell the most since March 2025. In addition, emerging market equities tied to AI dropped sharply (e.g., Korea, Taiwan).
- **Wide dispersion:** The S&P 500 Equal Cap Weighted Index outperformed the Market Cap Weighted Index by the most since 2009. In addition, the MSCI EAFE outperformed the Emerging Market Index by the most since 2022.

Fixed Income: Bonds Rebound. The Bloomberg Aggregate Index posted its best monthly gain since December 2023 driven by the flight to safety away from equities.

- **Municipals lead rally:** Municipal bonds posted their best monthly gain since November 2023. The worst quarter in decades (3Q) drew investors with attractive yields. In addition, issuance slowed.
- **Leverage loans fall**: Leverage loans were the only sector within fixed income that declined for the month. Credit and refinancing risks hampered loans in October.

Commodities: **Energy leads as attacks accelerate**. The Bloomberg Commodity Index was flat as gains in energy were overshadowed by losses in nearly every other sector.

- **Energy:** Crude oil rose for the fourth consecutive month as Saudi Arabia supplies were targeted.
- **Gold:** Gold prices fell to a one year low on future rate hikes and selling during the tech sell off.

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

Weekly Economic Recap –

Fed stays on hold but inflation moves higher

The preliminary reading on September durable goods orders showed orders rose at the fastest pace in five months (+1.8% MoM) driven by nondefense aircraft orders. When you exclude defense and aircraft the gain was lower (0.5% MoM). The gains outside of defense and aircraft were seen in computers and electronics and machinery.

Consumer confidence as measured by the Conference Board rose at the fastest pace in two years in October. Consumers are more confident about both their present situation and future expectations. They are also happier about the labor market with those viewing jobs as plentiful rising to a six month high. They also became more confident about their incomes over the next six months.

The Federal Reserve met and as expected left interest rates unchanged at 3.75-4.00%. The decision was 10-2 with two officials voting in favor of raising interest rates. Chairman Kevin Warsh said "inflation is too high," but that "economic growth has strengthened." In addition, they will adjust the schedule next year where they will release monetary policy in only seven of the eight meetings.

The Fed's preferred inflation indicator (PCE Core YoY) rose 3.1% in September while personal spending exceeded income. As a result, the savings rate fell to the lowest level since 2022.

The advanced reading on 3Q26 GDP showed the economy grew 3.4%, the fastest in a year. It was led by the consumer (specifically in services) and capex spending. Nonresidential fixed investment rose the most since 2020. As a result, spending on information processing equipment and software made up a record amount of GDP (7.5%).

Key Takeaways:

- Consumer confidence surprisingly jumps.
- Fed keeps rates unchanged while inflation rises.
- Economy grows faster than expected.
- Global equities drop as tech self-off continues.
- Investors rotate from tech stocks to bonds for safety.
- Commodities fall led by gold and grains.

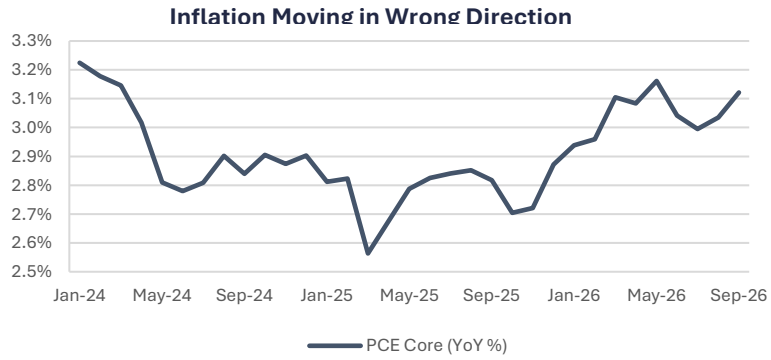
Weekly Market Recap –

Global Equities Drop as Tech Stocks Sell Off

Equities: The MSCI AC World Index declined for the third consecutive week as renewed fears about tech spending and its ability to pay off caused a sharp sell off in tech stocks. The NASDAQ, Russell 1000 Growth and MSCI Emerging Market Index led the global decline. The MSCI Europe ex UK was the best performing Index due to its lesser exposure to tech and the ECB holding rates steady. Within the U.S., small and midcap stocks rallied due to solid U.S. economic data, the decline in yields and rotation from tech.

Fixed Income: The Bloomberg Aggregate Index rallied for the fourth consecutive week as investors rotated out of tech stocks and into the safety of bonds. The gains were led by high quality fixed income (e.g., Treasuries) and municipal bonds. However, every major fixed income sector rose for the week.

Commodities/FX: The Bloomberg Commodity Index declined for the second consecutive week led by precious metals and grains. Gold prices dropped to their lowest level in a year as the Fed keeps rates unchanged and investors sold gold along with the tech sell off. Wheat also fell sharply on hopes for additional supply from Russia.



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

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

VERDENCE CAPITAL ADVISORS

Tech Sell Off Accelerates

		Current	1WK	1MO	3MO	1YR	YTD
U.S. Equities	Dow Jones Industrial Average	51,770	-0.8%	1.8%	-1.0%	10.6%	9.1%
	S&P 500	7,580	-0.6%	-0.9%	1.5%	12.1%	11.7%
	Russell 1000 Growth	4,736	-1.7%	-6.1%	-0.5%	-2.6%	-0.2%
	Russell 1000 Value	2,543	0.5%	4.4%	3.2%	28.6%	24.5%
	Russell 2500	5,002	1.1%	1.2%	-2.7%	18.1%	16.3%
	Russell 2000	2,812	1.3%	0.6%	-3.7%	15.0%	14.5%
	Nasdaq	25,437	-2.0%	-5.3%	0.4%	7.9%	10.0%

		Current	1WK	1MO	3MO	1YR	YTD
International Equities	MSCI AC World (USD)	1,116	-0.3%	-1.6%	-0.1%	12.3%	11.2%
	MSCI EAFE (USD)	3,101	0.9%	-0.7%	-1.9%	13.5%	9.5%
	MSCI Europe ex UK (USD)	3,363	1.6%	-0.2%	-3.4%	11.0%	5.2%
	MSCI Japan (USD)	5,551	0.1%	-1.2%	5.9%	18.8%	18.7%
	MSCI UK (USD)	1,709	0.4%	2.4%	-1.0%	16.6%	10.8%
	MSCI EM (USD)	1,567	-0.7%	-8.0%	-5.5%	14.1%	13.5%
	MSCI Asia ex Japan (USD)	1,038	0.5%	-8.2%	-5.5%	15.2%	15.4%

		Current Yield	1WK	1MO	3MO	1YR	YTD
Fixed Income	U.S. Aggregate	5.2%	0.6%	2.4%	0.2%	-0.1%	-0.5%
	U.S. Govt/Credit	5.1%	0.5%	2.3%	0.2%	-0.3%	-0.6%
	U.S. 10 Year Treasury	4.9%	0.8%	3.3%	-0.3%	-1.9%	-2.2%
	U.S. TIPS (1-10YR)	4.8%	0.5%	2.2%	0.0%	1.3%	1.2%
	U.S. High Yield	8.3%	0.5%	0.3%	-1.3%	1.6%	0.4%
	EM Bonds (USD)	6.8%	0.4%	1.3%	-1.0%	0.4%	-0.3%
	Municipal Bonds	4.2%	0.7%	3.9%	-0.9%	-0.2%	-0.5%

		Current	1WK	1MO	3MO	1YR	YTD
Commodities	Bloomberg Commodity Index	367	-1.7%	-0.1%	7.9%	36.6%	32.8%
	Crude Oil (USD/bbl)	$113.4	-3.3%	9.9%	24.4%	48.4%	52.6%
	Gold ($/oz)	$3,874.6	-3.0%	-6.8%	-5.6%	-3.7%	-10.3%
	Copper	$14,154.5	-1.2%	-1.8%	2.5%	29.7%	13.9%
	Wheat	$228.0	-2.6%	-3.4%	-2.7%	8.4%	13.7%
	U.S. Dollar	102	0.1%	0.4%	2.0%	2.4%	3.6%
	VIX Index	19.4	-0.2%	18.8%	21.5%	11.4%	29.9%

Footnotes: Data is as of October 30, 2026.
Source: Bloomberg Finance LP, Verdence Capital Advisors.

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

VERDENCE CAPITAL ADVISORS

Disclaimer:

© 2026 Authored by Megan Horneman, Chief Investment Officer, Verdence Capital Advisors, LLC. Reproduction without permission is not permitted. The indexes presented are unmanaged portfolios of specified securities and do not reflect any initial or ongoing expenses nor can it be invested in directly. An investment's portfolio may differ significantly from the securities in the index.

This material was prepared by Verdence Capital Advisors, LLC ("VCA" or "we", "our", "us"). VCA believes the information and data in this document were obtained from sources considered reliable and correct and cannot guarantee either their accuracy or completeness. VCA has not independently verified third-party sourced information and data. Any projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur. These projections, market outlooks or estimates are subject to change without notice. This material is being provided for informational purposes only and is not intended to provide, and should not be relied upon for, investment, accounting, legal, or tax advice. Past performance is not a guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product or any non-investment related content, made reference to directly or indirectly in these materials will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. You should not assume that any discussion or information contained in this report serves as the receipt of, or as a substitute for, personalized investment advice from VCA. Alternative investments are designed only for sophisticated investors who are able to bear the risk of the loss of their entire investment. Investing in alternative investments should be viewed as illiquid and generally not readily marketable or transferable. Investors should be prepared to bear the financial risks of investing in an alternative investment for an indefinite period of time. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. All indexes are unmanaged, and you cannot invest directly in an index. Index returns do not include fees or expenses. Sector Watch Use of this website is intended for U.S. residents only. Any recommendation, opinion or advice regarding securities or markets contained in such material does not reflect the views of Verdence Capital, and Verdence Capital does not verify any information included in such material. Verdence Capital assumes no responsibility for any fact, recommendation, opinion, or advice contained in any such research material and expressly disclaims any responsibility for any decisions or for the suitability of any security or transaction based on it. Any decisions you may make to buy, sell, or hold a security based on this research will be entirely your own and not in any way deemed to be endorsed or influenced by or attributed to Verdence Capital. It is understood that, without exception, any order based on such research that is placed for execution is and will be treated as an UNRECOMMENDED AND UNSOLICITED ORDER. Further, Verdence Capital assumes no responsibility for the accuracy, completeness, or timeliness of any such research or for updating such research, which is subject to change without notice at any time. Verdence Capital does not provide tax, or legal advice. Under no circumstance is the information contained within this research to be used or considered as an offer to sell or a solicitation of an offer to buy any particular investment/security. Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Lower rated securities are subject to greater credit risk, default risk, and liquidity risk. Commodity-related products, including futures, carry a high level of risk and are not suitable for all investors. Commodity-related products may be extremely volatile, illiquid and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions, regardless of the length of time shares are held. Data is provided for information purposes only and is not intended for trading purposes. Verdence Capital shall not be liable for any errors or delay in the content, or for any action taken in reliance on any content.