Cetera®

Monthly Recap

October 2026

At-A-Glance

The Nasdaq Composite fell 5.3%, while the S&P 500 declined 0.9% for the month. In contrast, the Dow Jones Industrial Average gained 1.8%, and the small-cap Russell 2000 finished 0.6% higher.

All three major U.S. indices remained positive year to date (YTD). The S&P 500 led with an 11.8% gain, followed by the Nasdaq Composite (+10.0%) and the Dow Jones Industrial Average (+9.1%). The small-cap Russell 2000 Index is up 14.4% YTD.

The Bloomberg Commodity Index edged 0.1% lower in October but remained up 32.8% YTD.

Gold futures fell 6.9% in October to $3,898.50 per troy ounce, extending their year-to-date decline to 13.4%.

U.S. West Texas Intermediate crude oil futures surged 16.9% in October, finishing at $104.12 per barrel. Driven by the ongoing conflict with Iran, WTI crude has risen 117.0% YTD.

Market Indices	October	Year-to-Date
S&P 500	-0.87%	11.77%
Russell 3000	-0.64%	11.71%
Russell 2000	0.58%	14.37%
MSCI EAFE	-0.74%	9.52%
MSCI Emerging Markets	-8.05%	13.45%
Bloomberg U.S. Aggregate Bond	2.44%	-0.54%
Bloomberg U.S. Municipal Bond	3.85%	-0.48%
Bloomberg U.S. Corporate High Yield	0.30%	0.40%

[1]FactSet (all equity performance is total return, which includes dividends).

October was volatile for equities. Both the tech-heavy Nasdaq Composite and the S&P 500 reached new all-time highs but closing the month well below their peaks, while the Dow Jones Industrial Average posted a monthly gain.

Geopolitical tensions escalated as the Houthis targeted Saudi Arabia's oil infrastructure and Ukraine continued attacking Russian energy assets, pushing crude prices higher. Although reports suggest that oil flows through the region have reportedly recovered to pre-war levels, higher shipping costs through the Strait of Hormuz and strained inventories have kept energy prices elevated.

The economy added 29,000 jobs in September, while the prior two months were revised down by 60,000. Both CPI (Consumer Price Index) and PPI (Producer Price Index) inflation advanced higher, largely due to higher energy prices. At its late-October meeting, the Fed held rates steady in a 10-2 vote and left the door open to another hike in December.

Treasury yields extended their September climb before reversing mid-month as concerns surrounding the AI trade triggered a risk-off move. Investors questioned whether higher rates could restrict funding for capital-intensive AI data centers and whether returns would justify the scale of investment. Those concerns intensified later in the month as companies announced additional capital raises to fund next year's spending plans.

The S&P 500 entered earnings season with high expectations, as analysts projected Q3 earnings growth of 28.6% and Q4 growth of 26.7%. With more than 60% of companies having reported, Q3 growth has improved to 30.1%, while Q4 estimates have risen to 28.0%. Despite these upgrades, positive surprises have drawn muted reactions, while misses have been punished.

Consistent with the risk-off environment, value stocks led performance in October. The Russell 1000 Value Index gained 4.4%, while the Russell 1000 Growth Index fell 6.1%. The 10.5-percentage-point gap marked value's widest monthly outperformance since February 2001. Mid-caps also moved higher, with the Russell Midcap Index gaining 3.2% in October, as lower bond yields provided a tailwind for Mid Cap companies that rely more heavily on borrowing to fund expansion.

October Returns

	Value	Blend	Growth
Large Cap	4.38%	-0.69%	-6.09%
Mid Cap	5.84%	3.19%	-4.37%
Small Cap	2.51%	0.58%	-1.30%

Year-to-Date Returns

	Value	Blend	Growth
Large Cap	24.50%	11.53%	-0.17%
Mid Cap	21.99%	15.41%	-3.41%
Small Cap	19.90%	14.37%	9.27%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 10/31/2026.

Nine of the 11 sectors finished higher in October, led by Energy (+14.0%). Consumer Staples (+11.6%) and Utilities (10.2%) also posted double-digit gains, consistent with the broader risk-off trade. Communication Services (-15.1%) and Information Technology (-6.8%) were the biggest laggards amid concerns surrounding the AI theme.

Year to date, Energy continued its strong rally, gaining 59.9%. Health Care (+21.0%) and Information Technology (+19.7%) have also performed well, while Communication Services (-11.3%) and Consumer Discretionary (-2.1%) are the biggest laggards.

Top Sector Performers – October[1]	**Bottom Sector Performers – October[1]**
Energy (+14.00%)	Industrials (+0.30%)
Consumer Staples (+11.62%)	Information Technology (-6.80%)
Utilities (+10.17%)	Communication Services (-15.11%)
Top Sector Performers – YTD[1]	**Bottom Sector Performers – YTD[1]**
Energy (+59.92%)	Utilities (+3.94%)
Health Care (+21.02%)	Consumer Discretionary (-2.11%)
Information Technology (+19.65%)	Communication Services (-11.31%)

[1] FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

Foreign markets were mixed in October. Developed-market equities, as measured by the MSCI EAFE Index, declined 0.7%, broadly mirroring U.S. market performance. The MSCI Emerging Markets Index fell 8.1%, underperforming both the S&P 500 and MSCI EAFE by roughly seven percentage points. South Korea (-15.6%) and Taiwan (-8.4%) declined amid the AI-related sell-off, given their significant exposure to semiconductor manufacturing. Brazil fell 12.0% following a surprise election result, while Mexico gained 4.6%.

Turning to fixed income, the 10-year and 30-year U.S. Treasury yields reversed course mid-month after reaching levels last seen in 2001. As bond prices move inversely to yields, the Bloomberg U.S. Government Bond Index gained 2.4% in October but remained down 0.5% year to date.

Investment-grade bonds, as measured by the Bloomberg U.S. Aggregate Bond Index, also gained 2.4% in October. The Bloomberg U.S. Corporate High Yield Bond Index edged up 0.3%, while municipal bonds outperformed Treasurys, with the Bloomberg U.S. Municipal Bond Index gaining 3.9%.

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Glossary

The Bloomberg U.S. 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 debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included.

The Bloomberg U.S. Municipal Bond 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 pre-refunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years.

The Bloomberg U.S. Corporate High Yield Index measures the USD-denominated, non-investment grade, fixed-rate, taxable 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, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The Bloomberg U.S. Government Bond Index is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

The Bloomberg Commodity Index is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual re-weightings of the components).

The MSCI EAFE is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The S&P 500 is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The Nasdaq Composite Index includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The U.S. Dollar Index is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.

The S&P GSCI Gold Index, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future. The more widely tracked S&P GSCI index is recognized as a leading measure of general price movements and inflation in the world economy. The index represents commodity market beta is world-production weighted and is designed to be investable by including the most liquid commodity futures.