

Weekly Update

October 19, 2026

Economic Calendar

Monday, October 19
NAHB Housing Market Index.

Tuesday, October 20
Housing Starts, Pending Home Sales.

Wednesday, October 21
Mortgage Applications.

Thursday, October 22
Jobless Claims.

Friday, October 23
S&P Manufacturing & Services PMI, Michigan Consumer Expectations.

This Week on X @CeteraIM

[PPI Climbs to Highest Level Since 2022](#)

[CPI Climbs to 3.7% in September](#)

[Market Breadth Remains Weak](#)

Did You Know?

Black Monday, Oct 19, 1987: the Dow fell 22.6%, its worst day ever. The warning signs came first: a 4.6% drop the Friday before on triple witching, and a weekend threat from Treasury Secretary Baker to devalue the dollar.

AI Concerns Weigh on Markets as Earnings Loom

Recap

Markets ended the week lower, led by weakness in technology and AI-related stocks. Concerns that higher interest rates could limit future access to capital, along with advances by Chinese chipmakers, weighed on the sector. However, strong chipmaker earnings and guidance showed that AI-related demand remains robust, with no signs of slowing. On the economic front, CPI (Consumer Price Index) and PPI (Producers Price Index) remained elevated, largely due to higher energy prices. Despite the hotter inflation data, investors moved into bonds, pushing the 10-year U.S. Treasury yield down from 5.24% to 5.10%. Houthi attacks on Saudi Arabia disrupted oil flows, pushing crude prices 8.4% higher.

In sector performance, Consumer Staples (+5.1%) and Energy (+5.0%) were the biggest gainers this week while Information Technology fell 6.4%.

Looking Ahead

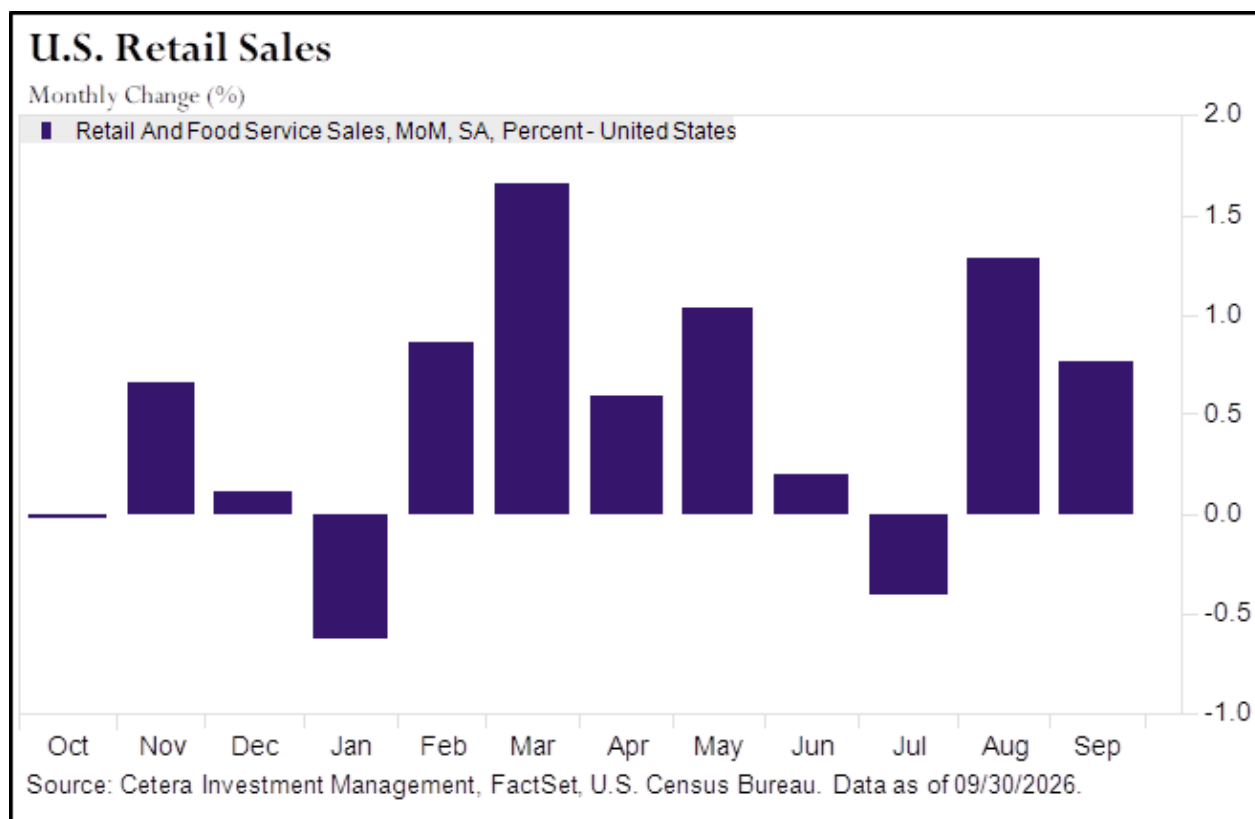
With no major economic releases scheduled this week, attention will shift to earnings. Although only 9% of S&P 500 companies have reported, Q3 2026 blended earnings growth has eased to 29.0%, while Q4 2026 growth is projected at 28.6%, setting a high bar for results and guidance. Geopolitical developments in the Middle East will remain in focus, as the widening conflict continues to affect energy prices. With the midterm elections three weeks away, market volatility could increase. Treasury yields will also be closely watched, as continued bond buying could ease pressure on equities.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year
Dow Jones Industrial Avg.	0.67%	2.19%	-0.68%	9.53%	14.99%
S&P 500	-1.94%	0.15%	1.95%	12.91%	16.89%
NASDAQ Composite	-4.48%	2.68%	1.14%	12.98%	16.55%
Russell 2000	-3.04%	-2.67%	-8.22%	10.67%	11.66%
MSCI EAFE	1.43%	-0.08%	0.21%	10.25%	14.06%
MSCI Emerging Markets	-5.15%	-4.89%	-2.07%	17.35%	19.93%
Bonds	1-Week	MTD	3-Month	YTD	1-Year
Bloomberg U.S. Aggregate Bond	0.88%	1.32%	-1.74%	-1.63%	-1.67%
Bloomberg Short-Term Gov/Corp	0.08%	0.22%	0.89%	2.79%	3.65%
Bloomberg U.S. Corp High Yield	-0.33%	-0.09%	-2.10%	0.01%	1.38%
Commodities	1-Week	MTD	3-Month	YTD	1-Year
Bloomberg Commodity	0.42%	2.04%	12.39%	35.57%	41.03%
S&P GSCI Crude Oil	8.40%	9.51%	26.49%	72.45%	73.75%
S&P GSCI Gold	-0.83%	-0.13%	3.27%	-3.69%	-2.87%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Retail Sales Beat, but Core Spending Lags



U.S. retail sales rose 0.8% in September, beating expectations of 0.3%, led by a 6.4% jump in gas station sales. Control group sales, a key GDP input that excludes gas, autos, building materials, and food services, increased by just 0.1% vs. 0.3% expected.

Why are October rate-hike odds still only 16% despite hotter CPI and PPI?

Odds of an October rate hike have fallen from 55% to 16% over the past month. Headline inflation remained elevated in September, with CPI at 3.7% and PPI at 6.3% year over year. However, core CPI was more contained at 2.6%, suggesting that core PCE, the Fed's preferred inflation gauge, may also remain relatively subdued. Although core inflation is still above the Fed's comfort level, it is not yet alarming. September's Fed minutes also signaled a preference for patience over aggressive tightening, while the labor market remains healthy without appearing overheated. With headline inflation driven largely by energy prices beyond the Fed's control, further rate hikes may do little to ease price pressures while increasing risks to the broader economy.

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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 holdings 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 USDXY 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.

The S&P GSCI Crude Oil Index is a composite index of commodities that measures the performance of the commodities market. The index often serves as a benchmark for commodities investments. Investing in a GSCI fund provides a broadly diversified, unleveraged long-only position in commodity futures.

The Consumer Price Index (CPI) presents the percentage change in prices that consumers pay for goods and services.

The Producer Price Index measures changes in wholesale prices, offering insights into inflation trends before they reach consumers.