

The Data

- Major equity indices were higher last week except for small-caps.
 - S&P 500 +1.16% Dow +0.93% Russell 2000 -0.92%, Nasdaq +0.64%¹
 - The All-Country World Index rose +0.51%.¹
 - S&P 500 sub-sectors were mostly higher for the week.
 - Staples & Utilities led to the upside on the week.¹
 - Industrials led to the downside with a loss of -0.40%.¹
 - The CBOE Volatility Index (VIX) declined 3.2% to end at 14.82.¹
- US Treasury bond yields saw a modest retreat from multi-decade highs.
 - US 2yr -0.05% at 4.79%, 10yr -0.04% to 5.24%, 30yr -0.03% to 5.60%.¹
 - A better than expected 10yr US Treasury auction seemed to drive some relief.
- Commodities as an aggregate asset class were higher last week.
 - WTI Crude gained +0.56%.¹
 - Gold went up +1.27%.¹
 - The US Dollar index rose +0.27%.¹
- In our opinion, U.S. economic data was mixed last week.
 - The ISM Services Index declined slightly last month.¹
 - Consumer sentiment dropped to 46.3 near its lowest reading of all time.¹
 - Earnings begin this week and expectations are for a growth rate of +29.6%.¹
- An index of equities outside the US (FTSE All-World ex-US) lost -0.78%.¹

¹ Source: Bloomberg – 10/8/2026

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Conclusion

- US equity markets ended the week higher and within striking distance of all-time highs.
 - The S&P 500 led to the upside as some areas of the market outperformed the mega-cap AI names that have been dominating returns for over a month.
 - The Nasdaq ended the week higher for the 4th straight week.¹
 - Despite this week of recent laggards leading, underlying market breadth remains in fragile condition.
 - Beneath headline index gains, only 33% of S&P 500 constituents trade above their 50-day moving average (down from 70% in mid-August), while equal-weight S&P hovers near multi-year relative lows.¹
 - The small-cap Russell 2000 suffered its fifth consecutive weekly loss, with only 27% of its members trading above their 50-day moving average.¹
- Institutional investor positioning reflects the uncertainty of current market positioning.
 - Their recent flows could indicate a de-risking of rate-sensitive equities as they were net sellers in September to the tune of -\$54B.¹
 - These largely systematic strategies could go either way as price/directional strategies have room to add or cut while vol control funds are likely to cut faster than add.
- S&P 500 sectors were mostly higher last week.
 - Utilities & Staples led to the upside in what could have been a relief rally as bond yields moved lower last week.
 - Financials saw a gain yet remain extremely depressed heading into earnings season.
 - While the sector is 7% below its all-time highs, major constituents remain 15% - 25% below their respective highs.¹
- US Treasury yields saw some relief last week as near-term rate hike expectations evaporated.
 - While the 10yr & 30yr saw their yields end the week lower, they remained near their highest levels in more than 2 decades.
 - We believe long-term yields remain elevated on expanding term premium which reflects market compensation for persistent fiscal deficits & geopolitical uncertainty.
- From a near-term risk management perspective, here are some of the things we're watching:
 - Earnings Dispersion & Factor Rotation: With earnings season beginning this week, we're watching whether breadth broadens or if mega-cap concentration continues.
 - Long-End Yields: We're monitoring whether the pause in the 10yr & 30yr yields rising holds support or if term premium continues to push them higher.
 - Systematic Positioning: Systematic positioning remains balanced near neutral, meaning any sudden spike in index volatility could trigger mechanical selling.
 - Geopolitical Escalation: Tracking widening Middle East conflict around Saudi Arabia and crude prices in response.

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