

Philip Blancato, Chief Market Strategist, Osaic October 30,2026

ECONOMIC REVIEW[1]

- U.S. Gross Domestic Product (GDP) grew at an annualized rate of 3.4% in the third quarter, up from 2.2% in Q2.
    - Growth was supported by strong increases in business investment and consumer spending, while trade weighed on the headline figure.
    - Core GDP, which includes only consumer spending and private fixed investment, grew at a 4.9% annualized rate, its best reading since 2017 (excluding the COVID-19 pandemic recovery), indicating underlying private-sector demand remained strong.
- The Personal Consumption Expenditures (PCE) Price Index, the Federal Reserve's (Fed) preferred inflation measure, rose 0.5% month-over-month (MoM) in September and 3.6% year-over-year (YoY).
    - Core PCE, which excludes food and energy, increased 0.3% MoM and 3.1% YoY, remaining above the Fed's 2% inflation target.
- The Fed, as expected, held its benchmark interest rate steady at 3.75%–4.00%, following September's 0.25% increase.
    - The decision passed by a 10–2 vote, with two officials preferring another quarter-point increase. The Fed emphasized that additional data would help determine its next move as inflation remains elevated.
    - Officials described economic growth as strong, supported by resilient domestic spending, robust investment, and productivity gains.
- The Employment Cost Index (ECI), which measures wages and benefits paid by employers, rose 0.8% in the third quarter, down slightly from 0.9% in the second quarter. Total compensation costs increased 3.4% over the past year.
    - Wages and salaries rose 3.1% YoY, but declined 0.6% after adjusting for inflation, as rising prices continued to weigh on workers' purchasing power.

How does the most recent economic data impact you?

- The better than expected GDP report showed that investment in artificial intelligence (AI) remains a key driver of growth, while consumers overall are in a strong position and continue to spend despite higher prices and subdued consumer confidence surveys.
- With core PCE above 3%, markets are expecting another rate hike from the Fed at their next meeting in December. Strong economic growth also gives the Fed room to raise rates as it works to bring inflation closer to target.

A LOOK FORWARD[1]

- This week investors will focus on October's jobs report, alongside updates on manufacturing and services sector activity. Additionally, markets will be watching the midterm elections in the U.S. on Tuesday.

How does this week's slate of economic data impact you?

- One of the mandates of the Federal Reserve is to keep unemployment low. Their decision to hike or pause interest considers both measures.
- The downward forecasts compared to last month suggest that the economy is not slowing down and that the labor market remains healthy.

MARKET UPDATE[2]

Market Index Returns as of 10/30/2026	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.56%	-0.87%	11.77%	12.11%	23.40%	12.07%
NASDAQ	-1.99%	-5.28%	9.95%	7.85%	26.40%	11.23%
Dow Jones Industrial Average	-0.83%	1.76%	9.08%	10.60%	18.18%	9.70%
Russell Mid-Cap	0.52%	3.19%	15.41%	16.56%	20.46%	7.47%
Russell 2000 (Small Cap)	1.30%	0.58%	14.37%	14.80%	20.75%	5.58%
MSCI EAFE (International)	0.87%	-0.74%	9.52%	13.51%	19.74%	8.63%
MSCI Emerging Markets	-0.72%	-8.05%	13.45%	14.05%	22.27%	6.92%
Bloomberg US Agg Bond	0.56%	2.44%	-0.54%	-0.07%	5.45%	-0.15%
Bloomberg High Yield Corp.	0.50%	0.30%	0.40%	1.56%	8.56%	3.70%
Bloomberg Global Agg	0.30%	1.41%	-1.30%	-0.81%	4.72%	-1.54%

OBSERVATIONS

- Major U.S. large-cap equity indices ended the week lower following a busy week of earnings reports, as continued concerns over AI spending pressured tech related stocks and pushed investors toward more defensive sectors.
    - The NASDAQ led the decline for the week (-1.99%), followed by the Dow Jones (-0.83%) and the S&P 500 (-0.56%).
- Mid-cap stocks finished positive for the week, climbing +0.52%. Small-caps were the top performer, rising 1.30% as lower interest rates provided support.
- Developed international markets outpaced U.S. large caps and posted a positive return for the week (+0.87%), while emerging markets fell following weakness in the AI related sectors (-0.72%).
- Domestic and international fixed income indices gained on the week as interest rates fell. The U.S. Aggregate Bond Index rose +0.56%, while less interest-rate-sensitive high-yield corporate bonds posted similar gains (+0.50%).
    - International bonds also advanced for the week and finished up +0.30%.

BY THE NUMBERS

Binance Hacked for Record $6.3 Billion: Binance, the world's largest cryptocurrency exchange, was hit late Thursday by what investigators say is the biggest crypto hack in history, with $6.3 billion in funds impacted and roughly half of those assets frozen. Customer withdrawals have been temporarily suspended, and co-CEO Richard Teng promised the exchange will cover all losses. Although details are still emerging, the hack is shaping up to be the largest crypto theft in history, far exceeding the previous record set in February 2025, when attackers stole $1.5 billion from the crypto derivatives exchange ByBit. The hackers appear to have compromised Binance's wallet-signing infrastructure, allowing them to authorize transactions that drained billions of dollars in cryptocurrency across multiple blockchains.[3]

U.S. Home Sale Prices Just Fell for the First Time in 3 Years: The median U.S. home-sale price has fallen for the first time in more than three years, according to a new report from Redfin. The median home-sale price was $389,601, down 0.1% year over year. That marks the second straight week in which prices ticked down—it follows a 0.2% decline last week—after three straight years of increases. At the same time, the typical homebuyer's monthly payment hit its second-highest level on record. The median mortgage payment was $2,786, up 10.7% year over year to the highest level in Redfin's record except the prior week. The weekly average mortgage rate is 7.32%, down from 7.4% a week earlier but still near a three-year high. Additionally, new listings declined 0.6% from a week earlier to their lowest level since the start of the year as homeowners react to slow homebuying demand.[4]

Economic Definitions

Employment Cost Index (ECI): The Employment Cost Index measures changes in employers' labor costs, including wages, salaries, and benefits, while accounting for shifts in employment across occupations and industries to provide a consistent measure of compensation pressures over time.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

ISM Manufacturing Index: The Manufacturing ISM PMI (formerly the ISM Report On Business) is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), the report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction and the negative economic direction, and the diffusion index. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining.

ISM Services Index: The Services ISM PMI (formerly the ISM Report On Business) is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to the service producers make up about 90 percent of the US economy.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US 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 securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate 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. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal 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 prerefunded bonds.

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[1] Data obtained from Bloomberg as of 10/30/2026.
[2] Data obtained from Morningstar as of 10/30/2026.
[3] Binance hacked for record $6.3 billion, withdrawals suspended after "complex attack"
[4] U.S. Home-Sale Prices Just Fell for the First Time in 3 Years



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