

HB Wealth | Market Sense: Weekly Market Recap

For the Week Ending: October 23rd, 2026

Week in Review

Light Week of Economic Data Highlighted Housing Struggles. A bevy of data on housing confirmed higher yields are slowing activity, with housing starts hitting one of the lowest levels since 2020, building starts still weak and pending home sales down more than 7% month-over-month. Initial jobless claims remained lower than expected, signaling stable labor markets while the Conference Board Leading Index was flat following a drop in August.

Strong Earnings Haven't Gotten Much Traction. Strong earnings results have done little to propel stocks higher as investors' bar appears simply unattainable. SpaceX's beat on higher AI revenues propelled the stock higher immediately after the report while Meta and Tesla slipped despite clearing hurdles, though for very different reasons. Tesla's pared back capex concerned investors while Meta's negative free cash flow hurt the stock. Still, for 3Q, the S&P 500 is tracking toward 25.7% EPS growth versus forecasts for 24.5% with 79.6% of companies beating.

Markets Had a Topsy Turvy Week. Small caps – which had been in a correction and hit oversold levels last week – were the only group to really post gains in US this week, aided by a bounce in both value and growth styles. That's a unique development given that growth stocks suffered across large caps for the week while value rose. Across capitalizations, health care, utilities and energy led while materials, telecom, tech and industrials fell the most. Emerging markets slid again and have officially dipped back into correction from the June high, with Chinese markets notably now in a bear market (down more than 20% from their peak). Developed markets outside the US were flat.

Bonds are Finally Showing Safe Haven Status. Treasuries rallied this week with the 10-year yield falling below 5% as some of the money leaving the AI rotated to treasuries. META's 5-year CDS hit a record after posting negative Free Cash Flow and raising 2026 capex. CoreWeave's bonds remained at distress levels around 15%. The money flowing away from risk assets was enough to fuel a treasury rally even in the face of an oil surge that would have lifted yields in recent months.

The Week Ahead

FOMC Highlights the Economic Week Ahead. The FOMC's rate decision next Wednesday will highlight the week ahead with the market pricing just a 2% chance of a hike though investors remain confident that one will emerge in December. Capital goods orders ex-aircraft – a key component of our earnings model – will kick off the week Tuesday, followed by new home sales and building permits that will look to break out of their recent slump. Conference Board Consumer Confidence will also release that day – the last reading pierced 2020's low and investors will look for signs of stabilization. Thursday will feature the Fed's preferred inflation gauge, PCE, as part of the personal income and outlays report alongside the advance estimate of 3Q GDP and the GDP price index.

Biggest Week of S&P 500 Earnings is Nigh. The S&P 500 will hit its biggest week of the earnings season with 178 companies (36.4% of market) cap set to report. Materials (65%), communications (61.5%) and real estate (58.8%) will have the largest percentage of their respective market caps releasing earnings. The small cap earnings season will likewise begin to heat up with 393 companies (22.8%) of market cap reporting.

Chart of the Week & Commentary

S&P 500 Breadth Rises as the 10yr Yield Falls

Breadth fell from 75% to 43% as the 10-year yield rose 64 bp to 5.29% – and has rebuilt to 60% as yields eased



Sources: HB Wealth, Bloomberg | Data through 10/22/2026 | As of 10/23/2026

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The rally in yields is helping stocks to catch their breadth, even as AI-related equities drag on markets, resulting in flat performance for the S&P 500 so far this month. After yields surged at one of the fastest rates on record in the six months ending in September, the bond market has rallied this month, and that appears to be relieving some of the pressure on the most rate sensitive equities.

Breadth trends show most clearly how equities are stepping to the beat of the bond market's drum. While stock markets at large, represented by the popular indices, have struggled since the 10-year Treasury yield peaked in early October, the market of stocks has started to show some signs of stabilization. S&P 500 breadth, measured as the percent of stocks trading above their 50-day and 200-day moving averages, has surged higher since the start of the month, after hitting lows last recorded in the March correction in equities. Indeed, the average stock is outperforming the index in October, up 5.1%, as more than half (375) of the 503 stocks in the index are up this month, and 163 of them have jumped more than 10%. Eight of the 11 sectors have posted gains, with just industrials, tech and communications services in the red so far this month. Stocks with the highest sensitivity to the bond market (the most negative correlation to the 10Y yield over the past 5 years) have outperformed stocks with the lowest sensitivity by roughly 500 basis points and outperformed the index at large by over 800 basis points.

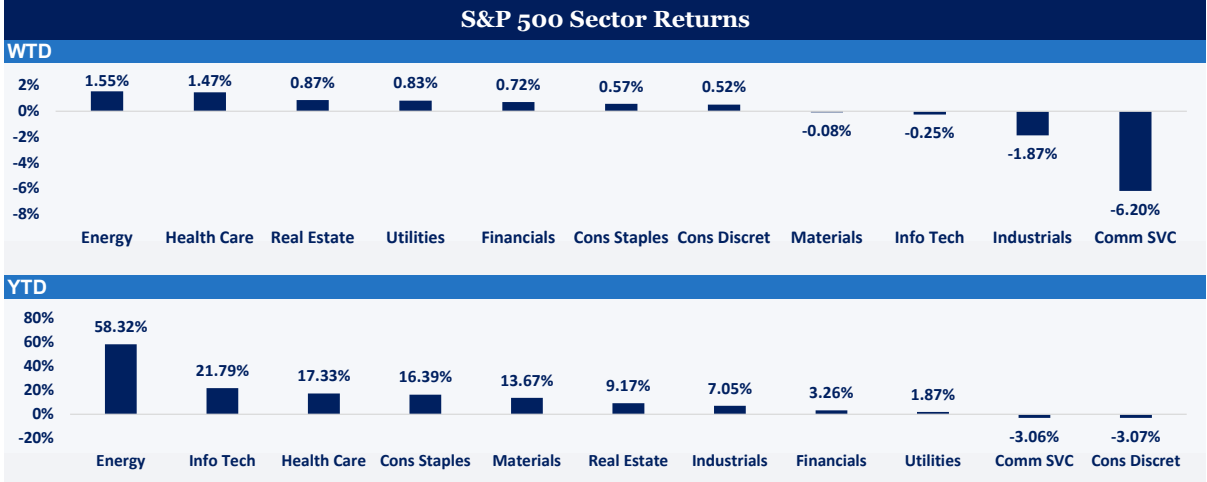
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Equities						
	Level	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
S&P 500	7,624	-0.5%	-0.3%	12.4%	14.4%	87.9%
NASDAQ	25,955	-0.7%	-3.4%	12.2%	13.8%	103.6%
Dow Jones 30	52,215	0.4%	2.6%	10.0%	13.5%	67.1%
Russell 3000	4,317	-0.3%	-0.2%	12.2%	13.9%	86.3%
Russell 1000	4,147	-0.4%	-0.2%	12.1%	13.9%	86.9%
Russ. 1000 Growth	4,818	-1.5%	-4.5%	1.5%	1.8%	83.8%
Russ. 1000 Value	2,531	0.7%	3.9%	23.9%	27.7%	86.5%
S&P 400	3,617	0.0%	0.6%	10.6%	11.8%	59.3%
S&P 600	1,687	2.0%	2.0%	16.4%	17.0%	63.8%
Russell 2000	2,776	2.0%	-0.7%	13.1%	13.3%	73.8%
Russ. 2000 Growth	1,765	1.9%	-3.1%	7.3%	6.2%	69.5%
Russ. 2000 Value	3,185	2.1%	1.8%	19.3%	21.3%	78.4%
MSCI ACWI Ex US	458	-1.6%	-3.0%	11.2%	15.0%	79.2%
MSCI Developed Ex US	3,174	-1.1%	-0.7%	10.0%	14.4%	76.2%
MSCI EM	1,576	-2.8%	-7.5%	14.2%	16.6%	85.8%

	Fixed Income						
	Yield	Spread	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
U.S. Aggregate	5.30	--	0.7%	2.1%	-0.9%	-0.9%	16.8%
U.S. Municipal	4.37	--	0.8%	2.8%	-1.5%	-1.2%	12.9%
U.S. Agency MBS	5.61	36	0.9%	2.4%	-1.0%	-0.5%	19.8%
U.S. IG Corporates	5.82	86	0.7%	2.0%	-1.2%	-1.4%	20.1%
U.S. High Yield	8.37	343	0.0%	-0.1%	0.0%	1.2%	28.0%
EM \$ Corporates	7.16	226	-0.1%	0.6%	0.0%	0.7%	24.1%

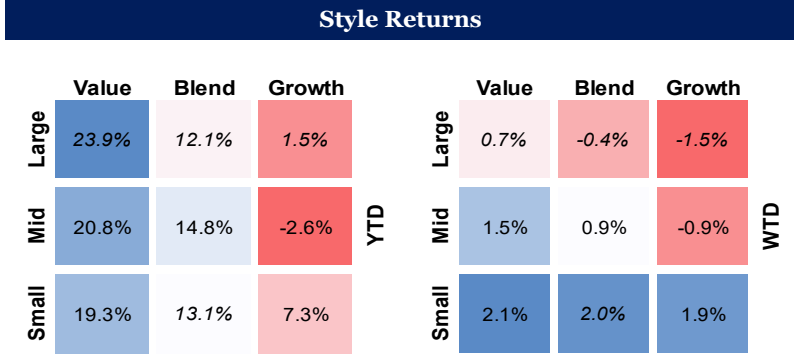
Key Rates						
Rate	Yield	Prior Wk	Qtr-End	Yr-End	1 Yr Ago	Expectations
SOFR	3.90	3.88	3.90	3.87	4.24	4.07
2-yr U.S. Treasury	4.68	4.71	4.89	3.47	3.49	4.34
5-yr U.S. Treasury	4.81	4.87	5.09	3.73	3.61	4.54
10-yr U.S. Treasury	5.00	5.07	5.28	4.17	4.00	4.81
30-yr U.S. Treasury	5.33	5.42	5.63	4.84	4.58	5.23
10-yr German Bund	3.34	3.42	3.58	2.85	2.58	
10-yr UK Gilts	5.36	5.37	5.42	4.48	4.42	
30-yr Fixed Mortgage	7.45	7.51	7.23	6.25	6.34	
1-yr Breakeven	2.68	3.01	2.66	2.29	2.64	
5-yr Breakeven	2.47	2.39	2.38	2.27	2.36	



Index Characteristics				
	NTM P/E	P/B	Div. Yld.	Mkt Cap (B)
S&P 500	18.6	5.6	1.1	68510
NASDAQ	22.3	7.4	0.5	47719
Dow Jones 30	19.8	5.8	1.5	26986
Russell 3000	18.8	5.0	1.1	78769
Russell 1000	18.7	5.3	1.1	75363
Russ. 1000 Growth	20.2	13.0	0.5	50212
Russ. 1000 Value	17.5	3.5	1.6	50436
S&P 400	14.9	2.7	1.4	3600
S&P 600	13.9	2.1	1.6	1880
Russell 2000	24.8	2.4	1.5	3406
Russ. 2000 Growth	35.0	4.4	0.6	2240
Russ. 2000 Value	16.3	1.4	2.4	2128
MSCI ACWI Ex US	12.2	2.3	2.5	57714
MSCI Developed Ex US	14.9	2.4	2.7	30059
MSCI EM	8.7	2.2	2.2	27655

Factor Returns - US (Russell 3000)				
Factor	1 Wk %	QTD %	YTD %	1 Yr %
Multi Factor	1.6%	4.3%	20.1%	23.7%
Size	-0.2%	-4.2%	8.0%	8.2%
Value	1.2%	2.9%	18.9%	22.3%
Quality	1.2%	4.0%	16.4%	19.0%
Dividend Yield	2.0%	3.4%	21.4%	23.9%
Momentum	-0.7%	-1.9%	16.4%	19.0%
Low Volatility	2.2%	4.4%	13.2%	14.9%

Currencies & Commodities				
	Current	Prior Wk	Yr-End	1 Yr
\$ per € (EUR/USD)	1.12	1.12	1.17	1.16
\$ per £ (GBP/USD)	1.34	1.33	1.35	1.33
¥ per \$ (USD/JPY)	156.84	158.02	156.71	152.57
Dollar Index	101.81	101.84	98.32	98.94
Gold (\$/oz)	3996.47	4165.58	4319.37	4126.28
Silver (\$/oz)	53.91	56.99	71.66	48.92
Copper	649.20	657.35	568.20	511.05
WTI Oil (\$/bbl)	103.49	101.41	57.42	61.79
Brent Oil (\$/bbl)	116.89	109.86	60.85	65.99



Disclosure:

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