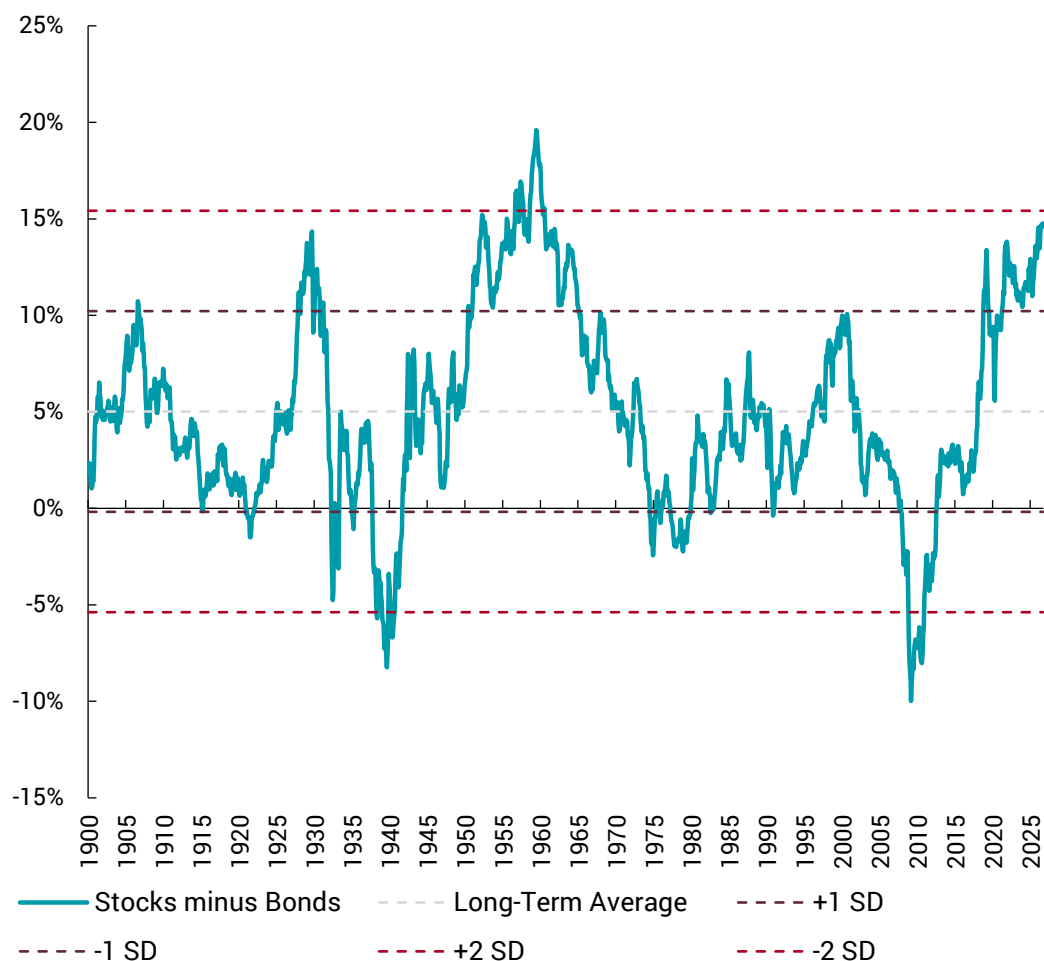


By the numbers

Chart of the week (Oct. 2, 2026)



Rolling 10-Year Total Returns: Stocks vs. Bonds



The performance of the stock market, and particularly the artificial intelligence (AI)-driven hyperscalers and chip stocks, has sparked renewed debate over whether we are in a market bubble. In general, while we have seen some parabolic moves in some stocks that are clearly not sustainable, there are enough differences in the market today to dissuade us from saying we are in a bubble. The most common comparison is to the tech bubble of the late 1990s, and as compared to that period, corporate profitability is much higher, meaning market multiples are significantly lower. In fact, market multiples have declined over the course of 2026 as earnings increases have outpaced stock price increases. We would expect rates of return to slow from recent levels, but we remain optimistic on growth and earnings going into next year.

Our chart this week looks at returns in a bit different way by comparing the rate of return for stocks over bonds over ten-year rolling periods. Doing this allows us to see trends over a longer period and away from the day-to-day, or even month-to-month, noise of the markets. Looking at asset class level returns in this manner also provides a perspective on what we might need to consider on something longer than the next six-to-12-month time frame. As we do this, we can see that stocks have recently outperformed bonds over the last rolling ten-year period at a rate that is well above the average and near levels that have often marked important turning points.

Because the chart goes back to 1900 we can see the impact of the “Roaring Twenties” and the material shift in the years following the crash of 1929. We also see the biggest period of outperformance was during the “Nifty Fifty” period as the market became convinced there were “buy them and forget them” stocks representing what, at the time, were the greatest companies in the world. The crash of 1987 is there and yes, we see the tech bubble of 2000, a period many of us recall. At that time, I was running a small, fixed income product which we offered to our primarily equity-oriented investors. As the tech bubble aged, the Fed was raising rates and the ten-year Treasury note approached a 7% yield. I distinctly remember a conversation when I was pointing out the attractiveness of a 7% return to a client when they asked, “Steve, why would I buy a 7% ten-year Treasury when I can make 7% in a day in the stock market?” In the short run, they were absolutely correct. Over the next ten years, however? Well, let’s just say their perception changed a bit.

At present, the Fed is raising rates, the ten-year Treasury is at 5.25%, the highest since 2007, and total returns for the broad Bloomberg Aggregate Index are negative for the last five years. Timing when the trend between stock and bond returns is difficult and it feels like the path of least resistance in rates is higher. Nevertheless, nothing lasts forever and that includes the outperformance stocks over bonds for significant periods of time.

By the numbers

Commentary (Oct. 2, 2026)



Domestic equities

- U.S. equities closed the third quarter with major indexes largely moving sideways following a massive rally in the first half of the year. Investors balanced strong economic growth against persistent inflation, rising interest rates and geopolitical unrest. The S&P 500 Index rose just over 2% for the quarter.
- During the quarter the Federal Reserve raised interest rates for the first time in three years, and the 10-year treasury rate rose to its highest level in decades. This put pressure on small caps, which outperformed in the first half of the year but fell over 7% in the third quarter.
- The ongoing conflict in Iran drove crude oil prices over \$100 a barrel during the quarter and energy stocks outperformed. Despite these headwinds consumer spending and the labor market remained strong.
- Mega cap stocks reported strong earnings growth and have seen forward estimates expand significantly. The Mag 7 outperformed, returning over 12% for the quarter and the software sector saw a significant recovery from early-year weakness.

Bonds

- U.S. Treasuries were mixed for the week, with the yield curve steepening on lower-than-expected Personal consumption Expenditures (PCE) inflation and falling rate hike expectations. Fed fund futures ended the week pricing in around a 20% probability that the FOMC hikes again in October, while a 0.25% hike remains fully priced in for December.
- U.S. credit spreads jumped across investment grade and high yield bond markets, with spreads widening to levels last seen during the initial stages of the U.S.-Iran conflict around the end of the first quarter. Spread widening has been particularly acute for the lowest quality segments of the market, with the option adjusted spread (OAS) on the Bloomberg Caa High Yield Index breaching 10%, its highest level since the regional banking crisis in 2023.
- Budget worries and political risks have pushed French bond yields to new highs, with the yield on French 10-year government bonds touching 4.90%, which is the highest yield since 2002. The difference between the 10-year French and German government bonds also made new highs this week, with the spread closing at levels not seen since 2012.

International equities

- Foreign stocks faced headwinds this week as continued turmoil in the Middle East, higher inflation data across countries, and rising global bond yields weighed on stock prices.
- The MSCI EAFE Index returned 0.8% in the third quarter, led by stocks in Japan and in the financials sector. Inflation in the eurozone rose 3.8% over the last year, the fastest rise since September 2023. Consumer energy prices rose 18.8% as the military conflict in the Middle East drove oil prices higher. Core inflation readings that exclude food and energy rose 2.5%, above the central bank target of 2%, and could prompt further rate hikes.
- After a 24% gain in the second quarter, emerging market stocks fell 0.37% in the third quarter. Stocks in the semiconductor and technology hardware industries, which have been driving impressive gains in the asset class due to AI-related infrastructure spending, fell over the quarter. The South Korean stock market, which has a 21% weight in the MSCI Emerging Markets Index and holds a high concentration in semiconductor and memory stocks, fell 9.6%.

Economics

- On Wednesday, the Personal Consumption Expenditures (PCE) Index came in at 3.4% year-over-year. This was slightly below the consensus estimate of 3.7% and right in line with last month's reading. PCE is the Fed's preferred method of monitoring inflation, and it continues to show that inflation remains above the 2.0% target.
- On Thursday, jobless claims came in at 197,000 for the week, which was slightly below the consensus estimate of 200,000. Recent weeks have seen several readings below 200,000 for new jobless claims, emphasizing the overall stability of the labor market.
- On Friday, the employment report for September showed that the economy created 29,000 new jobs. This was meaningfully lower than the consensus estimate of 85,000 and last month's revised figure of 133,000. The unemployment rate ticked up slightly to 4.2% from 4.1%. The softer reading helped cool investors' fears that the Fed will hike interest rates again later this month.

Weekly Market Update

For Week Ending October 02, 2026

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	51,176.96	-1.3%	7.8%	11.8%
S&P 500 Index	7,722.72	-0.2%	13.8%	16.3%
NASDAQ Composite	27,190.86	0.5%	17.5%	19.7%
S&P 400 Midcap Index	3,668.01	0.6%	12.1%	13.4%
S&P 600 Smallcap Index	1,685.75	0.2%	16.2%	17.5%
MSCI EAFE	11,588.08	-1.5%	9.3%	13.7%
MSCI Emerging Markets	948.00	-1.3%	23.7%	27.5%
Bloomberg US Agg	2,281.68	-0.6%	-2.9%	-2.2%
Bloomberg Municipal 5 Yr	510.03	0.5%	-1.8%	-1.4%
Bloomberg US Corporate	3,434.32	-0.7%	-3.1%	-2.7%
Bloomberg Glb Agg ex US Hdg	608.95	0.2%	-0.1%	0.4%
Bloomberg High Yield	2,918.69	-0.6%	0.1%	1.3%
MSCI US REIT Index	2,568.66	-1.4%	9.3%	7.6%
Bloomberg Commodity Index	366.42	-1.9%	32.6%	40.1%

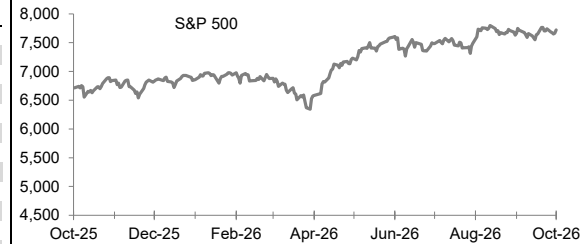
	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.00%	4.00%	3.75%	4.25%
3-Month Treasury	4.09%	4.17%	3.63%	3.94%
1-Year Treasury	4.45%	4.45%	3.47%	3.61%
2-Year Treasury	4.82%	4.85%	3.47%	3.54%
5-Year Treasury	5.05%	4.99%	3.73%	3.67%
7-Year Treasury	5.16%	5.07%	3.94%	3.86%
10-Year Treasury	5.27%	5.16%	4.17%	4.08%
30-Year Treasury	5.62%	5.49%	4.84%	4.69%

Consumer Rates				
30-Year Mortgage	7.35%	7.13%	6.25%	5.83%
BOKF National Prime Rate	7.75%	7.75%	7.50%	8.00%
SOFR	3.88%	3.90%	3.71%	4.20%

Commodities				
Gold	4,141.19	4,284.81	4,319.37	3,856.58
Crude Oil WTI	91.11	92.41	57.42	60.48
Gasoline	4.38	4.49	2.83	3.15
Natural Gas	3.04	3.20	3.69	3.44
Copper	6.55	6.70	5.68	4.95

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	19.61	18.95	5.66	1.47
S&P 500	19.03	23.53	5.64	1.10
S&P 500 Value	17.47	19.41	3.80	1.81
S&P 500 Growth	20.47	28.31	9.15	0.54
NASDAQ	23.71	31.93	7.78	0.57
S&P Midcap 400	15.44	17.33	2.78	1.66
S&P Smallcap 600	14.32	16.08	2.05	2.23
MSCI EAFE	14.92	16.76	2.30	2.90
MSCI Emerging Markets	9.64	15.05	2.41	2.56

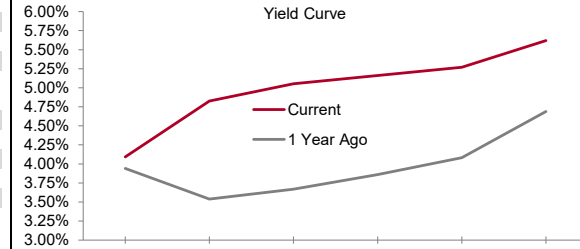
Equity Style



1 Month*				Year to Date*			
Value	Core	Growth		Value	Core	Growth	
Large				Large			
-2.60	0.84	3.73	> 10%	9.67	13.79	17.26	
Mid				Mid			
-3.88	-1.94	-0.11	0% - 10%	8.14	12.09	15.94	
Small				Small			
-4.02	-3.59	-3.10	< 0%	15.93	16.23	16.55	

*S&P Indices

Fixed Income Style



1 Month*				Year to Date*			
Short	Interm.	Long		Short	Interm.	Long	
Govt				Govt			
-0.44	-1.35	-4.79	> 10%	0.56	-1.39	-7.71	
Corp				Corp			
-0.53	-1.74	-4.06	0% - 10%	1.04	-1.55	-6.53	
HY				HY			
-1.17	-2.26	-6.63	< 0%	1.59	0.21	-4.15	

1-3 Yrs 1-10 Yrs +10 Yrs

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.4%	2.9%
CPI Core Inflation	2.4%	3.1%
Personal Consumption Exp (PCE) Core	3.0%	2.9%

Jobs		
Unemployment Rate (U3)	4.2%	4.4%
Broader Unemployment Rate (U6)	7.6%	8.1%
JOLT Survey (in millions)	7.08	6.92
Jobless Claims (000's)	197	225
Change in Non-Farm Payroll (000's)	29	76
Average Hourly Earnings (Y/Y % Change)	3.0%	3.8%

Consumer & Spending		
Consumer Confidence (Conf Board)	81.9	95.6
Consumer Spending (\$ Bil)	22,309	21,029
Consumer Credit (\$ Bil)	5,186	5,056
Retail Sales (\$ Bil)	738	700

Housing		
Housing Starts (000's)	1,275	1,291
Case-Shiller Home Price Index	337.31	330.92

U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	24,408	23,885
Quarter over Quarter Change	2.2%	4.0%
Year over Year Change	2.2%	2.4%
ISM Manufacturing	54.50	48.90
Capacity Utilization	76.27	76.11
Markit US Composite PMI	58.40	53.90

U.S. General		
Leading Economic Indicators	99.5	100.2
Trade Weighted Dollar Index	120.3	120.5
EUR / USD	1.13	1.17
JPY / USD	157.85	147.26
CAD / USD	0.70	0.72
AUD / USD	0.70	0.66

S&P 500 Sector Returns

	1 Month	YTD
Energy	-2.50%	43.26%
Information Technology	7.12%	30.74%
Industrials	-1.36%	10.49%
Materials	-6.36%	9.45%
Health Care	-3.60%	8.70%
Consumer Staples	-3.71%	5.95%
Real Estate	-5.52%	5.05%
Communication Services	3.34%	4.14%
Financials	-6.92%	-1.12%
Consumer Discretionary	-3.03%	-4.66%
Utilities	-5.95%	-4.72%

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