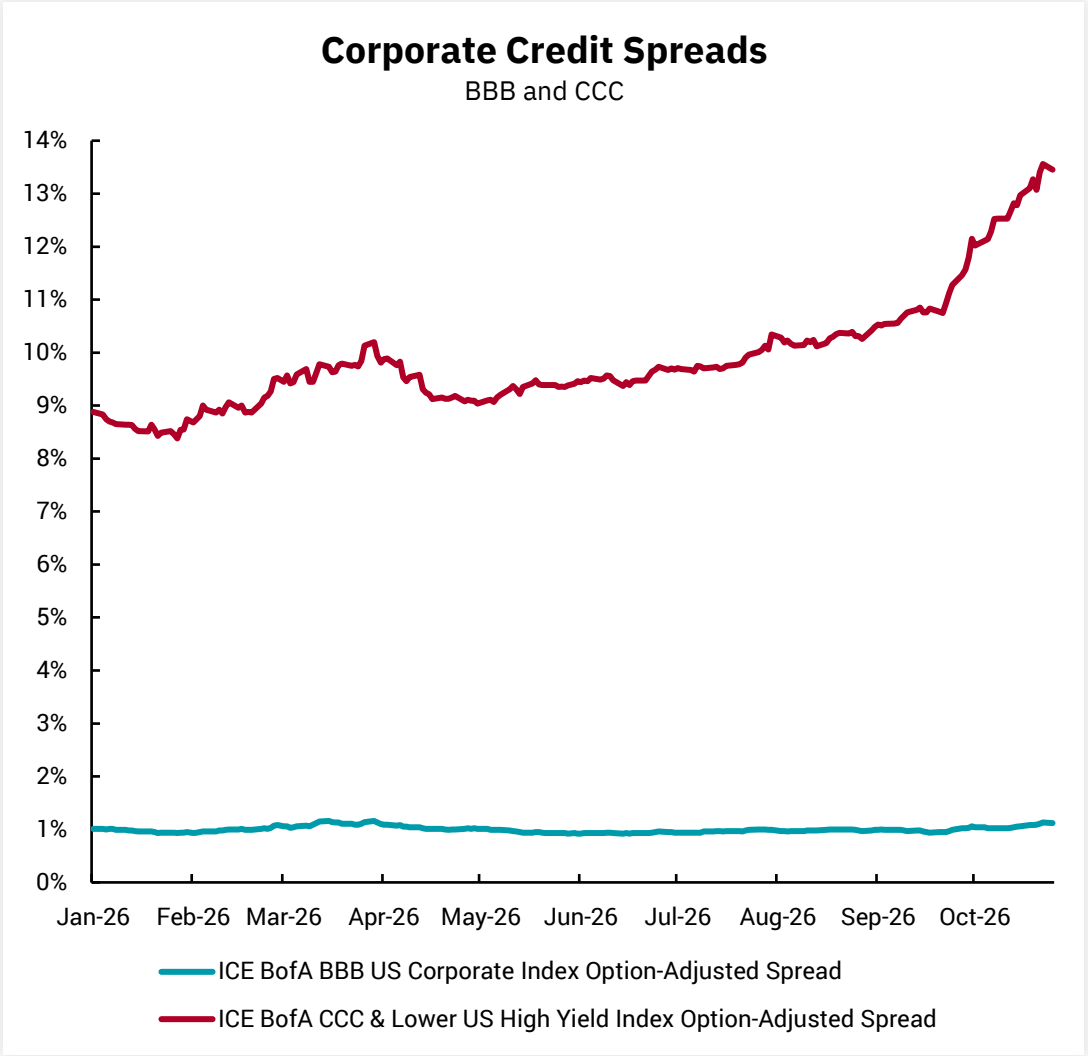
INVESTMENT MANAGEMENT

By the numbers

Chart of the week (Oct. 30, 2026)



Regular readers know I have an affinity to listen to the bond market's message. While it tends to get less press than the stock market, the bond market is a multiple of size as compared to stocks. The Treasury market serves as the valuation basis for every part of the capital markets, public and private. Its impact is not always direct, but its impact is always there.

When valuing investments, the U.S. Treasury market is considered the source of the "risk-free" rate of return. Most every valuation method is a variation of some sort of "net present value" calculation where future cash flows are discounted back to a present value using the "risk-free" rate as a benchmark. Interest rates matter in the process because a higher "risk-free" rate results in a lower present value. This explains why, in general, the stock market likes declining/lower rates more than rising/higher interest rates. If earnings growth is strong enough, as we see currently, rates can move higher at the same time stocks continue to move higher too.

Within the bond market there are also messages to which we pay attention. U.S. Treasuries may be considered "risk-free" from a credit standpoint, but corporate bonds have some measure of credit risk which is higher than U.S. Treasuries. As a quick aside, were you aware that there are 38 companies in the S&P 500 whose bonds trade at a lower credit default swap level than Treasuries? Since investors are taking this additional credit risk, they will demand a higher level of return to compensate for this risk. Not surprisingly, the higher the credit risk, the higher the spread demanded. If corporate bond holders overall expect the economy to slow and more companies to have difficulty paying their bonds, then overall credit spreads will increase. For us, watching credit spreads is a key indicator of the overall corporate bond market's perception of economic activity going forward.

There are also times, like now, when the opinion of the markets varies. We see this in economic data comparing delinquency rates for subprime versus prime car loans where subprime delinquency rates are higher now than during the Great Financial Crisis while prime loan delinquency rates have remained remarkably stable. Our chart this week shows a similar pattern when comparing bonds rated CCC versus those rated BBB. BBB spreads remain stable while CCC bond spreads have widened appreciably. This reflects growing concerns about lower-rated bond issuers ability to pay on time. It would seem there is a bit of a "K-shape" to the bond market as well as the overall economy. We will be watching closely to see if these higher credit spreads begin to move upwards in the credit quality spectrum. If they do, we will be more cautious about our outlook for continued economic growth.

Chart data source: Ice Data Indices, LLC via FRED®.

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INVESTMENT MANAGEMENT

By the numbers

BOK FINANCIAL

Commentary (Oct. 30, 2026)

Domestic equities

- U.S. stocks closed the month of October with mixed results. The S&P 500 Index declined slightly for the month, and the Nasdaq Composite Index was down almost 5%. Meanwhile, the Dow Jones Industrial Average gained over 2% and the Russell 2000 Index also had positive returns for the month.
- There was significant rotation amongst sectors during October. The Energy sector was up close to 12%. Flight-to-safety sectors like Utilities, Staples and Health Care also increased close to 10%. Communication Services and Technology declined for the month.
- The Energy sector was driven by ongoing conflicts in the Middle East and fluctuating, elevated oil prices. Intensified inflation worries have been driving interest rates higher, threatening to pressure margins and consumer stability.
- A steep Technology sector selloff emerged toward the end of the month following disappointing quarterly results and forward guidance from mega-cap companies. Alphabet missed revenue expectations and Amazon posted a rare earnings miss, prompting investors to heavily question the immediate financial payoff of massive AI infrastructure investments.

Bonds

- U.S. Treasuries rallied as investors sought safety amid renewed concerns about the sustainability and financial returns of AI-related capital spending. The 10-year Treasury yield ended the week at 4.93%, down from 4.99%, while the two-year yield fell to 4.59% from 4.68%.
- The Federal Reserve left its policy rate unchanged at 3.75% to 4.00% following September's rate increase. Policymakers offered limited guidance on December, leaving the path of monetary policy dependent on incoming inflation and labor-market data.
- Bonds posted broad gains for the week. The Bloomberg U.S. Aggregate Bond Index rose 0.6%, while investment-grade corporate bonds and high-yield bonds each gained 0.5%.
- Credit-market performance remained uneven. Spreads on lower-rated corporate bonds have widened as investors question weaker issuers' ability to meet their obligations, while spreads on higher-quality BBB-rated bonds have remained comparatively stable.

International equities

- Foreign stock investors spent the week digesting mixed news on technology stock earnings and future capex plans, as well as key central bank policy rate decisions ahead of important U.S. midterm elections next week.
- Most European markets rose for the week, lifting developed markets. The European Central Bank left interest rates unchanged at 2.5%. Policymakers face pressure to raise rates to address intensifying inflation driven by higher energy prices, while also avoiding a hike as France, the second-largest euro area economy, faces significant fiscal challenges.
- Emerging markets encountered higher volatility this week as Brazilian stocks fell over 18% on Monday after the country's controversial presidential election. Gains across key Asian markets offset that weakness. Taiwan's GDP expanded 14.4% in the third quarter from a year earlier, its fourth straight quarter of double-digit growth and the longest such stretch in nearly 39 years. Taiwan's exports surged almost 61% to a record of over $87 billion in September, benefiting from the spread of AI. Elsewhere, South Korea's economy grew 1% in the third quarter driven by semiconductor exports.

Economics

- On Tuesday, the Consumer Confidence Index showed a meaningful rebound from last month, coming in at 91.7 versus 84.2 in September. Economists attribute much of this improvement to falling gas prices over the past month.
- On Thursday, third-quarter gross domestic product (GDP) data revealed that the economy grew by 3.4%. This outperformed the consensus estimate of 3.1% and the previous quarter's growth of 2.2%. The acceleration was fueled by continued spending related to the AI boom and a resilient U.S. consumer.
- Also on Thursday, weekly initial jobless claims came in at 194,000, aligning with both consensus estimates and the previous week's reading. Claims have remained below the 200,000 threshold for several consecutive weeks, pointing to a resilient labor market.
- Looking ahead, the coming week is shaping up to be highly active, highlighted by midterm elections on Tuesday and the October employment report on Friday.

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Weekly Market Update

For Week Ending October 30, 2026

Markets

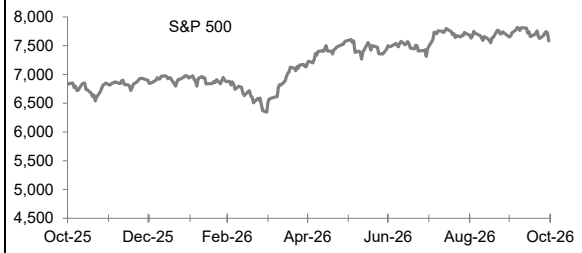
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	51,770.31	-0.8%	9.1%	10.7%
S&P 500 Index	7,580.07	-0.6%	11.7%	12.4%
NASDAQ Composite	25,437.00	-2.0%	10.0%	8.5%
S&P 400 Midcap Index	3,662.22	1.3%	12.0%	15.1%
S&P 600 Smallcap Index	1,706.25	1.5%	17.7%	20.9%
MSCI EAFE	3,100.62	0.9%	9.5%	13.3%
MSCI Emerging Markets	1,566.63	-0.7%	13.5%	13.2%
Bloomberg US Agg	2,366.13	0.6%	-0.5%	-0.1%
Bloomberg Municipal 5 Yr	522.20	0.5%	0.5%	1.0%
Bloomberg US Corporate	3,508.98	0.5%	-1.0%	-0.8%
Bloomberg Glb Agg ex US Hdg	615.35	0.3%	1.0%	0.6%
Bloomberg High Yield	2,926.19	0.5%	0.4%	1.5%
MSCI US REIT Index	2,654.36	1.2%	13.0%	12.9%
Bloomberg Commodity Index	366.74	-1.7%	32.8%	37.2%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.00%	4.00%	3.75%	4.00%
3-Month Treasury	4.08%	4.12%	3.63%	3.84%
1-Year Treasury	4.37%	4.39%	3.47%	3.69%
2-Year Treasury	4.59%	4.68%	3.47%	3.61%
5-Year Treasury	4.72%	4.81%	3.73%	3.72%
7-Year Treasury	4.81%	4.89%	3.94%	3.90%
10-Year Treasury	4.93%	4.99%	4.17%	4.10%
30-Year Treasury	5.31%	5.32%	4.84%	4.65%
Consumer Rates				
30-Year Mortgage	7.40%	7.43%	6.25%	5.83%
BOKF National Prime Rate	7.75%	7.75%	7.50%	7.75%
SOFR	3.95%	3.92%	3.71%	4.04%
Commodities				
Gold	3,874.62	3,996.10	4,319.37	4,024.54
Crude Oil WTI	104.12	103.27	57.42	60.57
Gasoline	4.18	4.30	2.83	3.04
Natural Gas	2.90	2.64	3.69	3.96
Copper	6.48	6.51	5.68	5.10

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	19.78	19.38	5.79	1.44
S&P 500	18.74	23.53	5.64	1.11
S&P 500 Value	17.87	20.21	3.96	1.74
S&P 500 Growth	19.54	27.39	8.85	0.56
NASDAQ	22.37	30.35	7.54	0.58
S&P Midcap 400	15.06	17.30	2.77	1.65
S&P Smallcap 600	14.22	16.23	2.07	2.32
MSCI EAFE	14.77	16.73	2.29	2.89
MSCI Emerging Markets	8.71	13.90	2.23	2.80

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	4.94	-0.87	-5.44
Mid	5.59	1.90	-1.51
Small	3.76	3.18	2.53

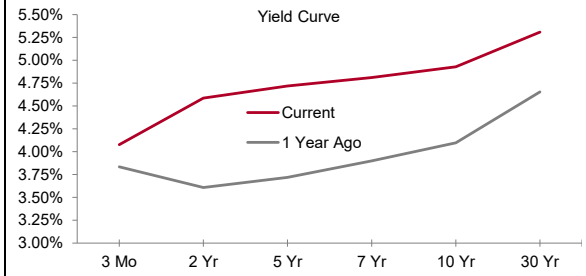
> 10% / 0% - 10% / <0%

Year to Date*

	Value	Core	Growth
Large	14.39	11.75	9.56
Mid	11.92	11.97	11.94
Small	18.11	17.71	17.24

*S&P Indices

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	0.94	1.64	5.16
Corp	0.86	1.59	3.49
HY	0.34	0.41	-5.60
	1-3 Yrs	1-10 Yrs	+10 Yrs

> 10% / 0% - 10% / <0%

Year to Date*

	Short	Interm.	Long
Govt	1.41	0.16	-2.85
Corp	1.85	0.00	-3.20
HY	1.88	0.55	-8.04
	1-3 Yrs	1-10 Yrs	+10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.7%	3.0%
CPI Core Inflation	2.6%	3.0%
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)	194	231
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)	91.7	95.5
Consumer Spending ($ Bil)	22,309	21,029
Consumer Credit ($ Bil)	5,197	5,059
Retail Sales ($ Bil)	745	701
Housing		
Housing Starts (000's)	1,221	1,319
Case-Shiller Home Price Index	336.74	329.84
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	76.85	76.05
Markit US Composite PMI	57.60	54.60
U.S. General		
Leading Economic Indicators	99.6	100.1
Trade Weighted Dollar Index	121.3	121.0
EUR / USD	1.12	1.16
JPY / USD	157.56	154.13
CAD / USD	0.72	0.72
AUD / USD	0.70	0.66

S&P 500 Sector Returns

	1 Month	YTD
Energy	14.00%	59.92%
Health Care	9.87%	21.02%
Information Technology	-6.80%	19.65%
Consumer Staples	11.62%	18.29%
Materials	6.57%	15.97%
Real Estate	5.08%	10.66%
Industrials	0.30%	8.87%
Financials	5.91%	4.53%
Utilities	10.17%	3.94%
Consumer Discretionary	3.93%	-2.11%
Communication Services	-15.11%	-11.31%

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