What's on Our Minds

November 2, 2026

MARKET HIGHLIGHTS

- **Third-quarter gross domestic product grew at a 3.4% annualized rate,** above the 3.2% estimate, driven by a 12.7% surge in nonresidential fixed investment as companies poured capital into AI-related compute capacity.
- **September core Personal Consumption Expenditures inflation rose 0.3%,** in line with expectations, with year-over-year core inflation at 3.1%, still well above the Federal Reserve's 2.0% target.
- **The Federal Open Market Committee held rates steady at 3.75%–4.00%,** with two dissenters favoring a rate hike. December rate-cut odds fell to 70% from 85%.
- **The European Central Bank (ECB) held its key rate at 2.25%** in a unanimous decision, while ECB President Christine Lagarde announced she is stepping down early, citing difficulty remaining neutral amid the current fiscal environment.
- **The Bank of Japan held its rate at 1.25%,** but for the first time since 2013 formally declared victory over deflation, stating underlying inflation has reached its 2% target.

MARKET PERFORMANCE

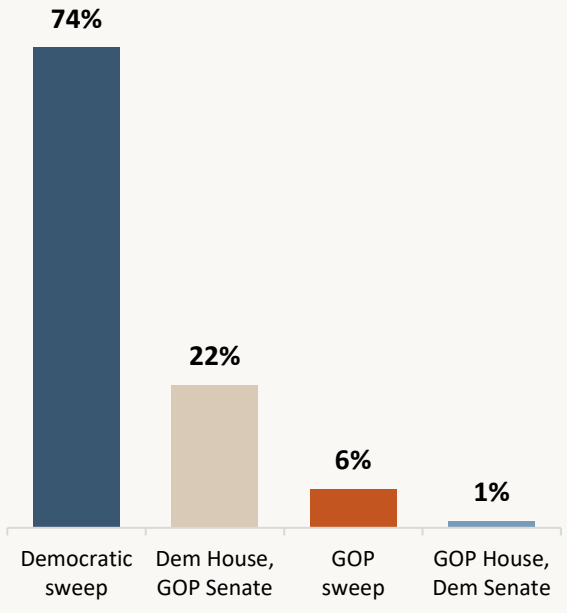
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.56%	-0.54%
Municipal Bonds 1-10Y	0.60%	0.22%
U.S. High Yield	0.47%	0.33%
S&P 500	-0.56%	11.77%
Russell 2500 (SMID cap)	1.07%	16.32%
MSCI EAFE (International)	0.87%	9.52%
MSCI Emerging Markets	-0.72%	13.45%
MSCI ACWI (Global)	-0.29%	11.18%
Crude Oil (NYMEX WTI)	-1.13%	81.73%
Gold LBMA PM	-2.74%	-10.41%
60/40 ACWI/Agg Portfolio	0.05%	6.49%

WHAT CAUGHT OUR EYES THIS WEEK

A Known Unknown Approaches

Midterm elections are finally here. Prediction markets lean toward strong Democratic gains: either a split Congress or a Democratic sweep. Barring a historic case of polling error (which has happened before and could happen again), the outcome for Washington, DC, seems clear: Expect gridlock. Markets tend to like gridlock because it reduces the chance of surprises down the road. Perhaps more than anything, they appreciate the resolution of uncertainty, with the S&P 500 higher 12 months after every midterm election since 1950. Why? After moving past a "known unknown," investors typically turn their attention back to what matters most for stocks: corporate earnings. On that front, trends have been exceptionally strong. Admittedly, much of that strength hinges on the ongoing proliferation of artificial intelligence, a topic which has been at the center of the political discourse on both sides of the aisle. Given the expected gridlock, that may make gubernatorial elections more interesting, with potential impacts on state-level friendliness—or lack thereof—toward data center development.

Kalshi Balance-of-Power Contract Prices, November 1, 2026, 4:18 PM ET



Please see important disclosures and other key information on page 4.

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OUR KEY THEMES FOR 2026 (updated as of September)

1) Monetary policy moves to neutral or slightly restrictive, fiscal policy moves to neutral or slightly positive, and the AI infrastructure buildout remains a key structural tailwind.
2) OBBBA corporate tax changes are spurring a reacceleration in non-AI business investment.
3) Global growth on net remains positive as trend-or-better US growth offsets supply shocks overseas.
4) Broader economic activity lifts employment, while labor force growth remains sluggish.
5) Inflation remains above the Fed target, but progress should resume when the current supply shock fades.
6) We see a handful of rate hikes at the most, not another full-scale hiking cycle.
7) We see stability or slight upward pressure for long-term rates based on strong economic activity.
8) We believe it's hard to fight strong fundamentals for equity markets, with double-digit profit growth balancing high earnings multiples.
9) Better earnings breadth was delayed, not canceled.
10) International stocks still offer diversification benefits and an impressive fundamental outlook considering geopolitical headwinds.

IN CASE YOU MISSED IT

INSIGHTS

2026 Year-End Opportunities Guide

The 2026 Year-End Financial Planning Checklist

Webinar Recording: Q4 2026 Market & Economic Outlook

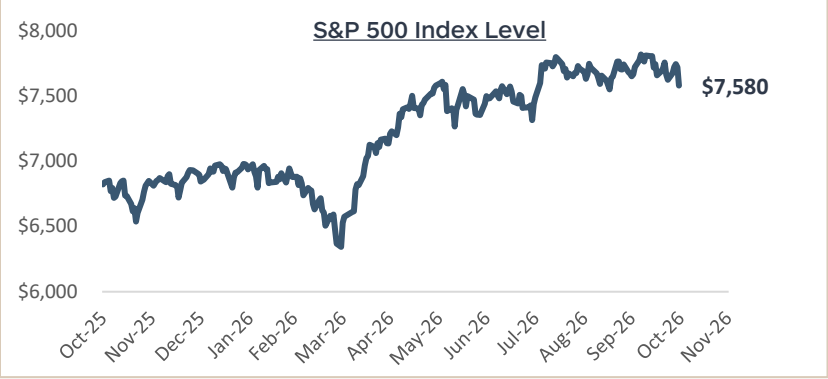
ARCHIVE

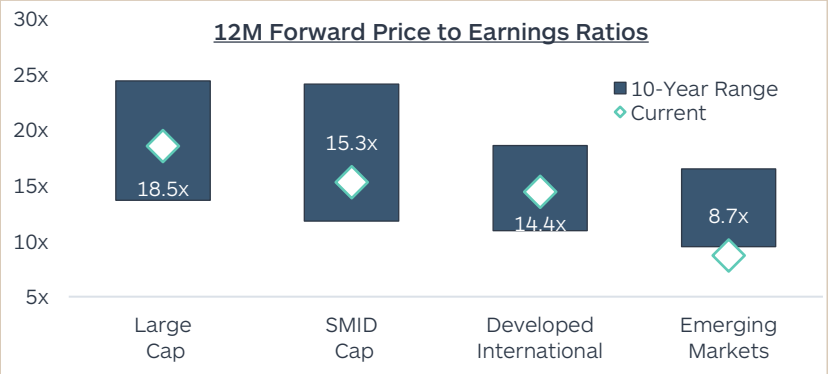
Historical Economic and Market Outlooks Insights

WEBINARS

Recording: Q4 2026 Market & Economic Outlook

EQUITIES





S&P 500 SECTOR	1-WEEK	YTD
Health Care	3.1%	21.0%
Utilities	2.0%	3.9%
Materials	2.0%	16.0%
Industrials	1.7%	8.9%
Consumer Staples	1.6%	18.3%
Real Estate	1.4%	10.7%
Financials	1.1%	4.5%
Energy	1.0%	59.9%
Consumer Discretionary	1.0%	-2.1%
Information Technology	-1.8%	19.6%
Comm. Services	-8.5%	-11.3%

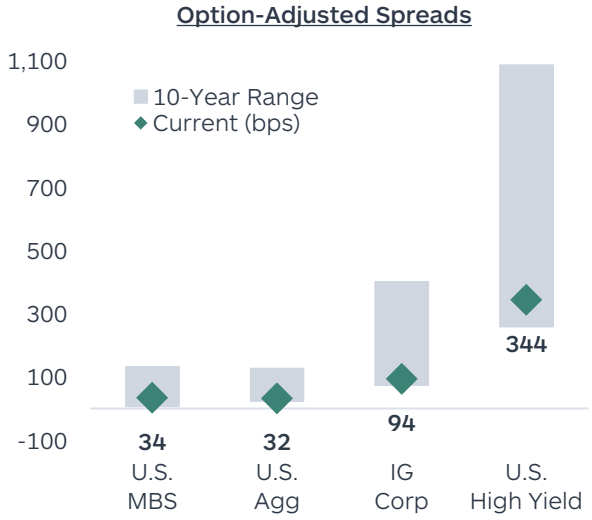
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FIXED INCOME

KEY INTEREST RATES	10/30/2026	Δ YTD
Municipal Bonds 1-10Y	3.62%	0.65%
Effective Federal Funds Rate	3.88%	0.24%
3M T-Bill	4.07%	0.44%
10Y Treasury Yield	4.91%	0.74%
U.S. Aggregate	5.24%	0.92%
Prime Rate	7.00%	0.25%
30Y Mortgage Rate	7.36%	1.11%
U.S. High Yield	8.50%	1.42%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	10/30/2026
Crude Oil	$104.06
Gold	$3,913.25
U.S. Dollar Index	$101.88
Bitcoin	$76,970.00

From headlines to horizon, discover how smart insights can shape your financial future. Visit the Cerity Partners website for more information.

THE WEEK AHEAD

Nov. 2 (Mon.)

Oct. ISM Manufacturing PMI

Sep. Construction Spending

Nov. 3 (Tue.)

U.S. Midterm Elections

Sep. Factory Orders

Sep. JOLTS Job Openings

Nov. 4 (Wed.)

Oct. ADP Employment

Oct. ISM Services PMI

Nov. 5 (Thu.)

Weekly Initial Claims

Q3 Productivity

Nov. 6 (Fri.)

Oct. Employment Data

Nov. Michigan Sentiment

Coming Up

Oct. CPI (11/10)

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ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, S&P Dow Jones, Kalshi

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 10/30/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 10/30/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 10/30/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 10/30/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 10/30/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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