

10/26/2026

The Week Ahead



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THINGS TO WATCH

Fed Decision: Hawkish Hold?

Markets widely anticipate Fed policymakers will keep their benchmark rate unchanged in a range of 3.75%–4.0% at the October 27–28 FOMC meeting. However, the potential for regional Fed president dissents presents a key risk to consensus. Mixed economic data since September give ammunition to both camps, pairing cooler payrolls and softer PCE revisions against sticky CPI housing costs. Chair Kevin Warsh will likely avoid concrete forward guidance during his press conference to preserve policy optionality. With futures implying an 80%+ chance of a hike in December, upcoming inflation prints will ultimately dictate whether the committee tightens once more before year-end.

Hyperscaler Earnings

Microsoft, Alphabet, and Amazon report earnings this week, with investors weighing surging cloud revenue against intensifying data center capacity bottlenecks and rising capital expenditures. Despite blowout backlogs, physical constraints could be slowing enterprise deployments. Microsoft faces scrutiny over its roughly 45% Azure growth target and OpenAI-related earnings drag, while Alphabet must justify a full-year capex outlook of up to \$205 billion against negative free cash flow. Meanwhile, Amazon's \$220 billion capex plan remains under the microscope as markets evaluate whether AWS acceleration can support an aggressive multi-year infrastructure spending gameplan.

Will 3Q26 GDP Come in Hot?

Advance estimates for Q3 real GDP point to robust acceleration, with most forecasters' estimates between 3.2% and 3.6%, well above the Growth remains anchored by resilient consumer spending and double-digit expansion in business equipment, fueled by ongoing AI data center infrastructure demand. However, elevated borrowing costs continue to suppress residential investment. With output accelerating alongside subdued payroll additions, the report could confirm accelerating structural productivity gains.

LAST WEEK'S ECONOMIC DATA

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Housing Starts (Millions Ann.)	1.22	1.44	▼
Building Permits (Millions Ann.)	1.40	1.37	▲
Cont. Jobless Claims (Thousands)	1,728	1,789	▼
S&P Global U.S. Manufacturing PMI	56.0	53.9	▲
S&P Global U.S. Services PMI	57.9	54.6	▲

INDEX

	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	52215.16	0.42%	9.99%	12.37%
NASDAQ	25955.34	-0.71%	12.19%	12.53%
S&P 500	7623.68	-0.46%	12.38%	13.53%
MSCI EAFE	3074.49	-1.51%	8.55%	11.68%
BB U.S. Aggregate	2323.04	0.54%	-0.97%	-1.23%

KEY BOND RATES

	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.12%	4.12%	3.88%
10-Year Treasury	4.99%	5.11%	4.00%

REPORTS DUE THIS WEEK

	LATEST
Conf. Board Consumer Confidence	81.9
New Home Sales (Thousands Ann.)	1.40
3Q26 GDP (Q/Q Annualized)	2.2%
Core PCE Price Index (Y/Y)	3.0%

Total returns are as of 10/23/26. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

373

Since the 10-year Treasury yield peaked at 5.30% on October 5, the S&P 500 has retreated 1.93%. However, breadth has been notably resilient: 373 stocks, or nearly 75% of the benchmark, have outperformed the index over this stretch. As many mega-cap AI infrastructure names suffered 10%-plus corrections that technology and communication services sectors have been pressured. Meanwhile, the defensive trio of energy, consumer staples, and healthcare has emerged to pace market gains.

61.6%

United Airlines (UAL) reported that its third-quarter jet fuel expenses surged 61.6% year-over-year to \$4.84 billion, leading to an earnings miss and prompting a weaker-than-expected 4Q profit outlook. Spurred by Middle East conflict disruptions, jet fuel climbed to an average of \$3.90 per gallon in the period. Despite strong premium booking demand, soaring input costs continue to pressure carrier margins.

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