



PNC Weekly Market Watch

Market Review: Rocky rotation redux

Global equities mostly fell last week, and, on October 22, the S&P 500® posted its largest one-day decline in more than two months. Following Meta Platforms, Inc.'s recapitalization plan announcement, concerns about the sustainability of artificial intelligence (AI) financing weighed on markets. Information Technology and growth stocks were hit the hardest, both domestically and abroad. Notably, the Russell 3000® Value ended the week in positive territory and delivered its best weekly outperformance over the Russell 3000® Growth in more than two years as investors rotated away from mega-capitalization stocks.

Bonds also exhibited risk-off sentiment. The 10-year U.S. Treasury (UST) yield fell 17 basis points (bps) on October 22, its biggest one-day drop since August 2024, as investors questioned whether AI-supported economic growth could be sustained. The 10-year UST yield ended the week near 5.0%, below the early October peak of 5.3%. Meanwhile, the price of Brent crude oil rose to a five-month high of nearly \$116 per barrel after attacks on infrastructure in Saudi Arabia.

Market Outlook

The Federal Open Market Committee (FOMC) meets this week; markets expect no change in policy at this meeting, with a high probability of a rate hike in December. The Committee's post-meeting messaging could add to volatility, along with higher bond yields, geopolitical uncertainty and the upcoming U.S. midterm elections. We maintain our lean toward diversified equities.

Market Performance

	Price	1 Week	QTD	YTD	1 Year
Russell 3000®	4,317	(0.3)%	(0.2)%	12.2%	13.9%
S&P 500®	7,624	(0.5)%	(0.3)%	12.4%	14.5%
Growth	5,505	(1.8)%	(4.0)%	11.2%	13.0%
Value	2,347	1.1%	4.4%	13.8%	16.2%
S&P 400®	3,617	0.0%	0.6%	10.6%	11.8%
Russell 2000®	6,899	2.0%	(0.7)%	12.9%	13.2%
MSCI World Ex USA	1,445	(1.4)%	(1.2)%	8.9%	13.1%
MSCI Emerging Markets IMI	1,584	(2.8)%	(7.2)%	13.3%	15.4%
	YTW	1 Week	QTD	YTD	1 Year
Bloomberg US Agg	5.33%	0.5%	1.9%	(1.1)%	(1.1)%
Bloomberg Corp Inv Grade	5.87%	0.3%	1.7%	(1.5)%	(1.8)%
Bloomberg US Corp HY	8.39%	(0.1)%	(0.2)%	(0.1)%	1.2%
Bloomberg EM USD Agg	6.85%	(0.1)%	0.9%	(0.7)%	0.7%
	Price	1 Week	QTD	YTD	1 Year
US Dollar / Euro	1.12	(0.4)%	(1.4)%	(4.6)%	(3.5)%
Japanese Yen / US Dollar	156.76	(0.7)%	(0.2)%	0.0%	2.7%
Chinese Yuan / US Dollar	6.67	(0.2)%	(0.5)%	(4.5)%	(6.3)%
Bloomberg Commodity Index	143.69	(0.4)%	1.6%	35.0%	38.3%
Gold (\$/oz.)	\$3,996	(4.1)%	(4.0)%	(8.3)%	(4.0)%
Crude Oil (\$/barrel)	\$103.27	4.4%	15.6%	130.6%	116.8%
Copper (\$/lb)	\$6.48	(0.4)%	(0.1)%	18.8%	37.2%

As of 10/23/2026. Source: Bloomberg L.P., FactSet®. FactSet® is a registered trademark of FactSet Research Systems Inc. and its affiliates.

Table of the Week

S&P 500 Earnings Scorecard

Name	% of Companies Reported	Earnings		
		Blended Growth ¹	Estimate 9/30/26	Growth Surprise
S&P 500	24.5%	29.5	29.2	0.3
ex-Mag. 7 ²	24.4%	29.6	27.9	1.7
Comm. Svcs	21.7%	39.8	51.5	-11.7
Cons. Disc.	31.9%	3.3	3.1	0.2
Cons. Staples	21.2%	4.1	2.8	1.3
Energy	19.0%	136.0	114.8	21.3
Financials	47.4%	4.6	3.0	1.6
Health Care	13.3%	-1.2	5.6	-6.8
Industrials	30.1%	17.6	14.6	2.9
Info. Tech	16.2%	65.6	63.8	1.8
Materials	20.0%	30.0	29.6	0.5
Real Estate	13.3%	8.8	8.7	0.1
Utilities	6.5%	8.8	6.7	2.1

1. Blended Growth is actual reported results combined with consensus estimates for those yet to report.
2. Mag 7 stands for Magnificent 7 companies.

As of 10/23/2026. Source: FactSet®

- With 25% of S&P 500 constituents having reported earnings, the blended earnings growth rate improved 50 bps from the prior week.
- Broad-based results across several sectors contributed to week-over-week earnings growth.
- Although early results from Mag 7 companies were positive, investor concerns about the capital expenditures required to support AI growth weighed heavily on share prices for most of the group.

Economic Updates

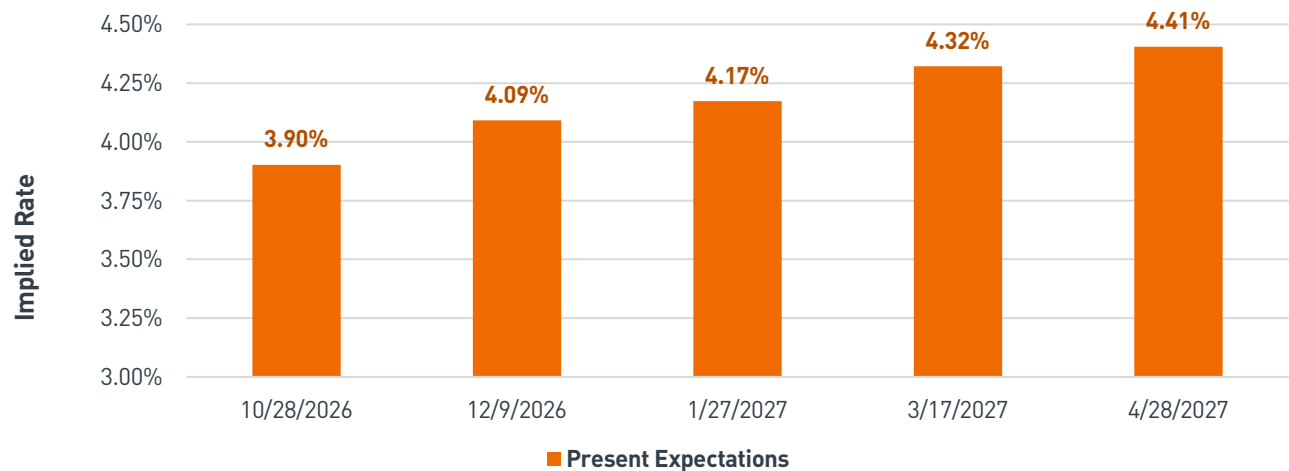
Previous Week

- National Association of Home Builders Housing Market Index (U.S.): 29
- Consumer Price Index, year-over-year (y/y) (U.K.): 3.5%
- S&P Manufacturing PMI (U.S., Eurozone, Japan, U.K.): 56.0, 52.4, 53.3, 52.8

This Week

- FOMC rate decision (U.S.)
- Personal Consumption Expenditures, y/y (U.S.)
- GDP Price Index (Eurozone, U.S.)

Federal Funds Rate Projections



Equity Valuations

	Moving Averages				
	P/E	P/E 3-Yr Avg	Dividend Yield	50-Day	200-Day
Russell 3000®	18.7 x	20.9 x	1.05%	4,366	4,143
S&P 500®	18.6 x	20.9 x	1.04%	7,700	7,291
Growth	19.6 x	25.7 x	0.49%	5,680	5,306
Value	17.5 x	17.2 x	1.68%	2,310	2,223
S&P 400®	14.4 x	15.5 x	1.34%	3,706	3,644
Russell 2000®	21.6 x	23.7 x	1.24%	7,160	6,960
MSCI World Ex USA	14.9 x	14.6 x	2.61%	3,245	3,161
MSCI Emerging Markets IMI	10.0 x	12.3 x	2.07%	1,701	1,635

Data as of 10/23/2026 unless otherwise noted. Source: Bloomberg L.P., FactSet®.

Fixed Income Valuations

	Duration (years)	OAS (bps)	3-Yr Median OAS (bps)
Bloomberg US Agg	5.8	32	33
Bloomberg Corp Inv Grade	6.4	89	82
Bloomberg US Corp HY	3.1	337	292
Bloomberg EM USD Agg	5.6	191	215

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