Week Ahead — November 2, 2026

WEALTH MANAGEMENT & ADVISORY
VERO BEACH & PALM BEACH GARDENS, FL

THIS WEEK'S THEME | Value and Defensives Lead as Money Leaves Big Tech

01 · THE WEEK IN BRIEF

What happened. The S&P 500 slipped 0.57% to close Friday at 7,580.07, a third consecutive weekly decline, 3.1% below its October 6 record and pinned to support related to the September lows at 7,575. Nearly all of the decline came Friday, when the S&P 500 fell 1.8% and the Nasdaq 2.9%; their worst sessions since June. Beneath the surface, 9-of-11 sectors advanced, small caps gained 1.29% and value shares hit record highs, while the seven largest technology companies fell 2.11% and communication services names dropped 5.32% to a 52-week low after Alphabet, Amazon and Intel reported earnings. The 10-Yr Treasury yield fell 0.06% to 4.94%, its first weekly close below 5% since mid-September.

Why it matters. Last week's economic data supports the case that the expansion remains intact for now: third-quarter GDP grew at a 3.4% annual rate, the strongest quarter since Q3 of 2025, jobless claims held at 194K, and the Fed described economic activity as "strong" in holding rates steady. The same data carried the strains of a maturing cycle: consumer spending growth slowed to 2.5%, real after-tax incomes fell in September, PCE inflation rose to 3.6%, and two Fed officials voted for a rate hike. Within the stock market, the rotation away from the mega-cap technology names that led 2026 accelerated as investors questioned prospective returns on AI spending. Critically, the capital did not leave the stock market altogether, but rather flowed into value, Health Care, Staples, energy and small caps. Meanwhile, short-term Treasury yields fell faster than long-term yields, widening the gap between the 10-Yr and 2-Yr yields to 0.38% from 0.31%. The Chart of the Week shows where the money has gone since the October 6 record.

What we believe stocks are worth.



Median Wall Street estimate of 2027 earnings ($420 per share) at 15X to 23X; in our view 19X, the rough 10-year average, is fair value. Earnings yield ~5.5% vs 4.94% on the 10-Yr Treasury.

What's the mood on Wall Street? Investor sentiment improved modestly last week. CNN's Fear and Greed Index rose 5 points from 21 to 26, moving from Extreme Fear to Fear (25 is the threshold). The AAII survey of retail investors showed bears still outnumbering bulls, 41% to 38%. The VIX was little changed on the week, dipping 0.03 points to 19.42, but near-term VIX futures notably rallied beyond later-dated contracts, a signal that demand for downside stock market protection picked up measurably through Friday's decline.

S&P 500	10-YEAR TREASURY	SECTORS UP / DOWN	MARKET-BASED ODDS OF A DEC. 9 RATE HIKE
−0.57%	4.94%	9 / 2	76%
7,580 · +10.7% this year · 3.1% below its October 6 record	down from 5.00% · the 2-year yield fell 0.13% to 4.56%	average S&P 500 stock (RSP) rose 0.8%; small caps +1.3%	down from 88% a week ago; the Fed held at 3.75–4.00% on Oct. 28

02 Markets at a Glance

WEEK ENDED OCTOBER 30

MARKET	LEVEL	THIS WEEK	THIS YEAR	QUICK TAKE
S&P 500	7,580	−0.57%	+10.7%	A third weekly decline; closed on support at 7,575 after Friday's 1.8% drop.
Nasdaq	25,437	−2.00%	+9.4%	A third straight weekly decline; fell 2.9% Friday as Intel had its worst day since 1974.
Dow Industrials	51,770	−0.85%	+7.7%	Reversed the prior week's gain to end Friday in the middle of its fall trading range.
Small Caps (Russell 2000)	2,812	+1.29%	+13.3%	A second straight weekly gain after holding support in mid-October.
Dow Transports	20,329	+1.43%	+17.1%	A third weekly gain in a row; a near-term base taking shape.
Growth Stocks (VUG)	85.06	−1.96%	+4.6%	A third straight weekly decline on rising volume as mega-cap technology names were sold.
Value Stocks (VTV)	228.02	+1.32%	+19.4%	Fresh record highs amid the heaviest volume in a month; YTD lead over growth expanded to ~15%.
Oil (WTI)	$102.95	−0.47%	+79.3%	Active month futures contract (Dec.) held above $100 for a second consecutive week.
Gold	$3,885	−3.12%	−10.3%	Another heavy weekly loss, marking its third consecutive weekly drop and a breakdown to fresh 52-week lows; silver fell a steep 8.9%.
U.S. Dollar	101.96	+0.21%	+3.8%	Edged higher; the uptrend since the summer is intact.

03 Sector Performance

ONE CHANGE, FIVE TO WATCH

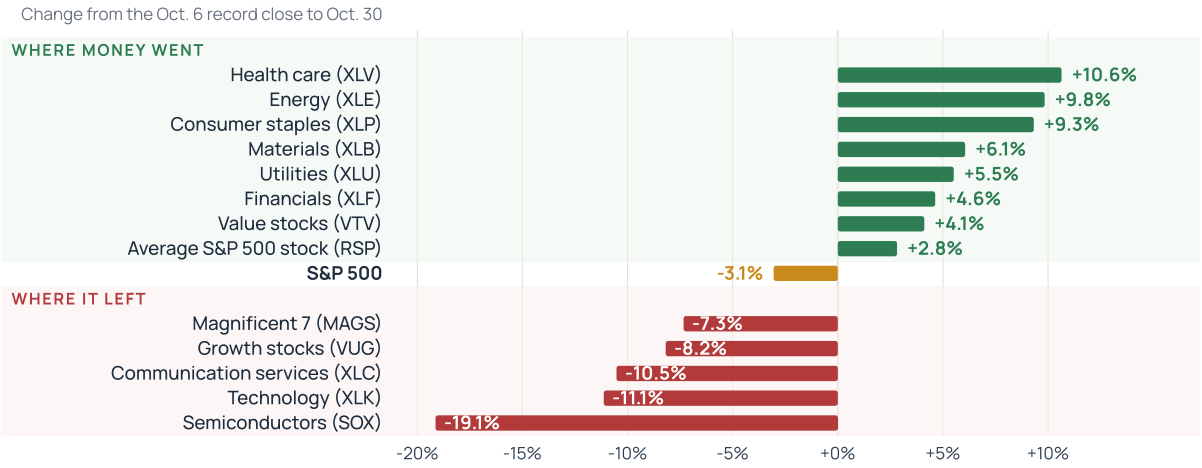
SECTOR	THIS WEEK	THIS YEAR	PERFORMANCE	NOTE
Health Care	+3.12%	+19.4%	Outperforming	New all-time highs on the heaviest volume since mid-summer; relative strength at a 52-week high.
Energy	+1.00%	+56.6%	Outperforming	New record highs; relative strength to the S&P 500 rising in a well-defined uptrend.
Consumer Staples	+1.31%	+15.1%	Outperforming	A fresh intraday record on rising volume; relative strength at a 7-month high.
Financials	+1.09%	+3.2%	▲ Neutral	**Moved up to neutral**: a fourth straight gain and a second close above its 13-week average.
Technology	−2.03%	+24.7%	Neutral	A third week below its 13-week average on heavy volume; a further downgrade is possible.
Utilities	+2.04%	+1.7%	Neutral	Multi-week highs on light volume; relative strength broke a downtrend line; watch for an upgrade.
Materials	+2.79%	+16.3%	Underperforming	A third close above its 13-week average on rising volume; watch for an upgrade.
Industrials	+1.69%	+7.9%	Underperforming	Rallied off first-half lows; relative strength at a 6-week high; watch for an upgrade.
Real Estate	+1.41%	+7.0%	Underperforming	A fourth week of gains on heavy volume, reclaiming its 13-week average; still watch for an upgrade.
Consumer Discretionary	+2.02%	−3.4%	Underperforming	Reclaimed its 13-week average, but failed at the underside of a violated uptrend line.
Communication Services	−5.32%	−15.1%	Underperforming	Worst sector of the week by far; a fresh 52-week low on the back of Alphabet's quarterly earnings and guidance report.

What changed. There was one trend change this week: financials moved up to neutral after a fourth consecutive weekly gain. That leaves 3 sectors outperforming (health care, energy and consumer staples, all at or near record highs), 3 neutral and 5 underperforming, with five to watch. Nine of eleven sectors rose in a week the S&P 500 fell: the money leaving the largest technology and communication services names is being put to work elsewhere in the market, not leaving it.

Performance column. *Outperforming: rising faster than the S&P 500 over recent weeks. Underperforming: lagging the S&P 500 over recent weeks. Neutral: moving roughly in line with the index. Based on 14 weeks of relative price movement. An observation about relative performance, not a recommendation to buy or sell any security. ▲▼ marks a change from last week.*

Growth to Value, Technology to Defensives: Where the Money Has Gone

Change in price from the S&P 500's October 6 record close through Oct. 30, 2026. Source: Yahoo Finance; sector, style, equal-weight and Magnificent Seven ETFs as proxies.



Source: Yahoo Finance daily closes, Oct. 6 (S&P 500 record close) to Oct. 30, 2026; sector, style, equal-weight and Magnificent Seven ETFs as proxies.

Since the S&P 500 set its standing record high on October 6, the index has slipped 3.1%, yet **the "average stock" in the index, as measured by the equal-weighted ETF, RSP, has gained 2.8%**. The chart shows why: money has rotated out of the market's 2026 leaders and into the sectors whose earnings depend least on the economic cycle or AI technology. Growth stocks are down 8.2% and the seven largest technology companies 7.3%, technology and communication services shares have fallen more than 10%, and semiconductors 19%, after results from Alphabet, Amazon and Intel raised questions about the future returns on AI spending. Over the same four weeks health care, energy and consumer staples have risen 9% to 11%, materials, utilities and financials 5% to 6%, and value stocks 4%, with value shares and health care hitting record highs last week. **This is a rotation, not an exit:** nine of eleven sectors rose in a week the S&P 500 fell, and the heavy volume behind the moves in both directions suggests conviction rather than a brief shift. It is also what the later stages of an expansion tend to look like. What we are watching: whether the semiconductor index, SOX, can recover its 200-day moving average (10,795) and if value stocks extend gains into new record territory.

05 Rates and the Fed

WHAT THE COST OF MONEY IS DOING

10-YEAR TREASURY
4.94%
▼ 0.06 pt on the week · first weekly close below 5% since mid-September

30-YEAR MORTGAGE RATE
7.24%
down from 7.32% · a second consecutive weekly decline

FED'S NEXT MEETING · DEC 9
76% odds of a hike
market-based · down from 88% a week ago
current range 3.75–4.00%

Treasury yields fell for a third week, led this time by shorter-term notes. The 2-Yr yield fell 0.13% to 4.56%, the 10-Yr yield fell 0.06% to 4.94%, and the 30-Yr yield slipped 0.02% to 5.31%. As a result, the gap between the 10-Yr and 2-Yr yields widened to 0.38% from 0.31%. The Fed held its policy rate at 3.75% to 4.00% on Wednesday by a 10-to-2 vote, with two officials preferring a quarter-point increase; the statement upgraded its description of economic activity to "strong" and said inflation "remains elevated." The market-based odds of a rate hike on December 9 (our estimate, calculated from futures contracts tied to the Fed's policy rate) eased to 76% from 88%, and futures now price the peak rate for this cycle at 4.44% in the fall of 2027, down from 4.56%, a meaningful step lower in a week the Fed itself leaned hawkish.

What it means for you. The average 30-year mortgage rate eased to 7.24% from 7.32%, a second consecutive weekly decline, though it remains near the highest since November 2023. For savers, shorter-term Treasuries, CDs and money-market funds still offer yields above 4% with limited price risk, and longer-term Treasuries yield 4.9% to 5.3%. With short-term yields now falling faster than long-term yields; the window to lock in a yield near 5% on longer duration Treasuries may be narrowing; potentially something to discuss with your advisor.

06 The Week Ahead

NOVEMBER 2 – 6

The economy remains on solid footing according to last week's data (third-quarter GDP +3.4%, jobless claims 194K); however, consumer spending slowed and inflation picked up as PCE inflation (one of the Fed's preferred gauges) rose to 3.6%. This week brings Election Day and fresh labor market data, with the December Fed meeting now in focus.

WHAT WE'RE WATCHING

- Whether the rotation continues: semiconductors near their 200-day average (10,795).
- S&P 500 support at 7,575 and the September 16 closing low of 7,552.
- Friday's jobs report; the 10-Yr/2-Yr yield gap (0.38%; 0.75% to watch).

DAY	RELEASE	WHY IT MATTERS
Mon Nov 2 10:00 AM	**Manufacturing survey (Oct.)** **Construction spending**	First October read on factory activity and prices paid.
Tue Nov 3 ELECTION DAY · KEY RELEASE	**Midterm elections** **Job openings, 10:00 am**	Control of Congress at stake; stocks rose in the year after every midterm since 1950.
Wed Nov 4 8:15 AM	**Private payrolls (ADP)** **Services survey, 10:00 am**	A preview of Friday's jobs report; Treasury auction sizes 8:30 am.
Fri Nov 6 8:30 AM · KEY RELEASE	**October jobs report** **Claims Thursday, 8:30 am**	Payrolls, the unemployment rate (4.2% in September) and wages.

Times are Eastern. Consensus estimates are not shown; we report outcomes, not forecasts.

THE BOTTOM LINE

Two themes stood out last week. First, the expansion is intact but mature: third-quarter GDP grew 3.4% while consumer spending slowed, real after-tax incomes fell and PCE inflation rose to 3.6%, which led two Fed officials to vote for a rate hike at a meeting that held rates steady. Second, money is flowing out of the mega-cap technology names that led 2026 and into value, health care, staples, energy and small caps after results from Alphabet, Amazon and Intel sparked concerns about the returns on AI investments. Nine of eleven sectors rose in a week the S&P 500 fell, on elevated volume that suggests conviction, not a brief rotation. **If we could only watch one indicator in the coming weeks, through the election, and more important earnings releases and economic data points, it would be the gap between the 10-Yr and 2-Yr Treasury yields;** last week it widened to 0.38% as short-term yields fell faster than long-term yields, which is how every prior cycle has resolved. Ultimately, a move above the January high of 0.75% would be the development to take seriously. History has been kind to stocks in the year after midterms, but the near-term tape is cautious: the S&P 500 closed just above support at 7,575 leading into a busy week of catalysts, including the October jobs report. As always, please feel free to reach out to our team with any questions regarding the latest market developments, or to let us know if your long-term goals have changed.

Data sources. U.S. Department of the Treasury; CME Group; ICE BofA Indices; Cboe Global Markets; CNN Business; American Association of Individual Investors; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Department of Labor; Federal Reserve Board; Freddie Mac; The Conference Board; National Bureau of Economic Research; Yahoo Finance.

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