

The Weekly Briefing

October 5, 2026

Equity markets were mixed last week as long-term Treasury yields continued to rise despite lower than expected PCE inflation and a soft jobs report. The S&P 500 slipped -0.2% while the Nasdaq 100 rose +0.7% as chip-maker Nvidia hit a fresh all-time high.

The bond market continues to garner significant investor attention. The yield on the 10-year Treasury note rose +10 basis points last week to close at 5.27%. The 10-year yield broke 5.30% for the first time in almost 20 years in midweek trading, reaching its highest level since 2002. The 30-year Treasury yield also continued to climb, rising +13 basis points to end the week at 5.63%. The rise in long-term yields has been unrelenting and came despite cooler than expected inflation and a weak employment report.

August PCE Inflation came in largely lower than expected. The Headline Price Index rose +0.3% month-over-month, as expected, but increased +3.4% on a year-over-year basis, which was well below expectations for a +3.7% rise. Core PCE, the Fed's preferred measure of inflation, increased +0.2% month-over-month and +3.0% year-over-year. Both the month-over-month and year-over-year rate came in below expectations.

Turning to the labor market, the September Jobs Report contained downside surprises on both job gains and the unemployment rate. Nonfarm payrolls increased by +29,000 jobs in August, well below expectations for an increase of +90,000. The Unemployment Rate came in at 4.2%, higher than expected and a step up from 4.1% the prior month.

The better-than-expected inflation report and soft Jobs report caused traders to reduce bets on rate hikes. Interest rate futures market pricing implies little chance of a 25-basis point rate hike at the October FOMC meeting. Entering the week, market pricing reflected a 70% chance of a hike. Traders currently expect one more 25-basis point hike this year, with 50-basis points more of hikes expected in 2027.

Comments from Fed officials also pushed hike expectations lower. New York Fed President John Williams said there was "no need for urgency," and Vice Chair Philip Jefferson noted the Fed "may take more time" when asked about their expectations for interest rate policy.

Focusing briefly on earnings, Micron delivered another blowout quarter. Revenue rose almost +400% year-over-year coming in well ahead of estimates. The company also issued guidance above consensus. The memory chip supplier noted that it expects supply-demand dynamics to tighten further in 2027 and 2028 as AI-driven demand continues to accelerate. Shares of the company's stock rose slightly the next day.

Third quarter earnings season will begin next week. According to FactSet, analysts expect combined EPS of S&P 500 constituents to rise +30% in 3Q26. This would mark the third consecutive quarter of +25% or more growth for the Index.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
DPZ	DHR IBKR SCHW	GEV GOOG TSLA TXN	Initial Jobless Claims Continuing Claims INTC RTX	New Home Sales AXP NEE SLB

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-0.2%	13.8%	16.3%
DJIA	-1.3%	7.8%	11.2%
Nasdaq 100	0.7%	22.6%	25.1%
Russell 2000	-0.1%	15.2%	15.8%
S&P 500 E/W	-0.7%	11.0%	11.6%
2yr Yield	4.82%	1.35%	1.25%
10yr Yield	5.27%	1.10%	1.15%
VIX	15.3	0.4	(1.3)
WTI Crude	\$91.1	58.7%	49.7%
Gold	\$4,141	-4.1%	4.5%
Bitcoin	\$84,437	-3.7%	-31.2%

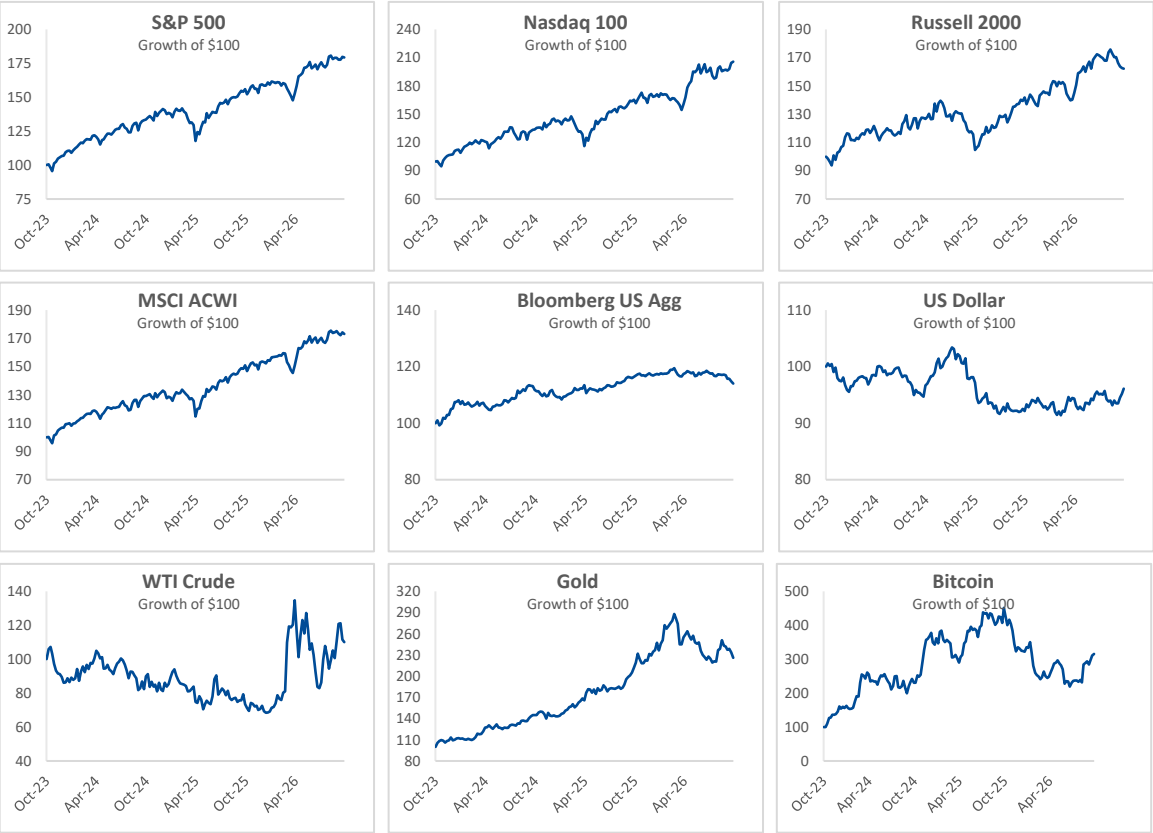
Economic Summary

	Actual	Expected	Prior (r)
JOLTS Job Openings	7,079k	7,228k	7,335k
PCE Price Index - m/m	0.3%	0.3%	0.1%
PCE Price Index - y/y	3.4%	3.7%	3.4%
Core PCE Price Index - m/m	0.2%	0.3%	0.1%
Core PCE Price Index - y/y	3.0%	3.3%	3.0%
Nonfarm Payrolls	29k	90k	133k
Unemployment Rate	4.2%	4.1%	4.1%

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Markets Monitor



S&P 500 Sector Heatmap

Total Return YTD

S&P 500 13.8%	Comm. Services -5.4%	Cons. Discretionary -7.3%	Cons. Staples 5.7%
Energy 43.3%	Financials -1.2%	Healthcare 8.7%	Industrials 10.4%
Materials 9.1%	Real Estate 3.6%	Technology 39.3%	Utilities -4.8%

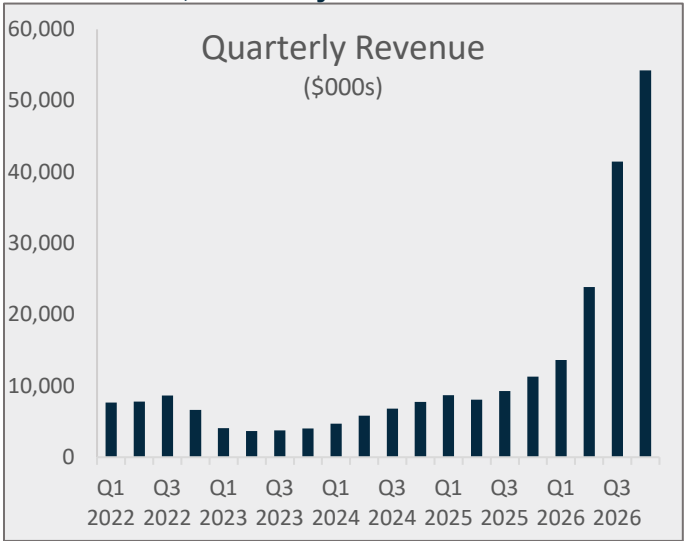
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
30-Sep	MU	Beat	Beat	3.0%
1-Oct	NKE	Beat	Miss	-3.6%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-0.7%	13.6%	16.3%
MSCI EAFE	-1.5%	9.3%	12.8%
MSCI EM	-1.2%	23.7%	26.9%
DXY Index	102.0	3.7%	4.4%
EUR / USD	\$1.13	-4.7%	-5.9%
GBP / USD	\$1.32	-1.8%	-1.9%
USD / JPY	157.5	0.5%	4.8%
USD / CNY	6.71	-4.0%	-5.8%

Micron's Revenue Has Soared, Driven by Robust AI Demand



As of 10/2/26. Sources: Bloomberg, Sunflower Wealth Advisors, Sunflower Bank.

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