



Weekly market update: Chip stocks and inflation leave investors with mixed emotions.

The market and economy

- U.S. equities saw mixed performance for the week ending October 16, due to investors' concerns regarding hotter-than-expected inflation data, as well as a downturn in semiconductor and artificial intelligence (AI)-related stocks amid increasing competition from Chinese companies. These issues offset a rally in the defensive sectors of the market. The Dow Jones Industrial Average posted a gain for the week, benefiting from its relatively higher weighting in defensive stocks and its comparatively lower exposure to the technology sector. The broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index ended the week in negative territory.
- There was significant economic news during the week. According to the Department of Labor, the consumer-price index (CPI) was up 0.6% in September, an increase from the 0.4% rise in August, in line with expectations. Fuel oil and gasoline prices climbed 15.3% and 9.1%, respectively, in September, while costs for food at home edged down 0.1%. The CPI advanced 3.7% year-over-year, up from the 3.4% annual increase in August and slightly above expectations. Prices for fuel oil and gasoline surged 74.2% and 34.2%, respectively, over the previous 12-month period. Core inflation, as measured by the CPI for all items less food and energy, rose 2.6% year-over-year in September, a modest upturn from the 2.4% annual increase in August.
- The Department of Labor also reported that U.S. inflation at the wholesale level, as measured by the producer-price index (PPI), rose 1.3% in September—the largest monthly increase since March 2022—exceeding expectations and a notable upturn from the 0.5% increase in August. (The PPI tracks the average change over time in selling prices received by domestic producers of goods and service providers.) The goods index advanced 2.6% in September, attributable mainly to a 10.8% rise in energy prices, including a 20.3% surge in gasoline prices, while the services index rose 0.8%. The PPI climbed 6.3% year-over-year, a significant increase from the 5.6% annual gain in August. Core wholesale inflation, as measured by the index for final demand less foods, energy, and trade services, was up by corresponding margins of 0.5% and 5.0% in September and over the previous 12 months.
- The Census Bureau announced that retail and food services sales—a gauge of consumer spending, which broadly accounts for more than two-thirds of the nation's gross domestic product (GDP)—rose 0.8% in September, exceeding expectations but representing a downturn from the 1.3% gain in August. Sales for gasoline stations climbed 6.4% for the month, benefiting from higher prices, while furniture and home furnishings stores notched a 1.3% sales gain. Conversely, sales for miscellaneous store retailers dipped 0.3%. Retail and food services sales posted an annual increase of 6.3% in September as sales for gasoline stations and miscellaneous store retailers surged 28.1% and 10.9%, respectively. Health and personal care stores saw a 1.2% year-over-year decline in sales.
- The National Association of Realtors (NAR) reported that sales of existing homes rose 1.5% to a seasonally adjusted annual rate of 3.99 million in September—exceeding expectations of a modest decline—but were down 2.2% year-over-year. (Home sales are viewed as an indicator of housing market trends and, by extension, the health of the broader economy.) The median existing-home sale price increased 1.3% over the previous 12-month period to \$417,500. The inventory of unsold existing homes as of the end of September stood at 1.60 million—up 1.9% from the end of August—equivalent to a 4.8-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a “balanced market,” in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a “seller's market.”
- In the Middle East, tensions increased as Iran appeared to prepare for a potential return to direct conflict with the U.S. and its regional allies. Reports indicated that Tehran was strengthening defenses around key military and nuclear sites while warning of a broader response to any renewed U.S. military action. At the same time, attacks on Saudi Arabia and commercial shipping heightened concerns that the conflict could spread beyond the Strait of Hormuz, complicating diplomatic efforts to reduce regional tensions.
- The Brent crude and West Texas Intermediate (WTI) crude oil prices rose during the week as renewed attacks on regional infrastructure and commercial shipping increased concerns about potential supply disruptions.

Stocks

- Global equities lost ground during the week. Developed markets outperformed emerging markets.
- U.S. stocks were mixed for the week. Consumer staples and energy were the top-performing sectors within the broad-market S&P 500 Index, while information technology and consumer discretionary were the primary market laggards.
- Value stocks outperformed growth stocks, while large caps surpassed small caps.

Bonds

- The U.S. bond market ended the week in positive territory.
- The 10-year U.S. Treasury note yield fell to 5.08% during the week.
- Investment-grade corporate bonds led the market, followed by government bonds and high-yield bonds.

As of October 16, 2026	1 Week	YTD	1 Year	Friday's close
Global Equity Indexes				
MSCI ACWI (\$)	-1.2%	11.7%	15.1%	1133.2
MSCI EAFE (\$)	0.1%	6.6%	10.0%	3082.9
MSCI Emerging Mkts (\$)	-5.9%	14.5%	16.6%	1607.6
US & Canadian Equities				
Dow Jones Industrials (\$)	0.7%	8.2%	13.2%	52001.5
S&P 500 (\$)	-2.1%	11.7%	15.4%	7647.3
NASDAQ (\$)	-4.5%	12.5%	15.9%	26140.0
S&P/TSX Composite (C\$)	1.3%	13.9%	18.6%	36120.5
UK & European Equities				
FTSE All-Share (£)	2.9%	9.5%	14.9%	5859.8
MSCI Europe ex UK (€)	0.8%	7.1%	10.2%	2200.3
Asian Equities				
Topix (¥)	-0.9%	19.3%	26.9%	4066.0
Hong Kong Hang Seng (\$)	-0.1%	-5.6%	-6.6%	24186.8
MSCI Asia Pac. Ex-Japan (\$)	-5.8%	14.1%	15.3%	824.3
Latin American Equities				
MSCI EMF Latin America (\$)	-1.9%	22.2%	33.5%	3310.1
Mexican Bolsa (peso)	4.3%	7.1%	10.1%	68878.9
Brazilian Bovespa (real)	-1.9%	27.3%	44.2%	205096.5
Commodities (\$)				
West Texas Intermediate Spot	6.7%	70.6%	70.5%	98.0
Gold Spot Price	-0.7%	-3.7%	-2.8%	4161.8
Bond Indices (\$)				
Bloomberg U.S. Aggregate	0.9%	-1.7%	-1.7%	2310.1
Bloomberg Global Aggregate	0.7%	-2.1%	-2.3%	490.8
JPMorgan Emerging Mkt Bond	0.7%	0.0%	2.0%	1017.7
10-Year Yield Change (basis points*)				
US Treasury	-16	91	111	5.08%
UK Gilt	-7	90	87	5.37%
German Bund	-6	57	85	3.42%
Japan Govt Bond	-9	86	127	2.93%
Canada Govt Bond	-5	40	75	3.83%
Currency Returns**				
US\$ per euro	0.4%	-4.3%	-3.8%	1.124
Yen per US\$	-0.2%	0.8%	5.0%	157.99
US\$ per £	0.7%	-1.1%	-0.8%	1.333
C\$ per US\$	-0.8%	3.0%	0.6%	1.414

Source: Bloomberg. Equity index returns are price only; others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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1 Freedom Valley Drive
P.O. Box 1100
Oaks, PA 19456
610-676-1000