REGIONS ASSET MANAGEMENT

Weekly Market Commentary

NOVEMBER 2, 2026

MARKET UPDATES

October 30, 2026:
Recorded Leadership Discussion Featuring: Regions Chief Economist, Chief Investment Officer, and Chief Market Strategist.

November 6, 2026:
For access to this call please contact your Regions Wealth Advisor or Portfolio Manager.

WHAT WE'RE WATCHING

The Institute for Supply Management (ISM) releases its Manufacturing and Services indices for October this week. The ISM Manufacturing index is expected to remain stable month over month at 54.5, while the Services index is expected to fall modestly to 54.8 from 54.9 the prior month. A reading above 50 indicates expansion or growth, while a reading below 50 indicates contraction.

The University of Michigan releases its monthly Consumer Sentiment survey for November on Friday, with the reading expected to remain unchanged from an already lackluster 48.0 in October.

The October nonfarm payrolls report will be released Friday and is expected to show 65k jobs were created during the month, with the unemployment rate remaining steady at 4.2%. On balance, our view remains that the labor market is on firm footing and that payrolls growth is settling into a new normal, with monthly jobs growth in the 50k to 70k range, on average, to be expected moving forward.

KEY OBSERVATIONS

Details surrounding the Anthropic IPO and financing announcements out of Broadcom and Meta Platforms boosted sentiment and enthusiasm surrounding AI-related investments early in the week, but earnings announcements out of some high-profile 'Mag 7' members left investors with more questions than answers.

The MSCI Emerging Markets (EM) index closed out a tough month declining by over half of 1% on the week, but the broader index held up far better than feared with the MSCI Brazil index falling by more than 22%. Developed markets abroad held up relatively well as anti-AI exposures in the Eurozone and U.K. outperformed Japan which sold off in sympathy with U.S. technology stocks.

Treasury yields fell over the balance of the week as FOMC Chair Kevin Warsh proved less 'hawkish' than expected in his post-meeting remarks on Wednesday. Another contributing factor to the downward pressure on yields was maintained – not raised – capex guidance out of three 'Mag 7' members, which led market participants to modestly ratchet lower their expectations for investment grade debt issuance in the quarters to come, which in turn would provide less competition for capital relative to Treasuries.

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ASSET MANAGEMENT

	Price/Yield	Total Return (%)					
	10/30/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,580.07	-0.56	-0.87	11.77	12.41	23.40	12.06
NASDAQ 100	28,384.85	-1.96	-6.63	12.98	11.01	26.28	13.23
S&P Mid Cap 400	3,662.22	1.28	1.90	11.97	15.05	17.39	7.20
S&P Small Cap 600	1,706.25	1.47	3.18	17.71	20.92	18.32	6.17
MSCI World ex US	458.41	0.28	-2.81	11.01	13.92	21.09	8.42
MSCI EM	1,566.63	-0.72	-8.05	13.45	13.24	22.28	6.92
Bloomberg U.S. Aggregate	5.24	0.56	2.44	-0.54	-0.15	5.45	-0.15
Bloomberg Corporate	5.79	0.48	2.16	-1.02	-0.80	6.40	-0.09
Bloomberg U.S.High Yield	8.31	0.50	0.30	0.40	1.49	8.56	3.70
Bloomberg EM USD Aggregate	6.82	0.41	1.26	-0.27	0.40	9.03	1.75
Bloomberg Global Agg ex-USD	3.64	0.37	1.50	-0.72	-1.54	2.91	-0.36
Bloomberg Municipal Bond	4.21	0.66	3.85	-0.48	-0.17	4.49	0.61

Source: Bloomberg (3- and 5-Year Returns Annualized)

	Price/Yield						
	10/30/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.94	3.92	3.90	4.49	4.04	5.31	0.05
30 Year Mortgage (average rate)	7.36	7.43	7.23	7.28	6.27	8.08	3.14
2 Year Treasury (yield)	4.59	4.68	4.89	4.24	3.61	5.05	0.50
10 Year Treasury (yield)	4.93	4.99	5.28	4.57	4.10	4.89	1.55
30 Year Treasury (yield)	5.31	5.32	5.63	4.78	4.65	5.05	1.93
WTI Crude (closing price)	104.12	103.27	90.42	71.72	60.57	82.31	83.57
Gold (NYM $/oz)	3898.90	3991.10	4155.60	2641.00	4015.90	2005.60	1783.90

Source: Bloomberg (3- and 5-Year Returns Annualized)

WHAT HAPPENED LAST WEEK?

Stocks

'Mag 7' Earnings Releases Leave Investors With More Questions Than Answers; Anthropic IPO Filing, Capital Raises Out Of Broadcom, Meta Platforms Bring Enthusiasm Back to The AI Trade; Brazil A Case Study In The Perils Of Overconfidence.

• **'Mag 7' Earnings A Mixed Bag, With The Penalty For Missing Lofty Expectations Painfully Obvious.** Alphabet (GOOG, GOOGL) and Microsoft (MSFT), both 'Mag 7' members, posted quarterly results after the market close on Wednesday. Alphabet grew Google Cloud revenue by 102% year over year, but the stock's 12.6% drop on Thursday was attributable to search revenue growth slowing to just 12%, well below the 15% estimate, calling into question the future growth outlook of this important segment due to increasing competition coming from AI agents. Operating income also fell short of the consensus estimate, again calling into question the company's free cash flow profile as Alphabet's quarterly capex of $51.3B came in below the consensus estimate of $55.7B but the company maintained its 2026 full-year capex guidance at $195B to $205B and "expects capex to increase significantly in 2027."

Microsoft's results were initially cheered as its Azure cloud business grew revenue 48% year over year, with income of $63.9B surpassing the consensus estimate of $61.6B and Microsoft's capex came in at $39.3B during the quarter, below the $45.9B estimate. But despite impressive all-around results, the stock price ended Thursday with a 0.1% decline as investors took their cue from the company's announcement of a $25B debt offering. To round things out, Amazon (AMZN) capped off a lackluster week for mega-cap technology performance by posting results after the close on Thursday. Amazon's stock fell by a relatively modest 1.4% on Friday after falling over 8% in pre-market trading. Both revenue and earnings per share came in below consensus estimates and the company issued 'light' 4Q26 guidance, while posting capex during the quarter of $77.3B, well above the $57.4B estimate. Investors appeared to be underwhelmed by 39% year over year sales growth in the company's Amazon Web Services (AWS) unit as some 'whisper numbers' put growth in the 40%-42% range. Amazon reiterated its capex guidance of "about $220B" for the full year 2026.

While these three companies expressed a willingness to continue spending on AI infrastructure at previously forecasted levels, investors appear increasingly skeptical that they will see a significant return on these investments in an expedited manner, leading to lower valuations and a reallocation of capital into more defensive areas and out of the hyperscalers and AI-adjacent plays. We see evidence that some of these outsized moves are a result of offsides positioning and potentially a handful of over-levered hedge funds receiving margin calls and becoming forced sellers. Stabilization could return to this group relatively quickly following this week's midterms, but the Anthropic IPO looms large. However, rumors of the AI trade's demise appear greatly exaggerated, in our opinion.

• **Details Behind Anthropic's IPO Filing Briefly Boosts Enthusiasm Surrounding The AI Trade.** Last Monday, artificial intelligence safety and research company Anthropic finally filed for its long-awaited initial public offering (IPO), which would raise approximately $100B and value the company at between $1.25T to $1.5T. Details provided by the company in its S-1 eased concern surrounding demand for Anthropic's models. The company highlighted that there were 11,900 customers spending $100k or more annually in the first half of this year, up from around 950 last year, but also noted that its 5 largest customers accounted for approximately 25% of revenues in the 1st half of this year, with its largest single customer accounting for 11% of revenues. Customer concentration remains a concern, but with Amazon and Google Anthropic's two largest clients and tied to long-term contracts, this provides some clarity and confidence in the company's near-term outlook. It's not lost on us that it was Anthropic's investor day a few weeks back that generated angst surrounding the outlook for AI-related spending given lackluster return on investment up to this point, but the details of the S-1 appeared to generate enthusiasm surrounding the AI trade yet again and drove a 1.7% gain out of the S&P 500 information technology sector, with semiconductor stocks leading the way on Monday.

• **Hyperscalers Reaffirm AI Spending Guidance, While Two High Profile Capital Raises Highlight A Continued Willingness To Fund The AI Buildout.** More recently, concerns surrounding the ability of companies to fund the AI buildout have dominated headlines, but last week there were two such capital raising efforts that appeared to question the validity of that narrative. Meta Platforms (META) announced it was raising $97.5B of equity to fund its AI capex spending plans, with $25B coming from the sale of Class A common stock, $12.5B coming from the sale of convertible preferred shares, and the remaining $60B to be raised from the sale of non-voting and newly created Class C shares once they begin trading. Interestingly, while Meta's share price fell 3.3% on the week, the equity offering was rumored to be roughly 20 times oversubscribed, indicative of robust demand, and the stock price appeared to stabilize after the details of the capital raise were announced.

Semiconductor behemoth Broadcom (AVGO) also made headlines last week when the company announced that it had partnered with Bank of America, Blackstone, Citigroup, and Morgan Stanley to finance a $63B investment in AI chips and networking equipment the company plans to provide to Anthropic. BofA, Citi, and Morgan Stanley are providing first lien loans or senior debt in the amount of $43.5B, while Blackstone is providing second-lien financing and Broadcom is providing "residual value support." This is a unique financing structure that highlights how AI-related companies are getting creative and tapping different capital sources than they have previously, while also providing evidence that higher quality borrowers are still able to attract and source the necessary capital to fund the buildout. Broadcom stock rose 4% on Tuesday following the announcement.

• **Elections In Brazil A Reminder Of The Importance Of Position Sizing And The Perils Of Overconfidence.** The MSCI Brazil index fell almost 20% last Monday, its worst single daily return since March of 1990 as market participants were caught off guard by a surprise turn in the country's presidential election; putting country-specific risk on full display within the MSCI EM index. After a tight race, incumbent President Lula da Silva managed to overtake challenger and current senator Flavio Bolsonaro in a result that provided a surprise from what polls and markets had priced in. The unwind in pro-growth bets was messy due to the rally in Brazilian stocks that occurred following the runoff announcement as traders that had piled into the country's equity market created a chaotic rush for the exit. The simultaneous decline in the Brazilian real and uptick in interest rates translates into a higher cost of capital for Brazilian companies, which played a hand in the steep equity market decline. The sequence of events underscores the importance of diversification and highlights what could go wrong when market participants are all focused on the same trade with such a binary outcome on the horizon. Election results tend to drive volatility, particularly within developing markets, but reality is rarely as bad – or as good – as believed, and active investors may be afforded the opportunity to comb through the ruble to find babies thrown out with the bath water after a 23.5% weekly drop in Brazil's equity market.

Bonds

Volatility In The Rates Market Subsides, Yield Curve Steepens On The Week; Corporate Credit Spreads Narrow As Capital Raising Efforts Inspire Confidence; FOMC Stands Pat On Rates, Leaves Options Open For December.

• Short-Term Yields Fall While Long-Dated Yields Remain Sticky. The U.S. Treasury yield curve experienced a 'bull steepener' last week as the 2-year Treasury yield dropped 9-basis points while the 10-year yield fell by 6-bps. This shift was largely a result of expectations surrounding a more aggressive path forward for rate hikes out of the FOMC being recalibrated following FOMC Chair Warsh's post-meeting press conference on Wednesday. The long-end of the Treasury curve remained well-anchored as the 10-year yield rose to 5.04% on Wednesday before buyers stepped in and forced the yield on that bond tenor lower, closing at 4.93% on Friday. Such a narrow weekly trading range for the 10-year yield is certainly a most welcome reprieve from the sharp moves in yields we've grown accustomed to in the past month or so, but this relative calm is likely the outlier, and with the 10-year yield now over 40 basis points below where it closed in early October, the risk/reward in long bonds is now less appealing.

• Credit Spreads Compress As Capital Raising Efforts Inspire Confidence. Risk appetite appeared to return early last week, prompting the Bloomberg U.S. Corporate High Yield index to post a total return of 0.5%, the best weekly advance for the index since early August. The credit spread on the high yield index moved lower throughout much of the week before jumping on Friday to close the week 2-basis points wider than where it began. Most of the spread compression we saw last week came on Monday as the Anthropic IPO filing served to calm jitters surrounding AI-related debt offerings, rejuvenating the primary market and allowing four borrowers to bring new paper to market early last week. The technical backdrop is shaping up well for a year-end rally as recent volatility has disrupted supply while higher yields are boosting demand. The high yield technology sector, specifically, fared well last week with spreads rallying from their starting point of 470-bps to 452-bps through Friday, another sign some of the pressure on those securities may be abating. The dip last week in spreads is interesting and could be the start of a new trend lower, but for now we're seeing too much volatility around earnings to assert that the peak in spreads is in.

• FOMC Meeting Recap: Yield Curve Steepens As The Likelihood Of A December Hike Falls. The FOMC concluded its two-day meeting last Wednesday and, as expected, decided to leave the Fed funds rate unchanged, with two voters dissenting in favor of a 25-basis point (bp) rate increase, perhaps fewer dissenters than the consensus anticipated. The Committee upgraded its assessment of U.S. economic activity from "solid" to "strong," which makes sense given upgrades to estimates of real 3Q GDP in recent months. In response to the upgraded economic assessment and fewer 'hawkish' dissenters, the yield curve with the 2-year Treasury yield falling 6-bps on the day while the 10-year yield rose 6-bps on Wednesday. Most market participants appeared to be expecting a 'hawkish hold' out of the FOMC, but Chair Kevin Warsh provided fodder for 'hawks' and 'doves' alike by stating that "the period that lies ahead of us is information rich," and that "we are encouraged by the progress that has been made in a short period of time." In the lead-up to the FOMC meeting, the odds of a December rate hike were holding around 87% and three hikes were priced in by late July of next year, but following the meeting the probability of both a December hike and three hikes by July fell, with the futures market pricing in a 75% likelihood of a December hike on Friday.

Source: Bloomberg

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