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RegimeSignal™ Weekly Market Outlook newsletter · Free weekly edition · model read of October 30, 2026

Market Outlook Newsletter

Free weekly edition. October 30, 2026.

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Inside this edition: earnings, the macro and policy backdrop, market health and technicals, what is moving under the index, valuation and investor commitment. Every figure carries its source and date.

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Our forecast for the week of November 2

Built only from our own data. The model's call is validated; the weekly odds are history measured on S&P 500 closes since 1950 and are base rates, not a validated weekly signal. No figure here is advice to buy or sell.

Our forecast for the week of November 2: History gives this setup about the usual odds of an up week (57% of 2,375 comparable weeks rose, median +0.28%) and a lower chance of a 2% drop along the way (13% against 21% for all weeks). The calendar leans positive: this same week has risen in 61% of years since 1927, 75% in midterm election years like this one. Election day is Tuesday. In the 5 midterms held under a president who cannot run again, the S&P was higher a week after the vote every time (average +1.4%); across all 24 midterms it was higher 16 times. Small samples, not a signal (page on The midterms). Under the surface, 31% of members already sit 20% or more below their highs; we tested that and it has not by itself predicted a weaker market (page on Stealth bear). Our read: a market that is pausing inside an intact uptrend, where a break of the levels below would matter more than the headlines.

1. THE MODEL GOING INTO THE WEEK

🔒 **The model's call for the week** · subscribers only. The regime, the stage, the four warning signals against their firing levels and the year-end range sit here in the full edition.

2. WHAT HISTORY SAYS ABOUT WEEKS LIKE THIS ONE

FIVE SESSIONS AHEAD, S&P 500	WEEKS	UP	MEDIAN	AVERAGE	FELL 2%+ AT SOME POINT
Weeks in the same position as now (+3.7% vs 200-day, -3.1% vs 52-week high)	2,375	57%	+0.28%	+0.20%	13%
The same calendar week, Nov 2 on, every year since 1927	99	61%	+0.82%	-0.38%	20%
Midterm election years only	24	75%	+1.71%	+1.30%	17%
Every five-session stretch since 1928	24,569	56%	+0.29%	+0.15%	21%

3. ON THE CALENDAR

DATE	RELEASE	IMPACT	FEEDS THE MODEL
Tue Nov 3	JOLTS Job Openings	Med	No
Tue Nov 3	Factory & Durable Goods Orders (M3)	Low	No
Thu Nov 5	Weekly Jobless Claims	Med	Yes
Fri Nov 6	Employment Situation	High	Yes

4. WHAT WOULD CHANGE THE READ

- **Any one of the four signals firing.** That is the only event that changes the call. We email subscribers the day it happens.
- **A close below 7,552**, the Market Monitor's support, would turn this week from a pause into a test.
- **A close below the 200-day average, 7,310** (3.7% under today), would end the primary uptrend reading.
- **A close above 7,819**, resistance and the 52-week closing high, would mean a new high.

S&P 500 closes through Oct 30, 2026. Same position = within 2 points of today's distance from the 200-day average and 1.5 points of today's distance from the 52-week high. Calendar from the platform's release calendar.

What happened this week

October 23 to October 30, 2026 closes. Recap from our own closes and the dated close report for the last session. Model figures follow on the pages after.

MEASURE	LAST WEEK	THIS WEEK	CHANGE
S&P 500 close	7,623.68	7,580.07	-0.57%
VIX	19.45	19.42	-0.03

S&P 500 closes Oct 23 and Oct 30, five sessions apart. VIX from the Market Monitor series.

The week in one line. Through Thursday the S&P 500 was up 1.27%; Friday's -1.82% left the week down 0.57% at 7,580.07.

Friday, October 30.

The S&P 500 fell 1.82% to 7,580.07 and the Nasdaq Composite dropped 2.86% to 25,437.00 on the day, with technology equities suffering a sharp valuation shock centered on artificial-intelligence capital spending and returns. Intel shares collapsed nearly 29% after disappointing results, triggering broader scrutiny of hyperscaler spending plans; Goldman Sachs projects AI capex near $800 billion in 2026 and $1.2 trillion in 2027, raising questions about free-cash-flow sustainability and execution risk. Alphabet fell 12.6% on negative free cash flow and weak core advertising, Amazon disclosed $42 billion in trailing twelve-month data-center cash burn and lowered holiday-quarter revenue guidance, and Meta announced a $95 billion equity fundraising for AI infrastructure—a package that signals rising doubt about near-term profitability of AI investments among the index's largest weights.

The Nasdaq posted its worst day since June and suffered nearly 7% in October losses, the worst monthly performance since April 2025's tariff rout. Microsoft provided a contrasting signal, generating $19 billion in free cash flow as Azure revenue rose 48% to $33 billion, though shares slipped 0.2%. Upcoming earnings from Apple, AMD and Palantir will test whether disciplined guidance and strong demand can stabilize technology valuations or whether the current de-rating extends further into mega-cap and semiconductor forecasts.

Across the broader economy, headline inflation stands at 3.72% year-over-year with core at 2.57%, the fed funds rate remains at 3.88% nominal with a real rate of 0.16%, and the 10-year Treasury yield closed at 4.98%. Investment-grade spreads held at 89 basis points while high-yield widened to 326 basis points. The Bear signal stands at CLEAR with velocity of +6.4, though persistent technology uncertainty could pressure equity positioning near-term.

Our read of the week

Three things we measured ourselves this week, each with what history says it has meant. None of them is one of the four validated signals and none is a call; they are context for the model pages that follow.

1. UNDER THE SURFACE

The index fell 0.57% but most stocks did not. More members rose than fell across the week, the advance/decline line gained 315 and the share above their 200-day average rose to 59%. The selling sat in the largest names, not the market as a whole. A cap-weighted index can fall on a handful of heavyweights while the typical stock holds up, and that is what this week looked like.

BREADTH, S&P 500 MEMBERS	OCT 23	OCT 30	CHANGE
Cumulative advance/decline line	2,470	2,785	+315
Members above their 200-day average	55.8%	59.2%	+3.4 pts
New 52-week highs / lows (that day)	16 / 10	30 / 4	–

Sector moves on Oct 30, the week's last session: Energy +1.91%, Consumer staples +1.41%, Utilities +0.67% at the top; Communication services -1.29%, Industrials -1.60%, Technology -4.89% at the bottom (sector ETF closes).

2. WHERE THE INDEX STANDS

LEVEL	VALUE	WHAT IT MEANS
S&P 500 close	7,580.07	Oct 30
200-day average	7,309.76	Index +3.7% above it. A close below would end the primary uptrend reading.
52-week closing high	7,818.93	Index 3.1% below it.
Support (Market Monitor)	7,552	The level the monitor watches first on a further dip.
Resistance (Market Monitor)	7,819	A close above it would take the index back toward its high.

What this position has meant. Since 1950 the S&P 500 has spent 2,096 sessions in this same spot (3% to 8% above its 200-day average and 1% to 3% below its 52-week high). Over the next 20 sessions it averaged +0.6%, rose 60% of the time and fell 5% or more at some point 10% of the time, against +0.6%, 60% and 18% across all 24,554 sessions. A modestly lower risk of a deeper drop, not a better return.

3. THE CALENDAR

FROM OCT 31, EACH YEAR SINCE 1927	YEARS	NEXT 20 SESSIONS	UP	TO DEC 31	UP
All years	98	+0.9%	62%	+2.2%	69%
Midterm election years	24	+1.7%	71%	+2.9%	67%

This is a midterm election year. Late October into year-end has been one of the better stretches of the calendar: higher by December 31 in 69% of the years since 1927. Seasonality is a base rate, not a forecast; it describes the average year, and the model pages that follow describe this one.

Source: S&P 500 daily closes from 1950 and the platform's own breadth capture of all members. Breadth history covers one year, too short to test the divergence on its own; the trend and calendar tests use 76 years of closes.

The stories that moved it

DATE	TOPIC	STORY	SOURCE
Oct 23	Equity	**AI investment anxiety drives technology-led equity selloff** The Nasdaq fell 2.6% to 26,008.86 and the semiconductor index plunged 6.7% as skepticism over AI investment returns pressured semiconductors, long-duration growth, and high-beta equities.	SBS News
Oct 23	Equity	**US stocks post second consecutive weekly decline as oil rises** The S&P 500 fell 0.5% for the week, the Dow dropped 1.2%, and the Nasdaq lost 0.7% as crude reached its highest level in more than four years, pressuring margins, inflation expectations, and rate-sensitive equities.	The Times-Tribune
Oct 23	Energy	**Oil prices climb to multi-month highs amid tighter US inventories** Crude reached its highest level in nearly six months while US commercial inventories fell 1.9 million barrels to 410.6 million, lifting energy-sector relative strength but increasing inflation and real-yield pressure.	Yahoo Finance
Oct 29	Monetary	**Federal Reserve holds rates at 3.75%–4.00% in hawkish pause** The Fed's 10–2 decision kept rates unchanged but included two hike dissents, reinforcing upside pressure on the December policy path and limiting duration support for equities.	Saxo Bank
Oct 29	Equity	**US equities rebound after Fed decision and strong earnings** The S&P 500 rose 0.3% to 7,743.98, the Nasdaq Composite gained 0.3% to 26,549.85, and the Dow added 0.2%; AI megacaps and earnings lifted risk appetite despite persistent rate concerns.	Yahoo Finance
Oct 29	Earnings	**Alphabet revenue miss triggers sharp after-hours selloff** Alphabet fell about 10% after disappointing revenue and negative free cash flow of $9.1 billion, pressuring mega-cap growth, AI-spending confidence, and the technology factor.	Saxo Bank
Oct 29	Earnings	**Microsoft Azure growth beats expectations** Microsoft gained nearly 3% after Azure revenue grew 48%, supporting large-cap technology and AI-exposure factors while offsetting weakness in Alphabet.	Saxo Bank
Oct 29	Macro	**US third-quarter GDP tops expectations while PCE rises as expected** Stronger-than-expected preliminary Q3 GDP supported the growth factor, while an in-line rise in PCE inflation kept pressure on the Fed to maintain a restrictive policy path.	Charles Schwab
Oct 29	Earnings	**Broad US earnings season remains stronger than feared** About 200 S&P 500 companies had reported, with 84% beating consensus estimates, supporting aggregate earnings expectations and cyclical equity breadth despite concentration and AI-valuation risks.	Saxo Bank

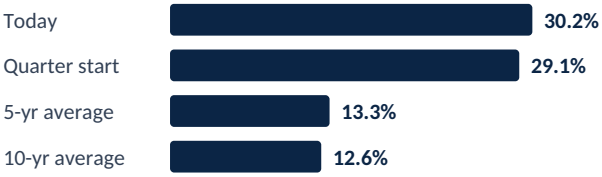
Earnings

Source: FactSet Earnings Insight, edition of October 30, 2026, season as published: Q3 2026, 60% reported. Every figure on this page is that edition's; where a comparison norm is not published, the row says so rather than borrowing one.

Start with earnings, because everything else in this report is downstream of them. A market can be expensive and still work if profits are growing into the price. It cannot work for long if they are not.

Blended growth is +30.2%, against a five-year average of +13.3% and a ten-year average of +12.6%. Estimates were revised up through the season rather than down: the figure at the quarter start was +29.1%. 82% of companies beat against a five-year norm of 78%, and the average surprise is +13.8% against a ten-year norm of +8%.

BLENDED EARNINGS GROWTH



Revised up 1.1 points through the season.

BREADTH OF THE BEAT



The 10-year norm published by FactSet is for EPS beats. No revenue-beat norm is published, so the revenue row is scored neutral rather than against a borrowed reference.

TODAY AGAINST ITS OWN HISTORY

MEASURE	TODAY	FIVE-YEAR	TEN-YEAR	READ
Blended earnings growth	+30.2%	+13.3%	+12.6%	Well above both
Revenue growth	+13.4%	+8.3%	+7%	Top line growing too
Net margin	14.9%	12.6%	—	13% a year ago
Forward estimate, CY2026	+32.9%	—	—	Largely banked rather than forecast
Forward estimate, CY2027	+16.3%	—	+12.6%	The figure that still has to survive
Consecutive double-digit quarters	8	—	—	What the market is paying for

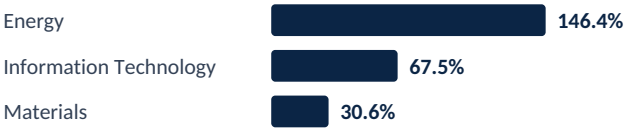
What would break it

The streak ending; margin compression from wages, tariffs or a $97.5 oil price; or the CY2027 estimate of +16.3% being cut. Watch revisions rather than levels. Estimates falling while the price holds is how a market becomes expensive without anyone deciding to pay more, and it is the earliest warning this report can give.

Growth, margin and what analysts expect next

FactSet Earnings Insight, edition of October 30, 2026.

EARNINGS GROWTH BY SECTOR, LARGEST FIRST



Six largest of the sectors published this edition. A sector absent from the edition is unpublished, not zero.

NET MARGIN, NOW AGAINST A YEAR AGO

SECTOR	YEAR AGO	NOW	CHANGE
Energy	8.1%	15.6%	+7.5 pts
Information Technology	27.5%	32.4%	+4.9 pts
Financials	20.5%	20.2%	-0.3 pts
Consumer Discretionary	10.2%	9.9%	-0.3 pts
S&P 500	**13%**	**14.9%**	**+1.9 pts**

THE THREE WAYS THIS BREAKS

1. Margin

Revenue at +13.4% cannot explain earnings at +30.2%. The gap is margin at 14.9%, up from 13% a year ago. Margin is the line most exposed to wages, tariffs and energy.

2. The CY2027 estimate

+16.3% is above the 12.6% ten-year average but far below this year. If it is cut, the forward multiple rises without the price moving.

3. Concentration

The top ten names carry 41.4% of the index. A large share of index earnings growth sits in a small number of names.

WHAT THE MODEL WATCHES, IN ORDER

WATCHED	WHY IT COMES FIRST
Estimate revisions	Direction matters more than level
Net margin	Where the growth is actually coming from, and the most fragile input
Beat breadth	A narrowing beat rate signals trouble before the aggregate does
Guidance	Management sees the next quarter before analysts do
Aggregate growth	The headline, and the last thing to move

Rates, inflation, employment and the real economy

The macro block is the most evenly split category in this report, and that is the honest picture: 3 positive, 3 neutral and 4 negative. The economy is neither accelerating nor rolling over.

The constructive side is the labor market and the curve. Unemployment is 4.2% with the Sahm recession rule at +0.00 against a +0.50 trigger. The 2s10s curve is positively sloped at +38 basis points, so the inversion that preceded the last several recessions has resolved. Capital spending is running +10.39% year over year.

The difficult side is inflation and energy, and they are the same problem. Headline CPI at 3.72% sits above the 2% objective while core runs 2.57%. The gap between them is largely energy, and crude at $97.5 is up +67% on conflict rather than demand. That combination lifts costs and headline inflation without signaling economic strength.

THE MACRO DASHBOARD

READING	TODAY	REFERENCE
Fed funds rate	3.88%	Policy rate, daily effective
10-year Treasury	4.93%	2s10s +38 bp · FRED DGS10 daily close, 2026-10-30
Headline CPI	3.72%	2% policy target
Core CPI	2.57%	Year over year
Unemployment	4.2%	Sahm rule +0.00
Capital spending	+10.39%	Year over year
Building permits	+-3.19%	Year over year
Crude oil	$97.5	+67.4% year over year
Copper / gold trend	+5.0%	Growth-versus-fear proxy
Earnings yield	3.86%	vs 10-year 4.93%

What the model does with it

The macro factor grid carries 10 of the composite's 100 points and scores 41.2. The tally behind it is **4 bullish · 4 neutral · 9 bearish**, as of 2026-11-02: each factor is judged against its own ten-year history, bullish counts 100, neutral 50, bearish 0. Macro rarely decides the regime on its own; it conditions how much the other pillars can be trusted.

The Fed held at 3.75% to 4.00%, and left a December hike on the table

The Federal Open Market Committee voted **10 to 2** to hold, after a quarter-point hike on September 16. Lisa Cook and Beth Hammack dissented, preferring another quarter-point hike. Rate futures moved to about a 90% chance of a December hike after the decision, from 73% before it. The next decision is **December 9**.

WHAT CHANGED IN THE STATEMENT

- Economic activity upgraded from "solid" to "strong"
- Inflation "remains elevated"; the Committee will "gather more information" before deciding the stance needed to return inflation to 2%
- "The Committee will deliver price stability"

WHAT CHANGED IN THE APPROACH

Chair Kevin Warsh said the Fed will set rates at seven meetings in 2027 and six in 2028, down from eight; the remaining meetings become strategy sessions with no rate vote and no statement. Fewer scheduled decisions means fewer dates on which policy can move without a surprise, so each one carries more weight. Warsh said the September CPI reading did not fit the inflation mandate, but the Committee will not act on a single data point, and said politics played no role ahead of the midterm elections.

WHY THE FED IS LEANING TOWARD TIGHTENING

Headline CPI is 3.72% and core 2.57% against a 2% goal, with unemployment at 4.2%. The gap between headline and core is largely energy, with crude at $97.5. The daily effective fed funds rate is 3.88%, and the 10-year Treasury is at 4.93%.

HOW THE MARKET TOOK IT

The S&P 500 rose 0.28% on decision day to 7,743.98. A hold that leaves the next hike priced is close to what was expected, and the reaction says so.

OUR TEST: WHAT THE S&P DID AFTER THE FED PAUSED RIGHT AFTER A HIKE

Every FOMC decision since 1994 that held rates immediately after a hike: 20 of them, from July 1994 to September 2023. S&P 500 change from the decision-day close, median, with the share that were higher, against every trading day since 1994.

HORIZON	AFTER A PAUSE	ANY DAY SINCE 1994
Six months later	+8.9% · up 85% · n 20	+6.2% · up 74%
Three months later	+4.7% · up 80% · n 20	+3.4% · up 70%
One month later	+2.0% · up 75% · n 20	+1.3% · up 64%
Fell 10% or more within three months · adverse	1 of 20	15% of days

When the pause turned out to end the hiking cycle (6 cases), the median three-month change was +8.4%; when hikes resumed later (14 cases), it was +3.7%. Nobody knows today which kind this is.

What it says, and what it does not

Pauses after a hike have leaned slightly better than an average day, but not by enough to count: twenty random days beat this median about one time in five. The one sharp loss followed the November 2018 pause, when the S&P fell about 16% within three months and the Fed reversed course. Treat the Fed decision as context. It is not one of the four validated signals, none of which is firing, and it does not change today's call.

Sources: Federal Reserve FOMC statement, October 28, 2026; TD Economics, U.S. FOMC Meeting (October 27-28, 2026); Portfolio Adviser, Warsh sticks to the script; Bloomberg, Bond traders price in 90% chance of December hike; Kiplinger, October Fed meeting live (CME FedWatch 73% before). Index levels and the history test: S&P 500 daily closes, RegimeSignal calculation.

The midterm election on November 3: what history says, measured

Prediction markets as of November 1, 2026: Democrats win the House about 94%; Democrats win the Senate about 72%. The likely result is a Republican president with a Democratic House, and more likely than not a Democratic Senate. Below is what the S&P 500 has done around midterms, each finding labeled by how much weight it can bear.

FINDING	RESULT	COMPARED WITH
HIGHER CONVICTION The first half of the year after a midterm (Year 3, H1)	+10.0% · up 92% · n 24	+4.1% for any half-year
SIGNIFICANT, BORDERLINE The 12 months after midterm election day	median +13.2% · up 21 of 24	same date in other years +8.1% · up 46 of 72
NOT STATISTICALLY SIGNIFICANT The week after midterm election day	median +1.3% · up 16 of 24	same week in other years +0.2% · up 55%
NOT STATISTICALLY SIGNIFICANT Midterms under a president who cannot run again (1958, 1986, 1998, 2006, 2014)	week +1.4% · month +2.6% · 12 months +9.2% · up 5 of 5 each	next calendar year +6.6%, up 4 of 5; +15.9% when the president could run again
NOT STATISTICALLY SIGNIFICANT This year's setup: a Republican president who cannot run again, Democrats holding both chambers after the vote (1958 Eisenhower, 1986 Reagan, 2006 G.W. Bush)	week +2.8%, +0.4%, +0.8% · 12 months +11.1%, +1.9%, +6.6%	next calendar year 1959 +8.5%, 1987 +2.0%, 2007 +3.5%
NOT STATISTICALLY SIGNIFICANT The year after a midterm that left a Republican president with a Democratic Congress	up 7 of 7 · mean +15.6%	1955, 1959, 1971, 1975, 1987, 1991, 2007
NOT STATISTICALLY SIGNIFICANT Same president, split Congress after the midterm	3 cases · mean -0.3%	1931 -47.1%, 1983 +17.3%, 2019 +28.9%
NOT STATISTICALLY SIGNIFICANT "A Republican Congress is best, a Democratic Congress worst"	since 1950: R +14.7%, split +11.0%, D +7.0% a year	from 1929 the order breaks; shuffle p 0.10

Our read

The calendar matters more than the party mix. What comes next is Year 3 of the term, the strongest stretch of the presidential cycle and the one finding here with higher conviction, and the 12 months after midterm day have been higher in 21 of 24 midterms, against 64% of the same dates in other years. A Democratic Congress under a Republican president has looked weak in the average year, but the year right after a midterm that produced it was higher all 7 times. That is a small sample and is labeled so. The president cannot run again, and that has cut both ways: the 5 midterms held under such a president were all higher a week, a month and a year later, but the calendar year that followed averaged +6.6%, against +15.9% when the president could run again. The 3 closest matches to this year rose every time on all three horizons, by less than a typical Year 3. None of this is one of the four validated signals, and none of it changes today's call.

What each label means. Higher conviction: holds against its baseline at a 2-standard-deviation bar and in both halves of the record. Significant, borderline: clears a 5% chance test once, with no correction for the other cells tested. Not statistically significant: could be chance. Week, month and 12-month figures run 5, 21 and 252 trading days from the midterm election-day close, 1930 to 2022; a president who cannot run again means one barred by the 22nd Amendment; the base for any 12 months since 1930 is +9.7% median, 70% up. Party control by Congress: Party divisions of United States Congresses. Odds: Kalshi and Polymarket, averaged by DefiRate. S&P 500 price returns, RegimeSignal calculation.

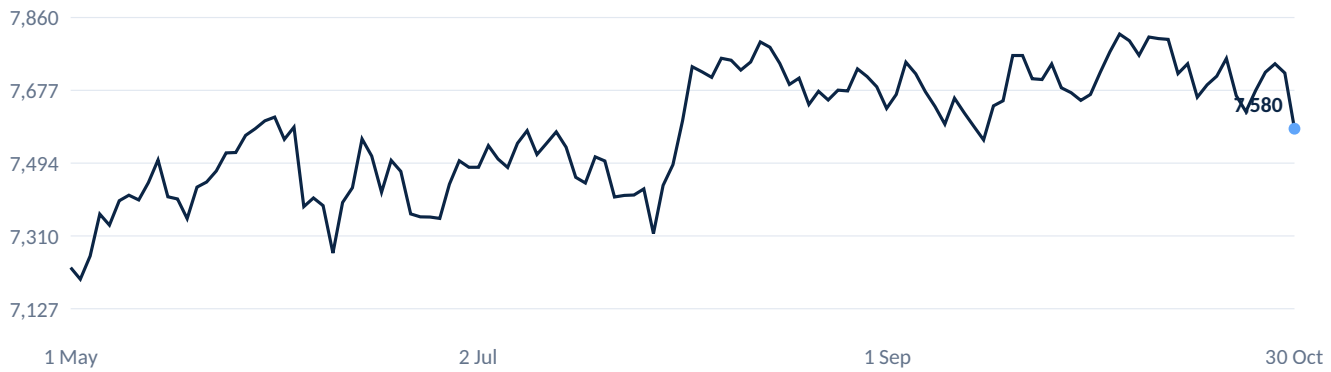
Trend, participation and credit stress

The trend is intact and the advance is narrow. Both are true, and the tension between them is the whole of this page.

The index closed at 7,580, +3.70% against its 200-day average and -3.05% from its recent peak, up 10.73% year to date and 11.11% over twelve months. Participation is a different story: 59.2% of members sit above their own 200-day average, and the ten largest constituents carry 41.4% of the index. Price is stronger than participation, which is characteristic of a late-cycle advance.

Credit is the reassuring part, and credit usually moves first. High yield at 326 basis points and investment grade at 89 are tight. Bond markets are generally faster than equity markets at pricing trouble; they are not pricing any.

S&P 500, DAILY CLOSES, SIX MONTHS TO 30 OCT 2026



TECHNICALS AND MARKET STRESS

MEASURE	TODAY	READ
Index vs 200-day average	+3.70%	Primary trend intact
Distance from the recent peak	-3.05%	Effectively at the high
Year to date · twelve months	+10.73% · +11.11%	A strong, largely uninterrupted advance
Breadth above the 200-day	59.2%	Positive but thin
High-yield spread	326 bp	Credit is not signaling stress
Investment-grade spread	89 bp	Tight
Volatility, VIX	19.42	Complacent rather than fearful

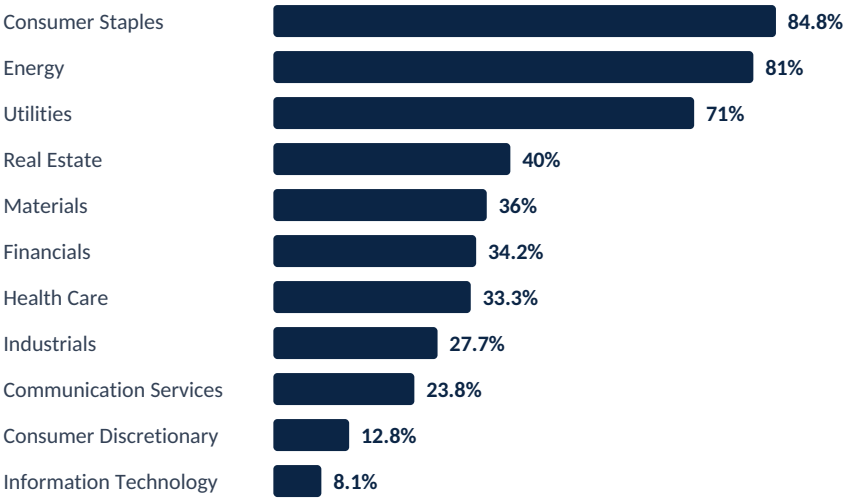
How many stocks are moving against the market

Measured by RegimeSignal across 501 of 503 current S&P 500 members, as of 2026-10-30. Daily adjusted closes (Yahoo), 63 sessions to the as-of close; weekly figures use Friday closes. Current S&P 500 members only (survivorship: names that left are absent from history).

34.7% of S&P 500 stocks have a negative three-month beta — over the last 63 sessions they tended to fall when the index rose and rise when it fell. On weekly returns, the basis the sell-side quotes, the share is 40.1%; over a full year it is 21.8%. That is the highest reading in the 25 years we measured; the 2001–2025 median is 0.54% and the prior record 17.23%. The peak of this episode was 42% on 2026-08-10.

The median stock's correlation with the index is 0.13. Over the same three months the index returned -0.27% while the median member returned +0.14%, and 50.9% of members beat the index. The index is being carried by a narrow group while much of the rest trades on its own drivers.

SHARE OF EACH SECTOR WITH A NEGATIVE THREE-MONTH BETA, LARGEST FIRST



Where the negative betas sit tells you what is driving them. Energy, staples and utilities moving against a technology-led index is rotation between groups, not a market coming apart.

WHAT IT HAS MEANT BEFORE

WHEN THE SHARE STOOD IN ITS	WEEKS	S&P 500, NEXT 3 MONTHS	FINISHED HIGHER	FELL 10% OR MORE
bottom half	625	+3.31%	72.5%	13.9%
50th-75th percentile	309	+2.22%	71.5%	13.3%
top 10% of readings	112	+1.63%	69.6%	15.2%
75th-90th percentile	187	-0.61%	57.2%	24.1%

The honest read. Over 25 years the share has shown no forecasting value: its correlation with the S&P 500 over the next three months is -0.05. It describes how the market is moving; it is not a signal and it is not one of the four validated classifiers. Weekly readings 2001–2025, current members, rows ordered by the three-month return. Nothing before 2026 came close to this level, so history cannot say what an episode this extreme leads to.

Is the index still moving with its own stocks?

Measured by RegimeSignal, as of 2026-10-30. 63 sessions of daily adjusted closes (Yahoo) to the as-of close. Mag 7 = AAPL, MSFT, NVDA, AMZN, GOOGL, META, TSLA. Pairwise = every current member with all 63 returns. References: weekly, Mag 7 from Aug 2012, pairwise from 2002, current members (survivorship).

The Magnificent 7 are moving less with the index than at almost any time we have measured. Their average correlation with the S&P 500 over the last 63 sessions is 0.46, against a median of 0.58 since August 2012 — the 17.2 percentile of weekly readings, and lower than any week since October 2025. The record low on our basis is 0.30 in January 2014.

EACH MAGNIFICENT 7 STOCK'S CORRELATION WITH THE S&P 500, LAST 63 SESSIONS, HIGHEST FIRST



The average hides a split. NVDA still moves closely with the index (0.61); AAPL has almost decoupled from it (0.18) — over three months its moves have had little to do with the index it is one of the largest weights in. The index's direction is coming from fewer of its giants than its weights suggest.

Across all members the picture is the same. The average pairwise correlation of 501 members is 0.12, against a 2002–2025 median of 0.30: the 1.2 percentile, and lower than any week since January 2020. Read with the negative-beta share on the previous page, this is one market story told two ways: stocks are trading on their own drivers, not as one index.

WHAT IT HAS MEANT BEFORE

WHEN THE READING STOOD IN ITS	WEEKS	S&P 500, NEXT 3 MONTHS	FINISHED HIGHER	FELL 10% OR MORE
Mag 7 correlation, lowest tenth of readings	73	+3.82%	89%	0%
Mag 7 correlation, all other weeks	652	+3.18%	75.9%	13.2%
Pairwise correlation, all other weeks	1147	+2.41%	71%	15.5%
Pairwise correlation, lowest tenth of readings	128	+0.65%	64.8%	10.2%

The honest read. Low correlation has not preceded trouble: bottom-decile Mag 7 readings were followed by +3.8% over the next three months with no 10% drawdown (73 weekly readings, 2012-2025); bottom-decile pairwise readings by +0.7%, with 10% of weeks seeing a 10% drawdown against 15.5% otherwise. It describes how the market is moving; it is not a signal and not one of the four validated classifiers. Rows ordered by the three-month return. Weekly windows overlap, so the effective sample is far smaller than the week count. Published reports of a 15-year low use a different list and window; on our basis the low is real but not a record, and we print our own figure with its basis rather than repeat theirs.

31% of S&P 500 stocks are in a bear market. The index is not.

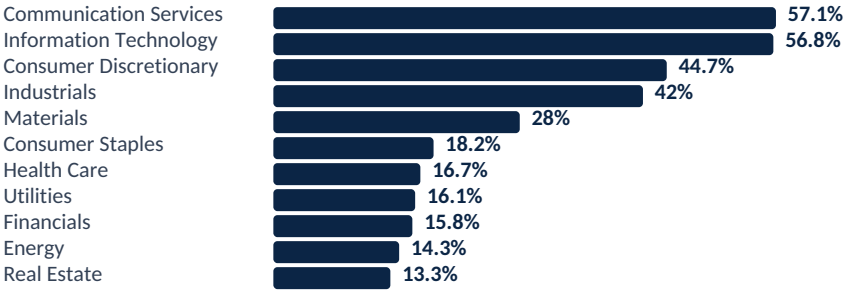
Measured by RegimeSignal across 499 current S&P 500 members, as of 2026-10-30. Each current member against its own 52-week closing high, daily adjusted closes (Yahoo), as of the as-of close; members need 200+ sessions. History 1997-2025 weekly, current members only (survivorship: names that left are absent, which understates past readings). Near-high = S&P 500 within 5% of its 52-week closing high.

31.3% of S&P 500 stocks (156 of 499) are 20% or more below their own 52-week high — the usual definition of a bear market, applied stock by stock. The index itself is 3.0% below its high. 57.7% of members are at least 10% below their highs, and the median member is 12.1% off its peak. The average stock has had a much rougher year than the index.

Is it really "nearly 60%", as reported? Not on the bear-market definition. That figure matches a looser test — stocks at least 10% off their highs (57.7%), or below all-time rather than 52-week highs. The divergence is real; its size depends on the ruler.

How unusual is it? With the index within 5% of its high, the median share since 1997 is 11.1%; today's reading is higher than 93% of those weeks. It has happened before, but not often.

SHARE OF EACH SECTOR'S MEMBERS 20% OR MORE BELOW THEIR 52-WEEK HIGH, LARGEST FIRST



The index's weight sits in a handful of giants, so the typical member can fall a long way before the index notices.

WHAT IT HAS MEANT BEFORE

INDEX WITHIN 5% OF ITS HIGH, AND THE SHARE STOOD IN THE	WEEKS	S&P 500, NEXT 3 MONTHS	FINISHED HIGHER	NEXT 6 MONTHS	FELL 10% OR MORE
top tenth of near-high readings (27% or more)	93	+2.51%	67%	+3.91%	11.8%
every week, any index level	1471	+2.05%	68%	+4.14%	16.8%
all other near-high weeks	837	+1.85%	70%	+4.30%	9.2%

EVERY EARLIER EPISODE: THE INDEX NEAR ITS HIGH WITH 27% OR MORE OF MEMBERS IN BEAR TERRITORY

EPISODE	PEAK SHARE	S&P 500, 6 MONTHS LATER	12 MONTHS LATER
Nov 2023	30.7%	+18.8%	+35.5%
Jul 2020 – Nov 2020	36.6%	+16.9%	+32.1%
May 2023	29.9%	+5.4%	+25.4%
May 2025 – Aug 2025	33.8%	+13.0%	+23.4%
Nov 1998 – Jun 1999	41.5%	+18.8%	+20.7%
Oct 2025 – Nov 2025	30.6%	+6.3%	+19.1%
Feb 2025	28.6%	+7.5%	+14.6%
Aug 2006	28.9%	+14.0%	+12.6%
Aug 1999 – Sep 2000	69.8%	+0.0%	+11.7%

The honest read. Not a forecasting signal: with the index within 5% of its high, the top tenth of readings was followed by +2.5% over three months (67% up, 11.8% saw a 10% drop) against +1.9% (70%, 9.2%) in other near-high weeks; correlation with the next three and six months +0.02. All nine earlier episodes saw the index higher a year after they began, but 1999-2000 is the warning even so: the share passed 50%, the index made its dot-com top in March 2000, seven months in, and a bear market followed. It describes how the market is moving; it is not one of the four validated classifiers. Returns from each episode's first week; weekly windows overlap.

This bull market turned four on October 12. What happened after the others did?

Measured by RegimeSignal on S&P 500 daily closes from 1950 to 30 Oct 2026. Bull markets dated from their closing lows (the 20% rule on closes). Every bull since 1949 that lasted longer than four years is included; the current one is shown separately and is not in any average.

The current bull began at 3,577.03 on October 12, 2022 and had gained +118.3% by its fourth anniversary — the third-strongest first four years of the 8 bulls since 1950 that reached that age. The index has moved -2.91% since the anniversary, to 7,580.

Of the 7 earlier bulls, **6 finished the following twelve months higher**, with a median gain of +15.7%, against +9.6% for an ordinary twelve months since 1950 (70% of which ended higher). None of them got there in a straight line: the median deepest decline inside that year was -9.4%, about the same as the -12.3% an ordinary year carries. The exception is Oct 1961, when the index fell 28% within the year and finished it -21.4%.

THE S&P 500 AFTER EACH BULL MARKET'S FOURTH ANNIVERSARY, LARGEST 12-MONTH RESULT FIRST

FOURTH ANNIVERSARY	GAIN IN YEARS 1–4	NEXT 1 MONTH	NEXT 3 MONTHS	NEXT 6 MONTHS	NEXT 12 MONTHS	DEEPEST DECLINE IN THE YEAR
Aug 1986	+137.6%	-3.4%	+1.1%	+13.0%	+37.0%	-9.4%
Jun 1953	+74.3%	+1.9%	-2.0%	+4.6%	+22.9%	-8.6%
Mar 2013	+130.0%	+2.0%	+5.6%	+7.4%	+20.0%	-5.8%
Oct 2006	+73.9%	+2.4%	+4.8%	+7.2%	+15.7%	-9.4%
Dec 1991	+69.7%	+10.0%	+7.0%	+8.7%	+13.1%	-6.2%
Oct 1978	+64.7%	-5.6%	-4.7%	-0.2%	+6.8%	-12.2%
Oct 1961	+74.6%	+5.3%	+0.5%	-0.5%	-21.4%	-28.0%
Median of 7 (gain column: 7)	+74.3%	+2.0%	+1.1%	+7.2%	+15.7%	-9.4%
Any twelve months since 1950	—	—	—	—	+9.6%	-12.3%
Now: Oct 2026	+118.3%	Still running. -2.91% since the anniversary.				

The honest read. Seven cases is history, not an edge: a sample this small cannot separate a four-year-old bull from an ordinary year, and the median of seven moves a lot if one case changes. What the record does say is that reaching four years has not, by itself, meant the end; and that a dip of 5–10% inside the following year was the rule, not the exception. Gains in years 1–4 are not shown for 1953 because that bull began before our 1950 data. This page is a historical comparison. It is not a signal and is not one of the four validated classifiers.

What the market costs, and what investors have committed

The forward multiple is 18.7x against a five-year average of 19.8x. The trailing multiple is 25.9x against a ten-year median of 23.7x. Both are correct and they answer different questions: the trailing figure divides today's price by earnings already reported, the forward figure by what companies are earning now. The gap between them is the earnings growth on the previous pages.

VALUATION	TODAY	REFERENCE	READ
Forward P/E	18.7x	5-yr 19.8x · 10-yr 19.1x	Priced where it has been for five years
Trailing P/E	25.9x	10-yr median 23.7x	9.3% above its own median
Earnings yield	3.86%	10-year Treasury 4.93%	Equity yields less than the risk-free rate
Concentration, top ten	41.4%	long-run 40.2%	Leadership is narrow

Market Confidence Index

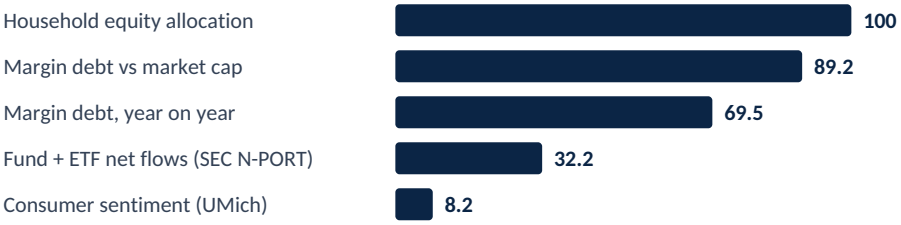
Two readings, published separately and never averaged into one number. They run on different clocks: the monthly Level series and the weekly Pulse series. A single blended headline would hide the 154-day lag on the Level series, so none is published.

READING	SCORE	MEMBERS	AS OF	LAG
Confidence Pulse · weekly	66.4	5 of 5	2026-10-05	27 days
Confidence Level · monthly	71.3	5 of 5	2026-05-31	154 days

PULSE MEMBERS, EACH SCORED 0–100 AGAINST ITS OWN HISTORY



LEVEL MEMBERS



A measure of what investors have committed, not whether they are right. No hit rate is published for this gauge and none should be quoted.

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7 · What the signal statistics mean, and what they do not. Precision answers one question: when a signal fires, how often did the event it detects actually follow, measured out of sample. It is not the probability that the market falls, it says nothing about magnitude or about timing inside the stated horizon, and it does not describe what any portfolio would have returned. The false-positive rate is the other half of the same measurement.

8 · The average precision figure. The average quoted is the arithmetic mean of the four signals' individual precisions. It is not itself a validated statistic: the four signals have different horizons, different sample sizes and different definitions of the event they detect. The individual precisions, false-positive rates and horizons are printed beside it so the average never has to be taken on its own.

9 · The Market Confidence Index. The MCI is published as two separate readings, a weekly Pulse and a monthly Level, each scored against its own history on a 0-100 scale and each carrying its own as-of date. The two are never averaged into a single headline, because they run on different clocks and a blended number would hide the lag on the slower series. The MCI measures what investors have committed, not whether they are right. No hit rate is published for this gauge and none should be quoted.

10 · Bull velocity and how the word is set. From October 8, 2026 the velocity word comes from the stage method adopted that day, revised October 18, 2026 on 40 years of real data: each of seven factors scored by its six-month change against its normal six-month change, weighted, with valuation as a constant headwind, averaged over 30 trading days; STRENGTHENING above plus 0.40, FADING below minus 0.40, and a call returns to STEADY only when the average comes back inside plus or minus 0.24, changing at most once in ten trading days. It replaced the June 2, 2026 sign method. It describes the last six months; it is not one of the four validated classifiers and is not a forecast.

11 · Readings that are not recalculated are not published as readings. Where a figure on the platform has not been recomputed since an earlier calibration, it is not printed in this report as a current reading. The Bull Weakening Score is in that state as of this issue and is named here rather than shown.

12 · The year-end range, in full. The range rests on seventeen observations, and its three selection conditions were chosen after examining the data. No untouched holdout confirms them. On the same seventeen years an ordinary unconditional band held more often, at 88%: the range is not more accurate than doing nothing, it is narrower at a stated confidence. Five of seventeen finished outside the band, three of those five on the upside.

13 · No performance record, and no hypothetical results shown. This report contains no track record of realized investment results. No account, composite or fund is managed to these figures, and none of the statistics here should be read as a return any investor received or could have received. Model measurements are not performance. Past performance does not indicate future results.

14 · The scorecard is arithmetic. Each indicator is classified against the reference and by the rule printed beside it. The verdicts are arithmetic, not judgment: change the reference and the verdict changes with it. The counts are simple unweighted tallies. A count of positives is a description of a set of comparisons, not a measure of expected return.

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