

Earnings Pulse:

Corporate earnings remain solid, with beat rates on both EPS and revenue running above five-year averages. Blended EPS growth is tracking in the high single digits—roughly 8–9% for the third quarter—marking a stronger showing than expected at the start of reporting season.

Macro Backdrop:

Headline CPI came in at +3.0% year-over-year, while PMIs showed renewed firmness. Markets are increasingly pricing in a 25-basis-point Fed rate cut and paying close attention to signals about balance-sheet policy and the future of quantitative tightening.

Risk Tape:

Key risks include sticky inflation pressures, emerging signs of labor-market softness, and the potential impact of tariffs on corporate margins. Operational concentration risks, highlighted by recent cloud-infrastructure outages, also bear watching—particularly for financial and insurance names.

Positioning Lens:

Maintain a balanced stance. Continue to favor high-quality cyclicals—particularly those leveraged to AI-driven industrial and materials demand—alongside select secular growth names tied to AI, over purely defensive exposures. In fixed income, lean toward core and duration positioning, while selectively using high-quality corporate opportunities to capture incremental yield.

The Calendar – This Week

Tuesday: Focus turns to **Consumer Confidence**, providing a read on **household sentiment in the face of moderating inflation and a still-resilient job market**. Investors will be watching to see if optimism around income stability continues to support spending as the holiday season approaches.

Wednesday — The Main Event

Midweek attention centers on the **Federal Reserve's FOMC meeting**, where policymakers are **expected to cut rates**. Chair Powell's tone will be closely watched for signals on **timing and magnitude of potential rate cuts in early 2026**, as well as any changes to balance-sheet policy.

Thursday — Growth & Labor in Focus

On Thursday, markets will digest two major releases — **GDP** and **Weekly Jobless Claims**. The GDP print will highlight whether **growth momentum** continues to **outpace expectations** or if **higher borrowing costs** are starting to **weigh on activity**. Jobless claims remain the most real-time signal of labor health; any uptick here could signal an inflection in employment conditions.

Friday — HALLOWEEN! The Inflation Check

The week closes with a flurry of data that touches nearly every corner of the macro landscape. **Core PCE**, the Fed's preferred measure of underlying inflation, will be released alongside **Personal Income and Spending**, the **Employment Cost Index (ECI)**, and **Chicago PMI**. Together, these reports offer one of the broadest **snapshots of inflation pressures, wage growth, and regional manufacturing sentiment**. If inflation continues to cool while spending remains steady, it could bolster the case for a gradual policy shift as the Fed eyes a softer landing heading into year-end.

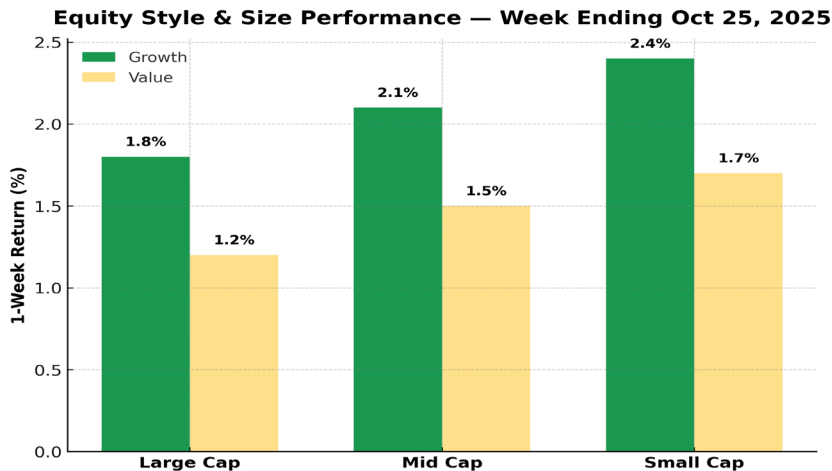
Weekly Market Recap (My Take)

Last week in one line:

Softer inflation data and better-than-feared earnings pushed the market to **new highs**, with cyclical sectors leading and defensives lagging.

Best → Worst Sectors:

Technology, Energy, and Industrials topped the performance list last week, while **Consumer Staples** and **Utilities** trailed slightly. **Momentum continued to favor growth** and cyclical as investor sentiment improved.



Earnings Season — Peak Week

All eyes will be on the **mega-cap tech leaders** — **Google (GOOGL)**, **Microsoft (MSFT)**, **Meta (META)**, **Amazon (AMZN)**, and **Apple (AAPL)** — whose results and guidance often set the tone for both the Nasdaq and the S&P 500. These updates will provide critical **insights into cloud demand, AI infrastructure spending, and consumer hardware trends** heading into the holiday quarter. Beyond technology, several major players across other sectors will command attention:

- In **Financials**, **Visa (V)** and **Mastercard (MA)** will offer a real-time lens into global **consumer spending** and cross-border transaction growth.
- Within **Health Care**, results from **Eli Lilly (LLY)**, **Merck (MRK)**, and **AbbVie (ABBV)** should highlight continued strength in pharmaceuticals and innovation pipelines.
- From **Industrials**, **Caterpillar (CAT)** and **Boeing (BA)** will be key barometers for infrastructure activity, capital goods demand, and aerospace production.
- In **Energy**, **ExxonMobil (XOM)** and **Chevron (CVX)** are set to report amid ongoing volatility in crude markets and shifting capital allocation priorities.

With macro data and earnings hitting simultaneously, **markets could see short-term volatility** as investors digest signals on growth, inflation, and profitability. **The broader narrative will hinge on whether the combination of resilient earnings and easing inflation can sustain the market's upward momentum as year-end approaches.**

—Scott Tremlett, CEO/Chief Investment Officer

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