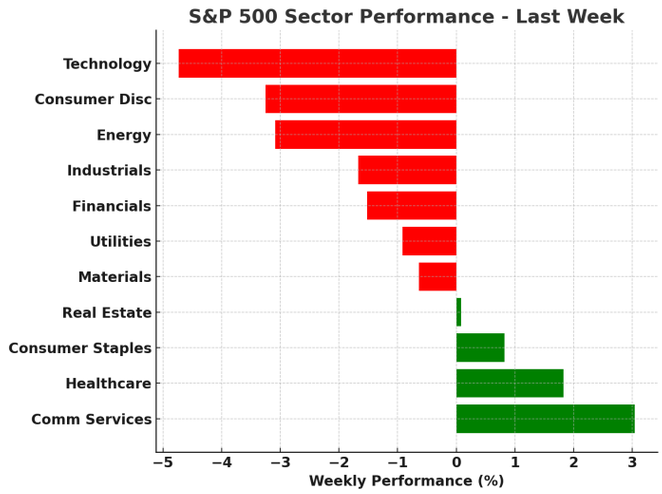


Last Week: Momentum Breaks, the Fed Blinks, Tech Takes the Hit

PARAMOUNT ASSOCIATES WEALTH MANAGEMENT

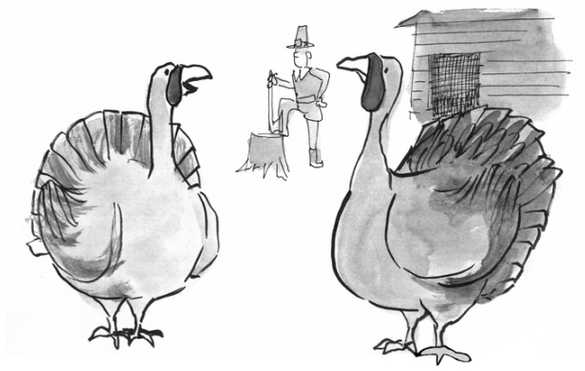
THE TREMLETT BRIEF

Last week served up a messy mix of macro noise, delayed data, and a market that finally lost its grip on the "AI can fix anything" narrative. With the government now reopened, **we finally received long-overdue September labor data — Unemployment ticked up to 4.4%, the highest in four years**, and **continuing claims hit a new cycle high**. Jobs were added, yes — but a weaker trend is forming beneath the surface. Equity markets responded accordingly. **The S&P 500 fell nearly 2% on the week**, led lower by Technology (-4.7%), Consumer Discretionary (-3.3%), and Energy (-3.1%). Semiconductors were hit particularly hard, despite Nvidia posting another beat-and-raise quarter. The biggest surprise of the week came from the Fed. **After weeks of hawkish posturing, NY Fed President Williams dropped a dovish hint**, giving markets a late-Friday bounce. This was a week dominated by unwinds in crowded positions, factor rotations, and the market learning (again) that trees don't grow to the sky — even AI trees.

This Week: A Data Sprint into Thanksgiving

With a shortened trading week, the market is loading up on economic data before everyone logs off for turkey and football. Retail sales, PPI, consumer confidence, pending home sales, the Beige Book — **it's all crammed into Tuesday and Wednesday.**

We also get another look at Q3 GDP, PCE inflation, durable goods, and jobless claims. In other words: more clarity on how fast the consumer and the industrial economy are slowing. Earnings will be front-loaded, with key reports out of Best Buy, Dell, HP, Urban Outfitters, and Deere**. These prints matter because big-box retail and enterprise tech are two areas the consumer and corporate capex cycles flow through.** By mid-week, everyone will be trying to get out the door — or out of their Zoom window — to beat the traffic.



"My investment adviser told me to go for short term capital gains."

The Consumer: Cracks Widen Beneath the Surface

If last week's retail earnings told us anything, it's that the American consumer is becoming more selective — not pulling back entirely but adjusting. Here's what stood out:

- **Target** trimmed prices to stay competitive, which weighed on margins but helped keep traffic flowing.
- **Home Depot** softened its outlook as big-ticket purchases normalized after several years of unusually strong demand.
- **Walmart** continues to deliver solid results, with steady growth led by essentials and value-focused shopping trends.
- **Even higher-income households** — long a source of spending strength — are showing a touch more mindfulness heading into year-end.

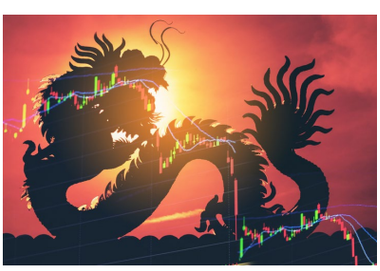
Heading into the holiday season, the consumer looks **steady but thoughtful**. **People are still spending, just with more emphasis on value and practicality**. Markets are beginning to recognize that discretionary categories may face a slower finish to the year, **but the underlying resilience of the consumer remains intact — just evolving**.

Earnings: Revenue Rising, Margins Holding, but the Bend Is Coming

The Q3 earnings season delivered plenty to be encouraged about, coming in stronger than many expected:

- **S&P 500 revenue growth:** 8.4%, the best in three years
- **S&P 500 earnings growth:** 13.4%, comfortably ahead of estimates
- **Net profit margin:** 13.1%, the highest since 2009

Health Care, Financials, and Consumer Discretionary stood out with solid upside surprises. Mega-cap tech continued to post healthy results as well, even if markets were more focused on the bigger-picture discussion around AI investment cycles rather than the quarter's numbers. Looking ahead, companies are signaling a more measured pace of growth, and markets are starting to adjust accordingly. Some of the more crowded momentum trades have eased, while steady, defensive sectors have quietly gained traction. **For investors, this environment doesn't call for caution so much as balance — staying diversified, emphasizing quality, and leaning into companies with durable cash flow as the market transitions into its next phase.**



Global Watch: China Re-Enters the Chat

Buried beneath the U.S.-centric headlines is a meaningful shift**: foreign investors are returning to China's equity markets for the first time in years.** AI enthusiasm abroad — specifically around DeepSeek — has rekindled interest in discounted Chinese tech names. Inflows from January to October hit $50B, the highest in four years. Mainland investors are also pouring money into Hong Kong. The reopening of China as an investable asset class could reshape emerging-market flows heading into 2026. This isn't a broad macro recovery story yet — **but it is the first spark we've seen in a long time**.

HAPPY THANKSGIVING!!!!!! Go Pack Go! 😊 **-Scott Tremlett CEO/Chief Investment Officer**