

ON THE EDGE – OCTOBER 2026

Market Review

Surging bond yields, rising oil prices and a Fed interest rate hike contributed to a mixed-to-lower month for the major averages. Stocks were rattled by heightened volatility early in the period as skirmishes between the U.S. and Iran sent oil prices sharply higher and renewed inflation concerns. Equities extended their decline after a stronger-than-expected payrolls report pushed Treasury yields higher. The Treasury Department then announced a smaller-than-expected buyback of longer-dated government debt, followed by a PPI report showing wholesale prices jumping 5.4% Y/Y. Core-PPI also increased by 0.2%, in line with estimates, but the data still sent the 10-year Treasury yield to another multiyear high, while the two-year T-Bill moved above 4.5%. Crude oil prices crossed above \$100 a barrel and housing stocks came under pressure as mortgage rates moved above 7%. The CPI report, however, came in largely as expected and appeared to reinforce expectations for a quarter-point rate hike at the September FOMC meeting. The S&P 500 and the NASDAQ pulled back to their 50-day moving averages, while the DJIA broke below key support at its 50 and 100-day moving averages. The Philadelphia Semiconductor Index (SOX) also broke below key support at its 50-day MA, while the Russell 2000 fell below both its 50 and 100-day moving averages. With investors largely on the sidelines, attention turned to the Federal Reserve's upcoming decision on interest rates.

The Federal Reserve raised interest rates by 0.25 percentage-point in a unanimous decision, but hawkish comments from Fed Chair Kevin Warsh sent equities lower after he signaled that additional rate hikes may be necessary to bring inflation back toward the Fed's 2% target. The DJIA fell 631.21 points (-1.21%) on the hike, but a rotation back into mega cap technology and Magnificent Seven stocks helped the NASDAQ and NDX 100 bounce off their 50-day moving averages and surge to new record highs. That rally stalled after another round of strong economic data, including an upward revision to quarterly GDP and a tame reading from the Personal Consumption Expenditures (PCE) price index, the Fed's preferred inflation gauge. Treasury yields subsequently jumped, with the 10-year Treasury ending the period at 5.279%, its highest level in nearly two decades. Technology (XLK) was the only sector to finish the month in positive territory, while Materials (XLB), Financial (XLF), Real Estate (XLRE) and Utilities (XLU) were sector laggards, each falling more than 7% during the month.



For the month, the DJIA lost 2279.85 points (-4.29%) and settled at 50906.05. The DJIA finished off Q3 with a loss of -2.7%. The S&P 500 was lower by 34.60 points (-0.45%) for the month, closing at 7651.54. For the quarter, the benchmark index was up by 2.03%. The NASDAQ gained 490.17 points (1.86%) and finished at 26861.06 and was higher by 2.47% for the quarter. Finally, the small cap Russell 2000 fell by 159.59 points (-5.40%) and settled at 2796.86 and down -7.52% for the quarter.

Market Outlook

The technical condition of the market remains mixed as the period came to a close. Despite record highs from the NASDAQ and NDX 100, underlying breadth remains extremely weak. Fresh record highs in the tech heavy indexes were accompanied by more new 52-lows than new highs, a divergence that has occurred only twice before in market history, in 1929 and 1999. The DJIA continues to trade below both its 50 and 100-day moving averages. In contrast, the S&P 500, NASDAQ and NDX 100 are trading above key moving average support levels and remain close to record highs, with their technical indicators in neutral-to-positive territory and improving. The S&P 500, however, remains stuck in a trading range between 7500 and 7800. The Philadelphia Semiconductor Index (SOX) also finished the period above its 50 and 100-day moving averages while its technical indicators also moved into positive territory as momentum improved amid continued demand for semiconductors. The remaining secondary indexes struggled and finished lower. The DJ Transportation Index ended the month below its 200-day MA, down -15.2% from its July closing high and back to levels last seen in April as higher fuel costs weigh on profits. The small cap Russell 2000 is holding just above its 200-day MA but remains -8.9% below its August record high, reflecting the the group's greater sensitivity of small-cap stocks to higher interest rates.

Cyclical Trend Index (CTI): Positive

The CTI is Positive at +7, down two notches from the previous month. The counts for Cycles B, C and D are bullish while Cycles A and E are bearish. The CTI is projected to remain in a positive configuration into mid-October, although adjustments are probable in extending some of the earlier bearish cycles.

Cycle	Average # Of Weeks In The Cycle	# Of Weeks Since Previous Bottom	Bullish Or Bearish Connotation
A	6 + or -1 Week	8 Weeks	Bearish
B	18 + or -2 Weeks	8 Weeks	Bullish
C	36 + or -4 Weeks	8 Weeks	Bullish
D	72 + or -7 Weeks	8 Weeks	Bullish
E	216 + or -20 Weeks	206 Weeks	Bearish

The following are projected CTI readings through the week ending 10/30/26.

Week Ending	CTI	Connotation
9/25/26 (Actual)	7	Bullish
10/02/26 (Projected)	5	Bullish
10/09/26 (Projected)	5	Bullish
10/16/26 (Projected)	5	Bullish
10/23/26 (Projected)	-1	Bearish
10/30/26 (Projected)	-2	Bearish

** The CTI is the total of the plus and minus values assigned to each cycle based on the number of weeks that have passed since their previous cyclical bottom. For a detailed explanation of the market timing models, click "Market Letter Help" at the top of the 'Market Letter.'

Momentum Index: Negative

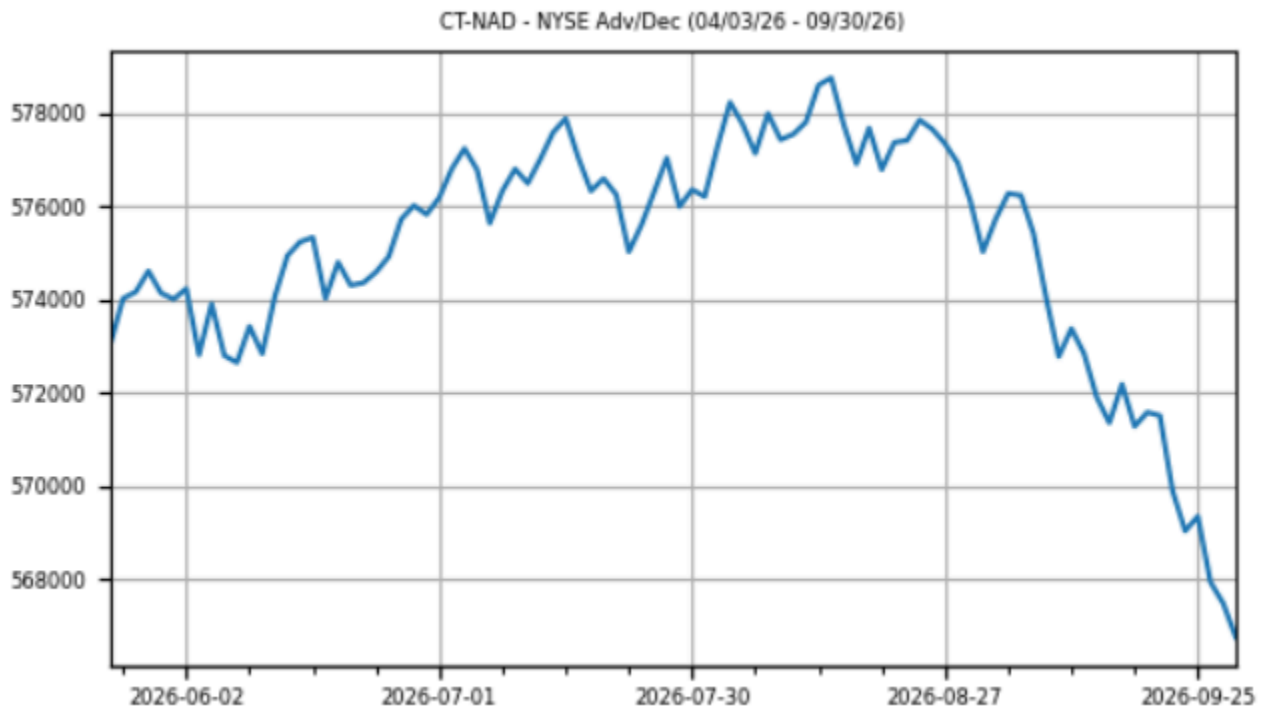
As of the close on 9/25/26, the Momentum Index is Negative at -4, up two notches from the previous month. The Momentum Index is a gauge of bullish or bearish divergence in the market. Readings of +4 and higher are regarded as bullish signaling stronger performance from the majority of the broader indexes vs. the DJIA. Conversely, readings of -4 or lower are regarded as bearish. Below is a chart of the performance of seven of the major broad market indexes included in the Momentum Index vs. the DJIA since the last major cyclical highs.

Prev Lows	DJIA	DJTA	S&P 500	NYSE	R-2000	NASDAQ	UTIL	A/D LINE
July 2026	49363.88	20604.18	7266.99	22797.67	2747.07	24442.94	1100.70	579478
9/30/2026	50906.05	19382.09	7651.54	23490.80	2796.86	26861.06	1009.91	575072
%Change	+3.1%	-5.9%	+5.3%	+3.0%	+1.8%	+9.9%	-8.2%	-0.8%

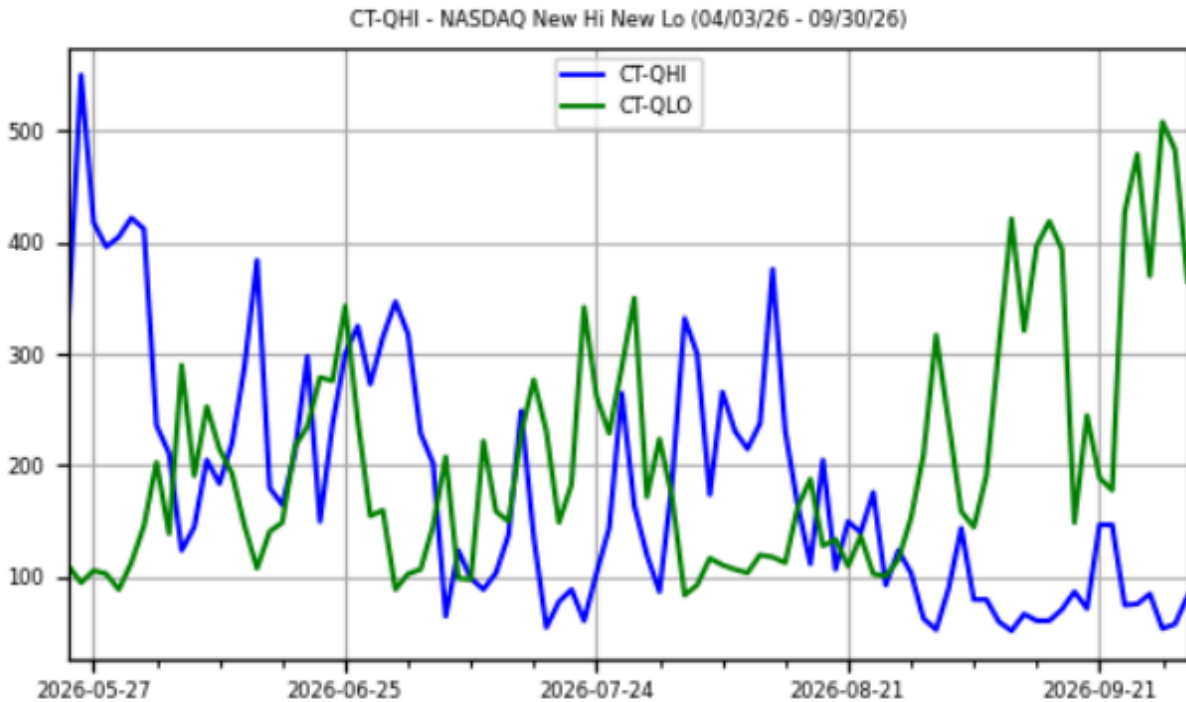
Average % Change of the Broad Market Indices: +2.1%

The broader market indexes are upon average +2.1% from their July 2026 closing lows vs. +3.1% gain for the DJIA resulting in a Negative -4 reading. Breadth was negative for the month at the NYSE as the Advance/Decline Line lost 9261 units vs. a loss of 390 units in August while the number of new 52-week lows exceeded the number of

new highs on all 21 sessions. Breadth was negative at the NASDAQ as the A/D line fell by 11869 units vs. a gain of 1939 units in August.



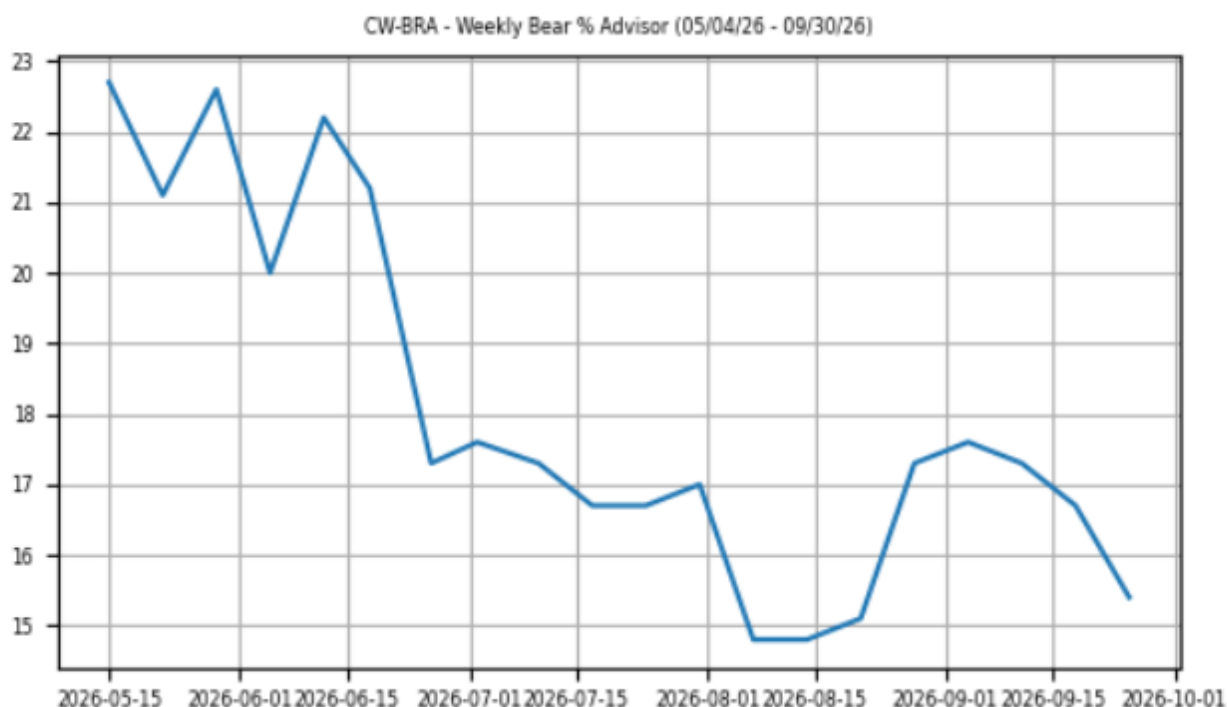
The number of new 52-week lows exceeded the number of new highs at the NASDAQ on all 21 sessions. Finally, the percentage of stocks above their 50-day moving average fell to 29.4% vs. 56.5% from the previous month while those above their 200-day moving average fell to 46.8% vs. 60.7%. Readings above 70.0% denote an overbought condition.



Sentiment Index: Negative

The Sentiment Index ended the period at a Negative -3, up one notch from the previous month. The Sentiment Index tracks thirteen market indicators that measure excessive bullish or bearish conditions prevalent in the market. Whenever the crowd becomes overly optimistic (a bearish condition), the readings from the Sentiment Index will drop into negative ground. Conversely, when fear is rampant (a bullish condition), the index will be in the +3 to +8 area.

NYSE short interest was up +2.8% and 2.4 days of average volume for the period ending 9/15/26 vs. being up +2.7% and 2.4 days of average volume to cover at the end of August. Short interest at the NASDAQ was up +6.1% and 3.0 days of average volume to cover mid-September vs. a -3.8% decrease and 2.2 days average volume to cover on 8/31/26. The AAI Bull-Bear Ratio (0.7 vs. 0.7) is Bullish. The Percentage of Bullish Investment Advisors (51.9% vs. 51.9%), the VIX, a measurement of fear in the market (14.87 vs. 14.13), the National Association of Active Investment Advisors (NAAIM) Exposure Index (88.1 vs. 102.7) and the Fear and Greed Index (33.6 vs. 56.4) are Neutral. The Dividend Yield Spread (-3.66 vs. -3.23), the Total Put/Call Ratio (0.88 vs. 0.91), the Bullish-Bearish Investment Advisors Ratio (3.4 vs. 3.0), and the Percentage of Bearish Investment Advisors (15.4% vs. 17.3%) are Bearish. VIX readings under 13.00 are regarded as bearish while those above 30.0 are bullish.



**To view the charts and graphs of the major market indexes and pertinent technical indicators that are incorporated in the Momentum and Sentiment indexes, go to the Market-At-A-Glance section located under Market Recap on the Market Edge home page.

Market Posture: **Bullish**

Based on the status of the Market Edge, market timing models, the 'Market Posture' is Bullish as of the week ending 8/07/2026 (DJIA – 54036.93).

Market Posture Performance 2023-2026

The following is the performance record of the Market Edge 'Market Posture' for 2023 - 2026.

Projected Strong Periods:		Actual Results – DJIA
03/24/23 - 05/05/23 (32237.53 – 33674.38)	DJIA Gain/Loss	+1436.85
07/21/23 - 08/18/23 (35227.69 – 34500.66)	DJIA Gain/Loss	-727.03
10/13/23 - 12/01/23 (33670.29 – 36245.50)	DJIA Gain/Loss	+2575.21
05/03/24 - 07/12/24 (38675.68 – 40000.90)	DJIA Gain/Loss	+1325.22
08/23/24 - 11/01/24 (41175.08 – 42052.19)	DJIA Gain/Loss	+877.11
12/06/24 - 02/28/25 (44642.52 – 43840.91)	DJIA Gain/Loss	-801.61
04/18/25 - 07/11/25 (39142.23 – 44371.51)	DJIA Gain/Loss	+5229.28
08/22/25 - 10/10/25 (45631.74 – 45479.60)	DJIA Gain/Loss	+152.14
11/28/25 - 02/13/26 (47716.42 – 49500.93)	DJIA Gain/Loss	+1784.51
08/07/26 - ??? (54036.93 – ???)	DJIA Gain/Loss	???

Projected Weak Periods:		Actual Results – DJIA
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05/26/23 - 07/14/23 (33093.34 – 34509.03)	DJIA Gain/Loss	+1415.69
08/18/23 - 10/13/23 (34500.66 – 33670.29)	DJIA Gain/Loss	-830.37
01/05/24 - 03/28/24 (37466.11 – 39475.90)	DJIA Gain/Loss	+2009.79
07/19/24 - 08/23/24 (40287.53 – 41175.08)	DJIA Gain/Loss	+887.55
11/01/24 - 12/06/24 (42052.19 – 44642.52)	DJIA Gain/Loss	+2590.33
02/28/25 - 04/18/25 (43840.91 – 39142.23)	DJIA Gain/Loss	-4698.68
08/01/25 - 08/22/25 (43588.58 – 45631.74)	DJIA Gain/Loss	+2043.16
10/24/25 - 11/28/25 (47207.12 – 47716.42)	DJIA Gain/Loss	+509.30
02/27/26 - 04/10/26 (48977.92 – 47916.57)	DJIA Gain/Loss	-1061.35
05/15/26 - 08/07/26 (49526.17 – 54036.93)	DJIA Gain/Loss	+4510.76

While the CTI is typically regarded as either a Bullish or Bearish connotation, at times mixed readings from several indicators related to the CTI will result in a Neutral - Market Posture. The dates not presented in the above tables were periods where the Market Posture was Neutral. For a closer look at the technical indicators and studies that make up the market timing models, check out the 'Market Letter (Weekly)' located on the Market Edge home page. (www.marketedge.com).

ETF Center:

The top performing ETF categories for the period ending 9/24/26 were: Specialty Technology, Growth-Large Cap, Shorts, Growth Mid-Cap and Commodity-Base Metals. The weakest categories were: Specialty Financial, Sector-Basic Materials, Specialty Utilities, Bond-Government Long Term and Sector-Alternative Energy. To review all the categories in the Market Edge universe, click on the ETFs tab.

Industry Group Segment Rankings: What's Hot (41) – What's Not (131)

The following are the strongest and weakest Industry Group Segments for the period ending 9/24/26. Strongest: Movie Theaters, Sporting Events, Drug Delivery and Gold. Weakest: Parcel Delivery, Other Transportation, Other Infrastructure and Dairy Products. To review all the Industry Group Segment rankings, click on the Industries tab, then click on the Segment section.