Quarterly Market Guide: Q4 2026

Our View of What's Most Relevant Now

October 13, 2026



Traverse Private Wealth is a registered investment advisor in the State of Pennsylvania

Please see important disclosures at the end of this report.

QUARTERLY MARKET GUIDE: Q4 2026

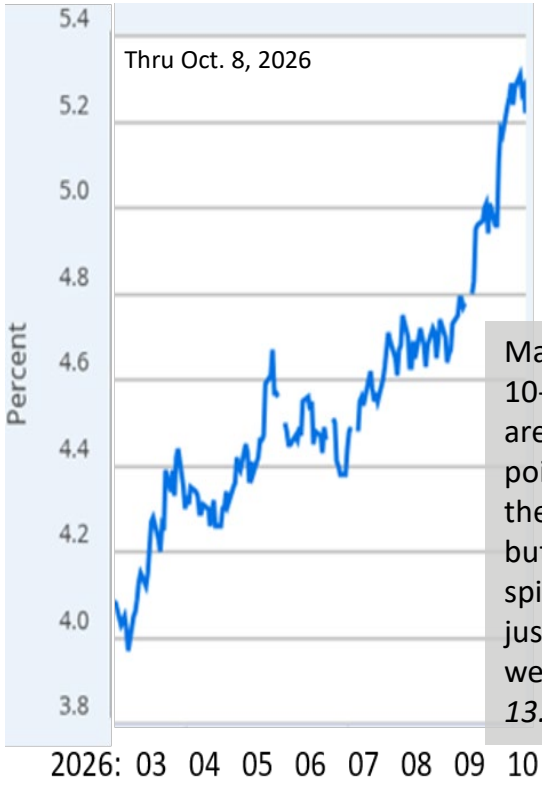
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Data in Focus: **Interest Rates**

U.S. Treasury 10-Yr Market Yield



Market yields for 10-Yr Treasurys are up 125 basis points (bp) since the end of Feb., but 45% of this spike has been just in the last 7 weeks. (*See page 13.*)

Source: Federal Reserve Bank of St. Louis

Index Performance

Index	Asset Class	2026		2025
		Q3	YTD	
Equity Indexes		Total Returns		
NASDAQ 100	Mega Cap U.S. Growth Equity	0.6%	21.0%	21.0%
S&P 500	Large Cap U.S. Equity	2.3	12.8	17.9
S&P 400	Mid Cap U.S. Equity	(6.4)	9.9	7.5
S&P 600	Small Cap U.S. Equity	(7.9)	14.1	6.0
MSCI All Country World	Global Equity	1.7	13.4	22.9
MSCI All Country World (Ex U.S.)	International Equity	0.6	14.7	33.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	0.9	10.8	31.9
MSCI Emerging Markets (EM)	International Emerging Market Equity	(0.2)	23.7	34.4
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	(3.5)	(2.9)	7.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	(5.8)	(3.8)	3.8
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	(5.9)	(2.5)	3.3
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	(1.8)	0.1	8.6
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.6	10.1	19.8
60%/40%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		(0.4)	6.8	16.6
40%/60%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		(1.4)	3.5	13.5
20%/80%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		(2.5)	0.3	10.4
Data as of 9/30/2026				

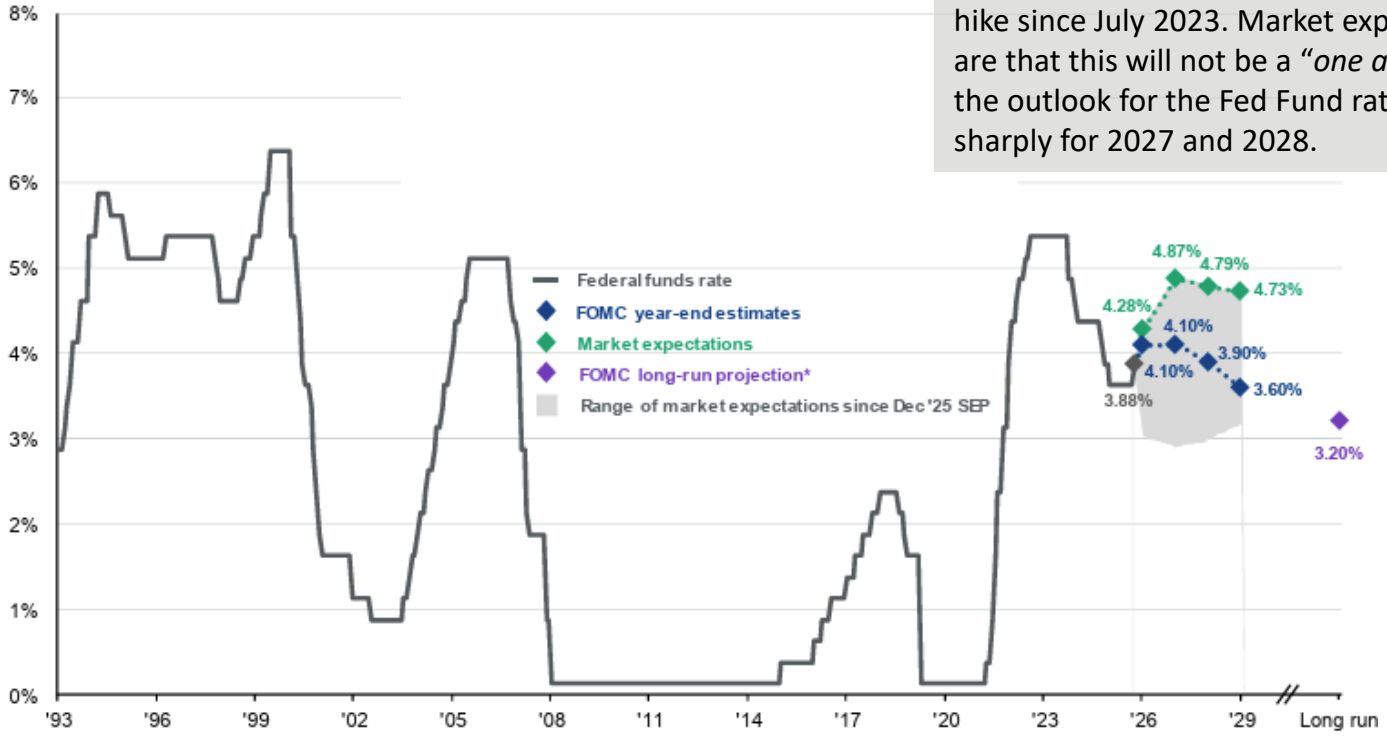
Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.

The rise in interest rates over Q3 impacted bond prices, and also U.S. SMID stocks as these smaller companies are perceived to be more reliant on debt financing.

Economy

Federal Funds Rate

Attributed to elevated inflation, the FOMC raised the Fed Funds rate by ¼ point last month – this was the first Fed Funds rate hike since July 2023. Market expectations are that this will not be a "*one and done*' as the outlook for the Fed Fund rate has risen sharply for 2027 and 2028.

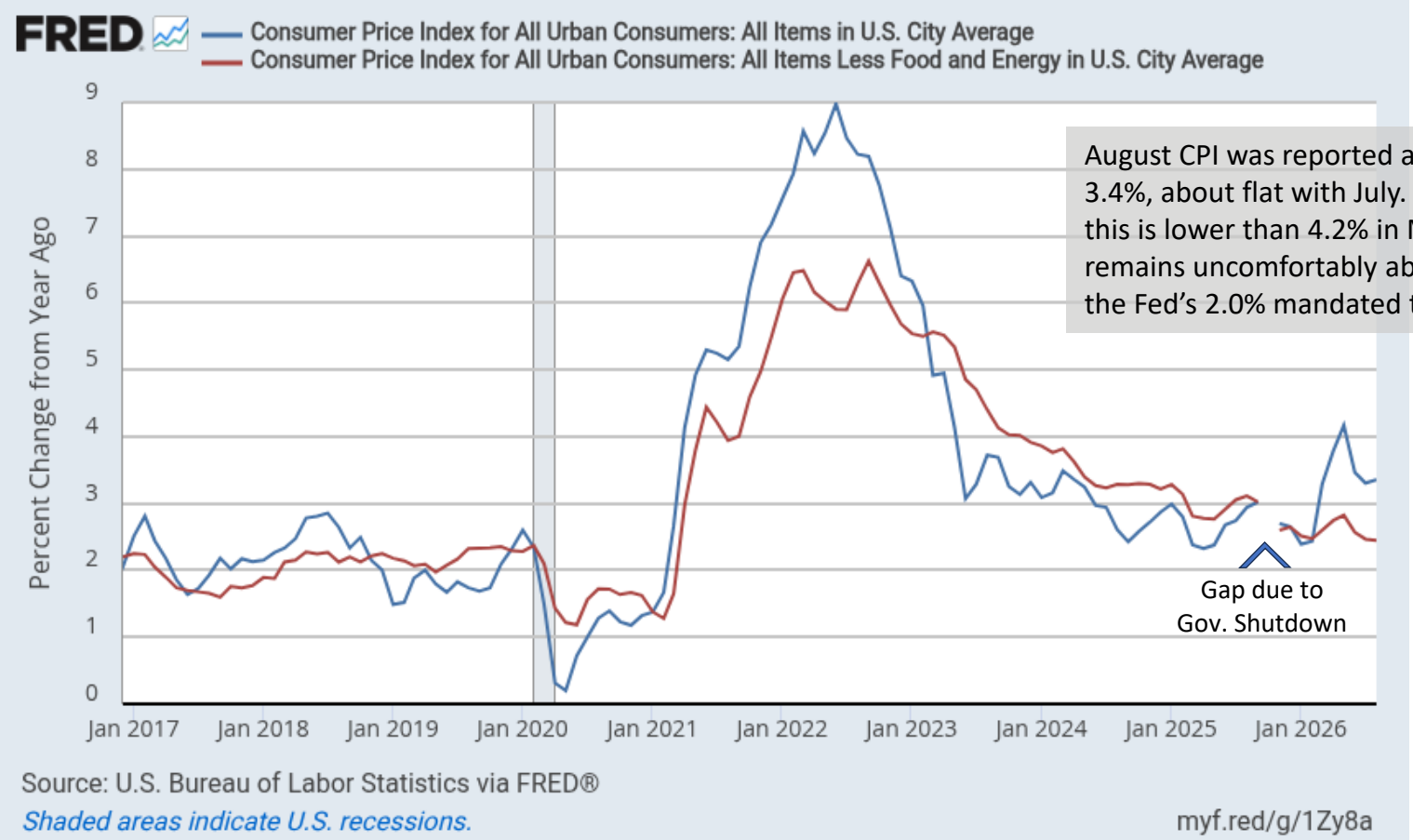


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are based off USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which policymakers expect the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations and are for illustrative purposes only.
Guide to the Markets – U.S. Data are as of September 30, 2026.

J.P.Morgan ASSET MANAGEMENT

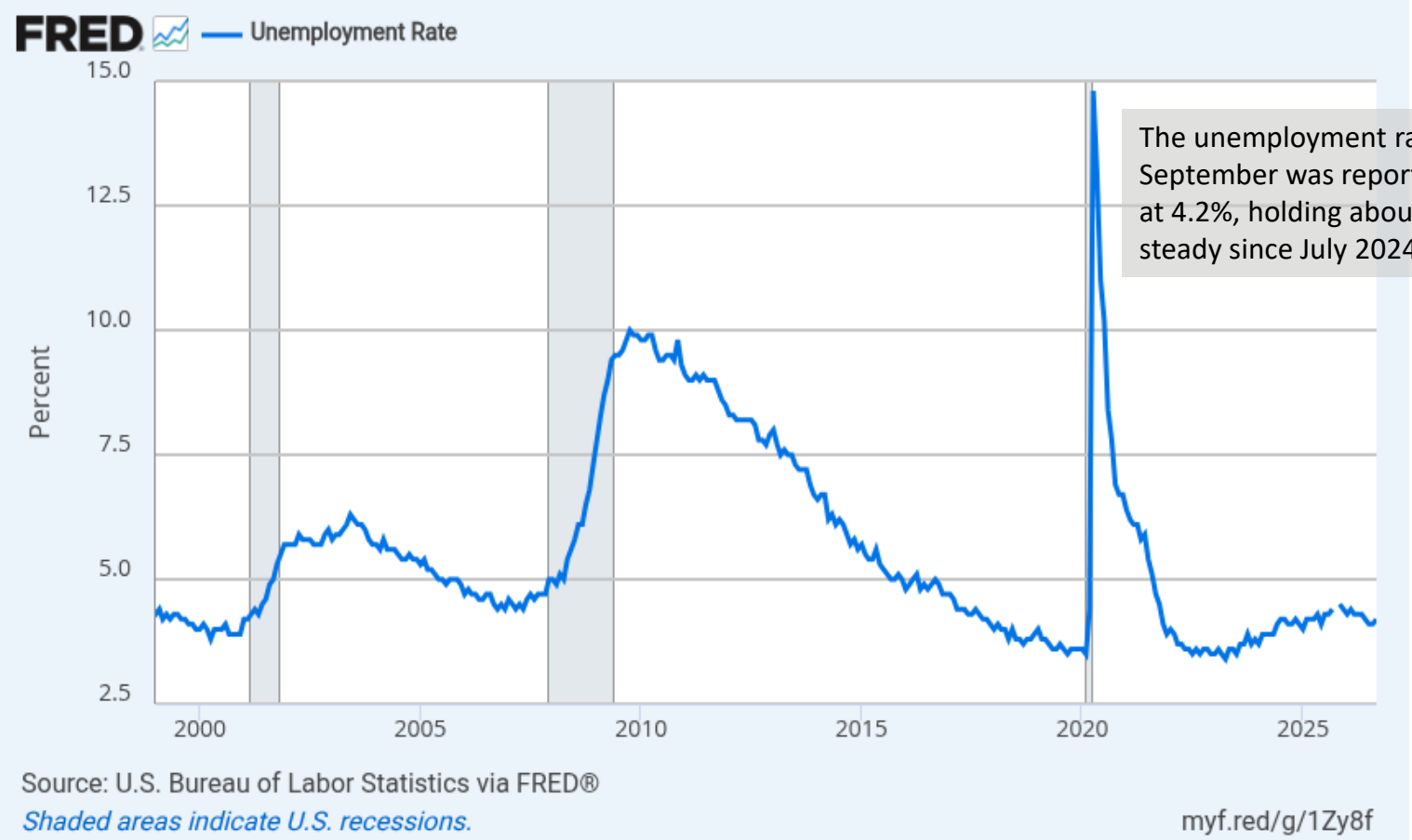
Economy

Inflation



Economy

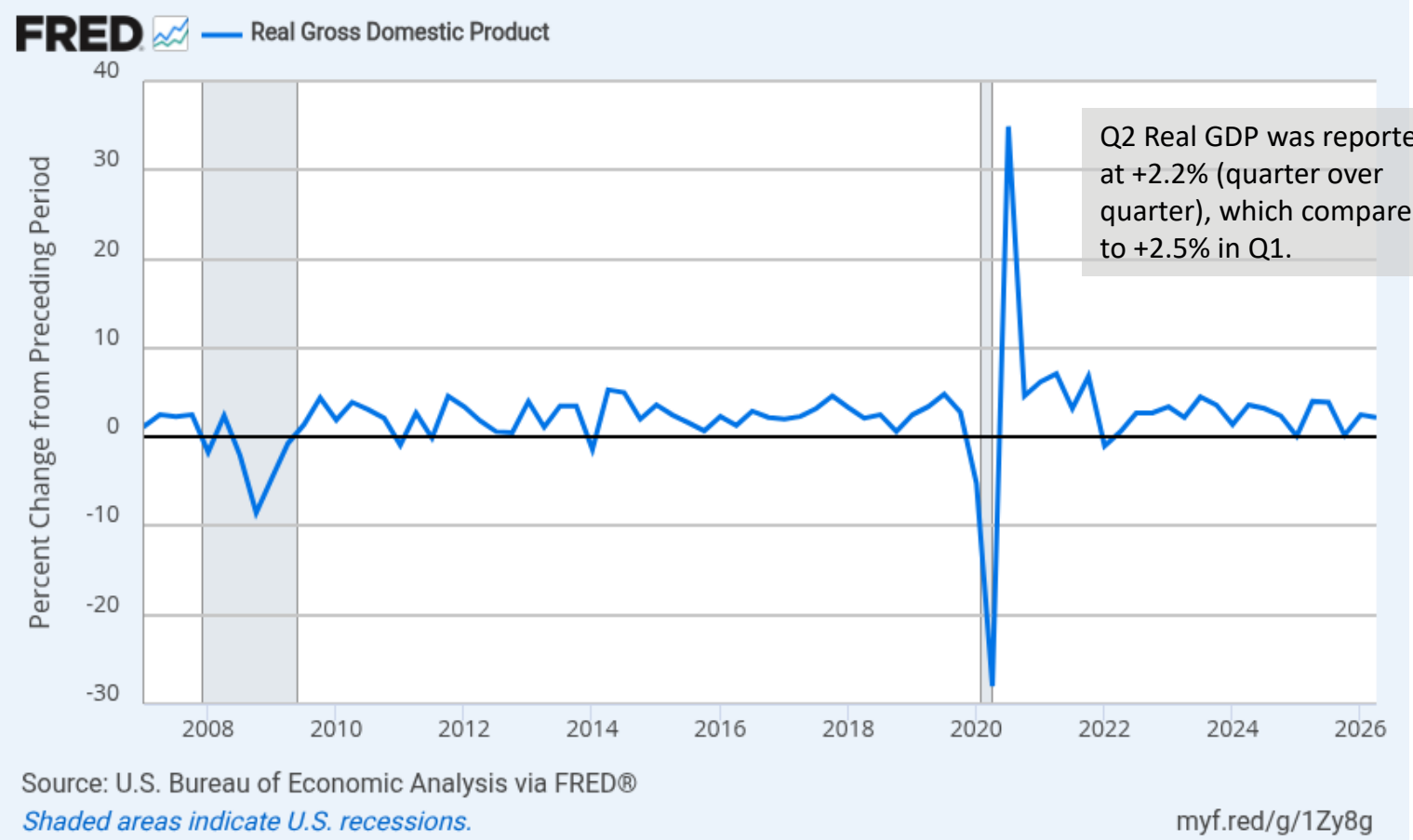
Unemployment Rate



The unemployment rate in September was reported at 4.2%, holding about steady since July 2024.

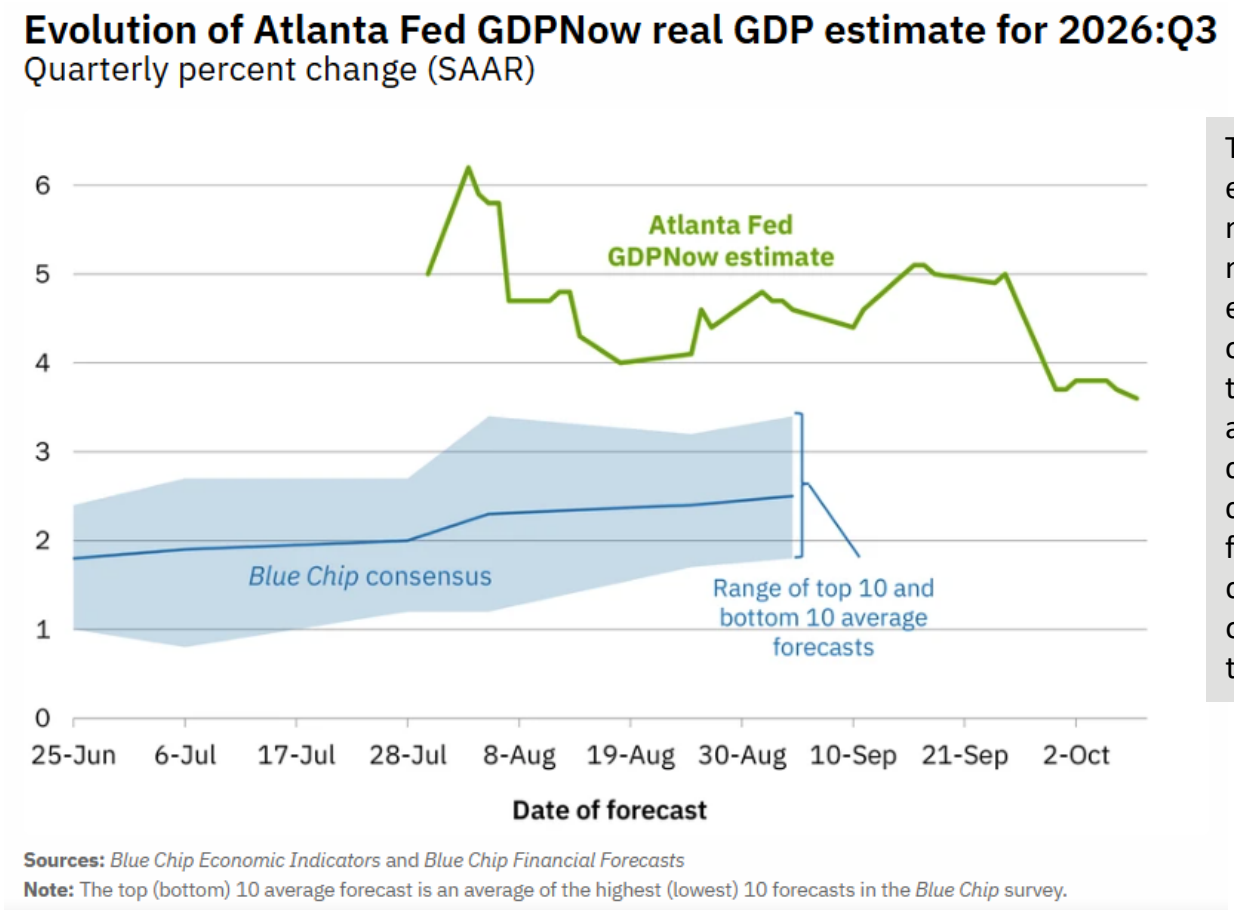
Economy

Real GDP



Economy

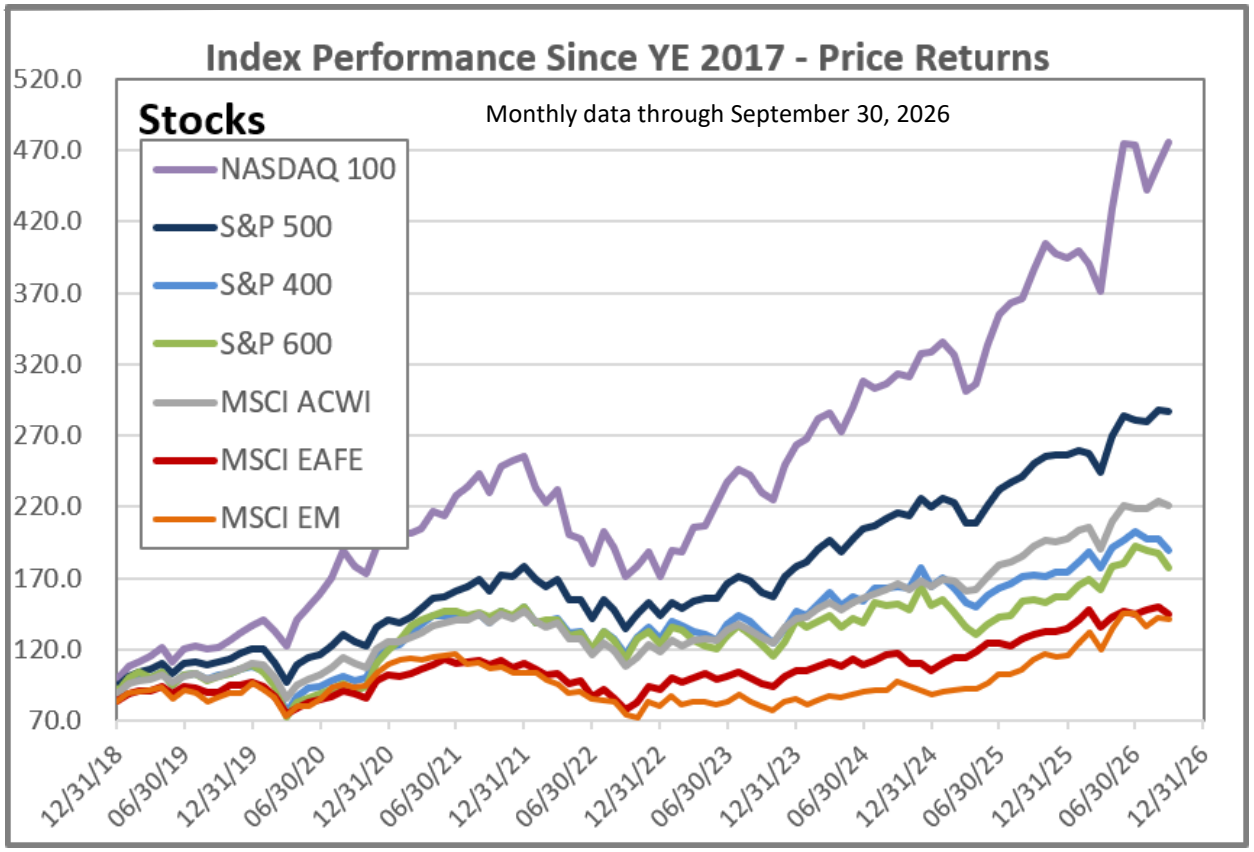
Real GDP Estimate – Atlanta Fed GDPNow



The Atlanta Fed GDPNow estimate is based on a mathematical model. The model's current Q3 estimate denotes optimism, which appears to be driven by anticipated favorable comparisons for consumer spending and fixed investments, which combine to more than offset a likely continued trade deficit.

Equities

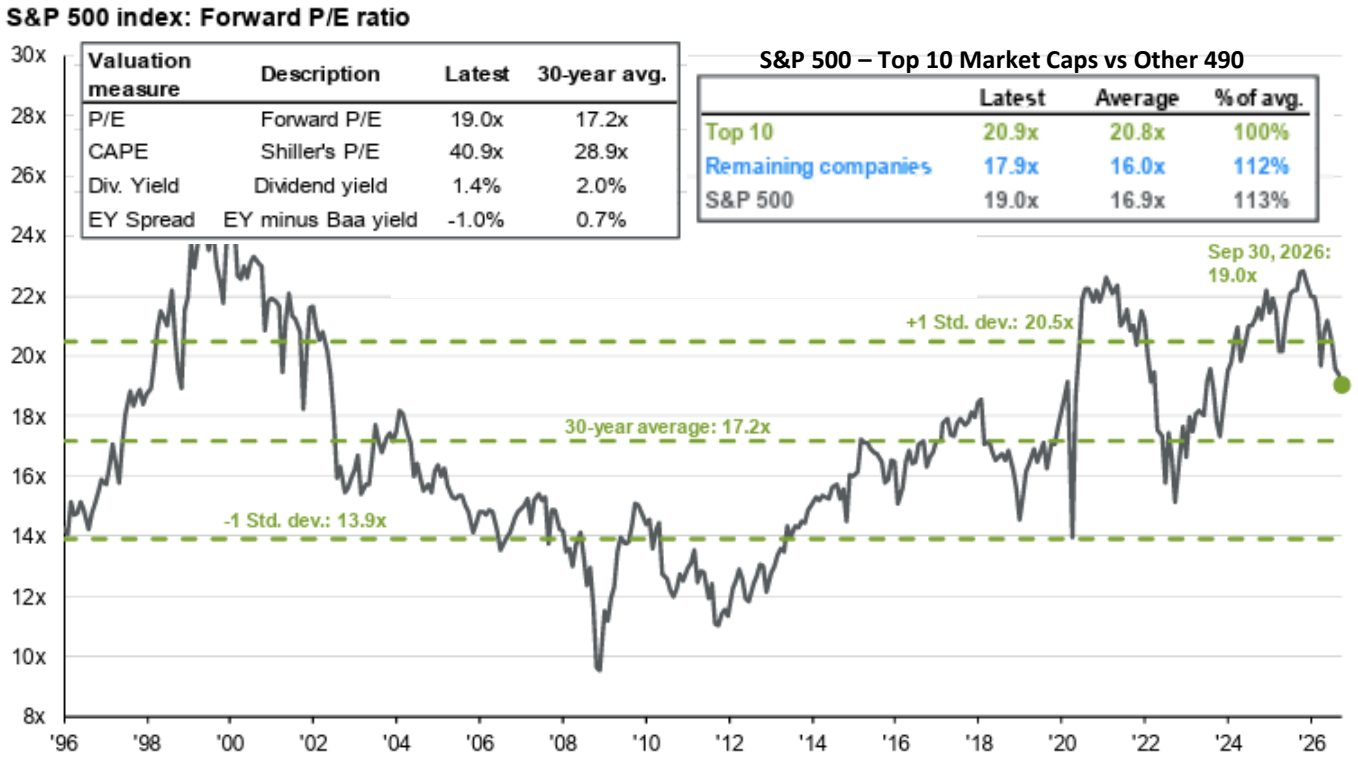
Sub-Asset Class Relative Performance



Source: Bloomberg and Yahoo Finance data, with analysis by Genesia Investments LLC

Equities

S&P 500 Forward P/E Valuation



Source: Bloomberg, FactSet, Moody's, Refinitiv Datastream, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since March 1994 and FactSet since January 2022. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as consensus estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. EY minus Baa yield is the forward earnings yield (the inverse of the forward P/E ratio) minus the Bloomberg U.S. corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand.
Guide to the Markets – U.S. Data are as of September 30, 2026.

J.P.Morgan ASSET MANAGEMENT

While the S&P 500's forward P/E valuation has come down some over recent months, we note that valuations for the top 10 market cap stocks remain elevated (see table insert immediately left). We also caution that the underlying EPS estimates may be reduced due to rising interest rates.

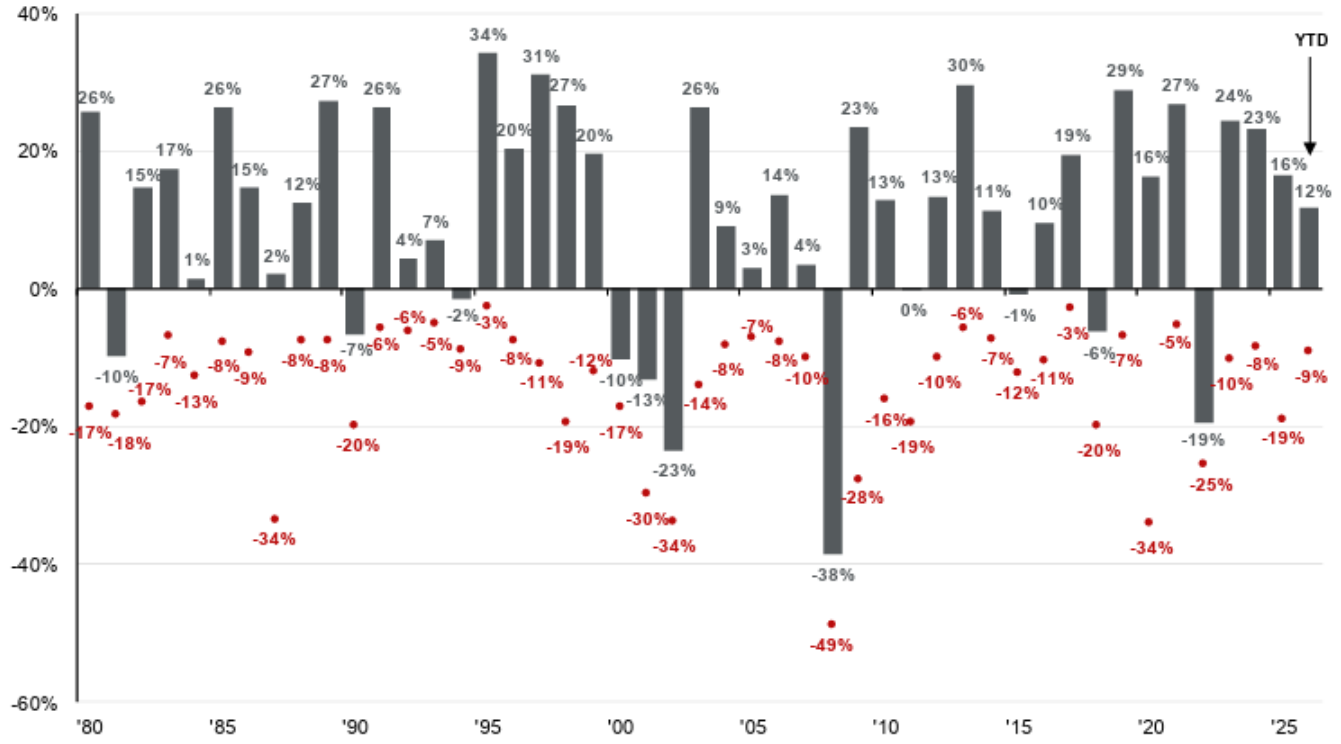
The Equities chart on this page will rotate through the year based on perceived relevance.

Equities

S&P 500 Annual Returns & Intra-Year Declines

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years

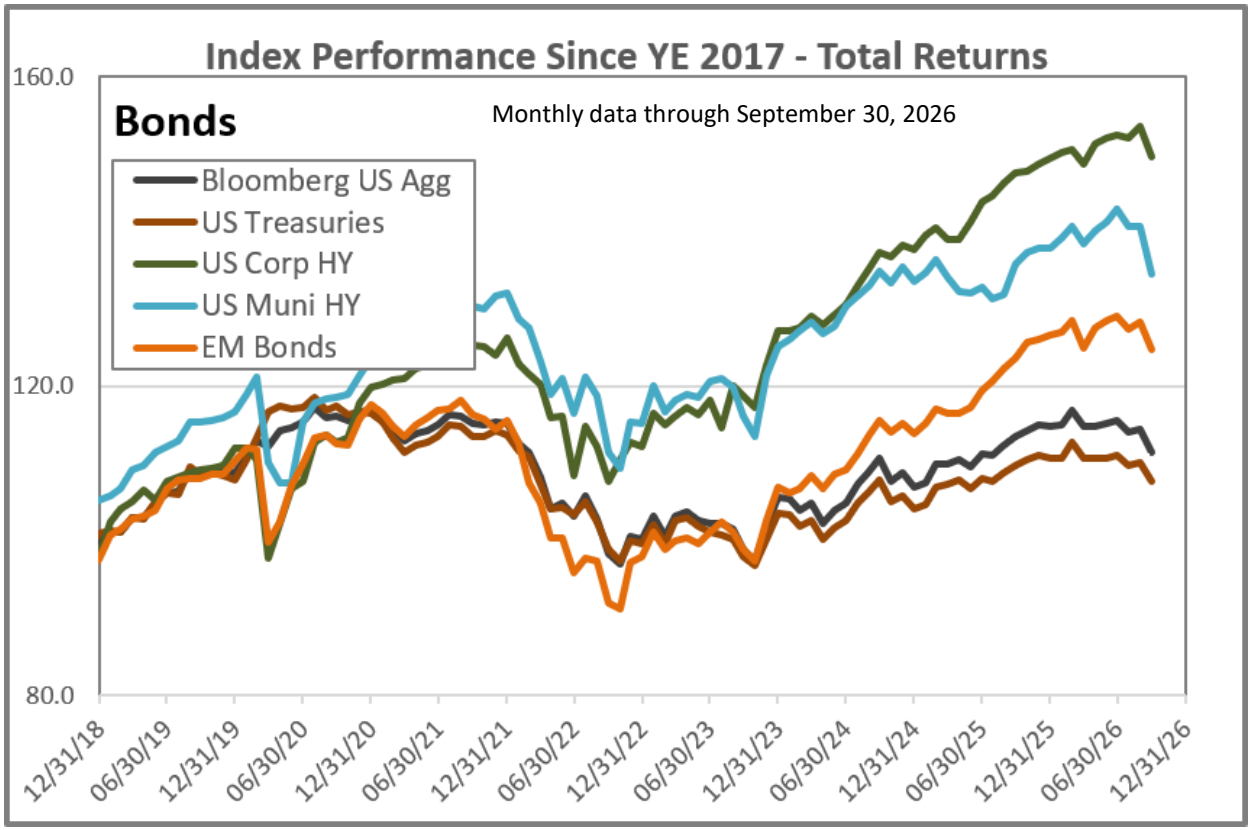


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%. Past performance is no guarantee of future results.
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Fixed Income

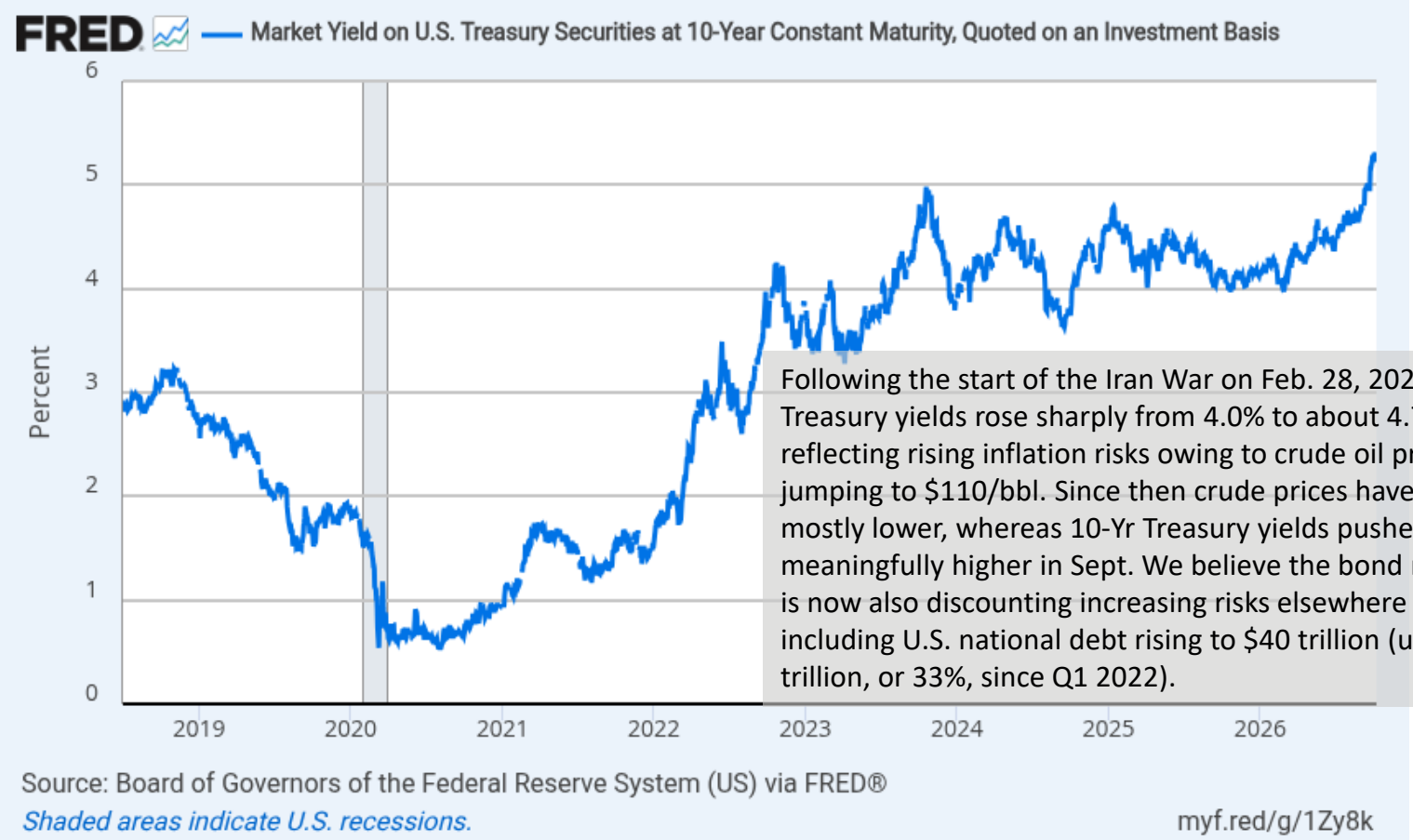
Sub-Asset Class Relative Performance



Source: Bloomberg monthly index data, with analysis by Genesia Investments LLC

Fixed Income

Market Yield - U.S. Treasury 10-Year Bond



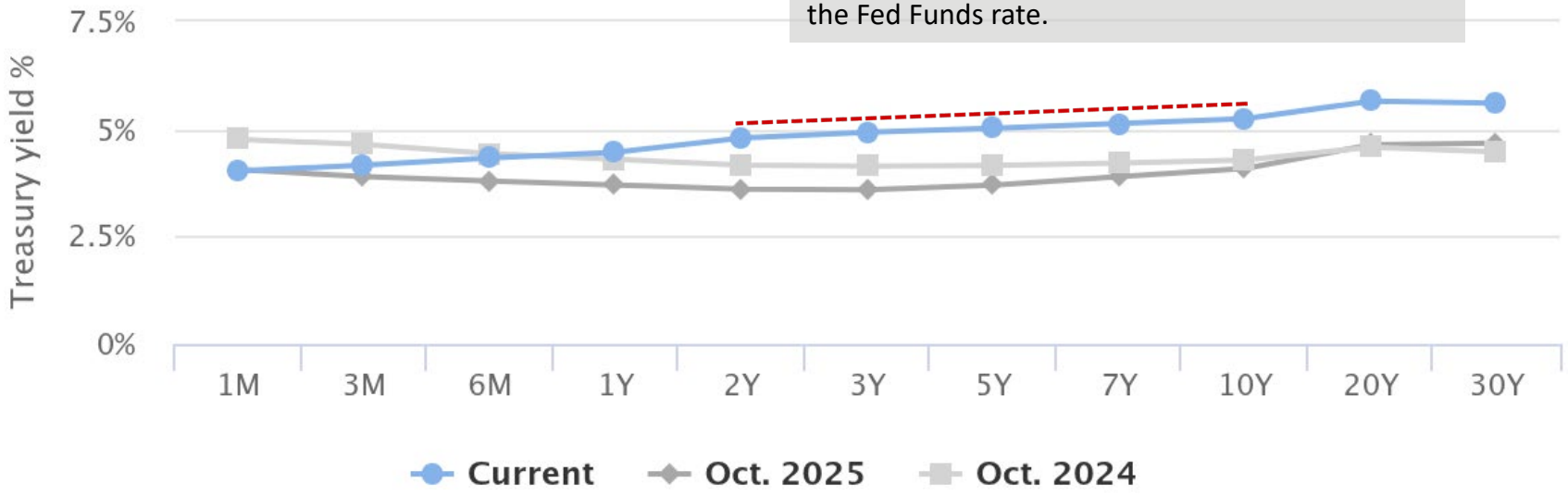
Following the start of the Iran War on Feb. 28, 2026, 10-Yr Treasury yields rose sharply from 4.0% to about 4.7% reflecting rising inflation risks owing to crude oil prices jumping to $110/bbl. Since then crude prices have traded mostly lower, whereas 10-Yr Treasury yields pushed meaningfully higher in Sept. We believe the bond market is now also discounting increasing risks elsewhere – including U.S. national debt rising to $40 trillion (up $10 trillion, or 33%, since Q1 2022).

Fixed Income

Treasury Yield Curve

As of October 9, 2026

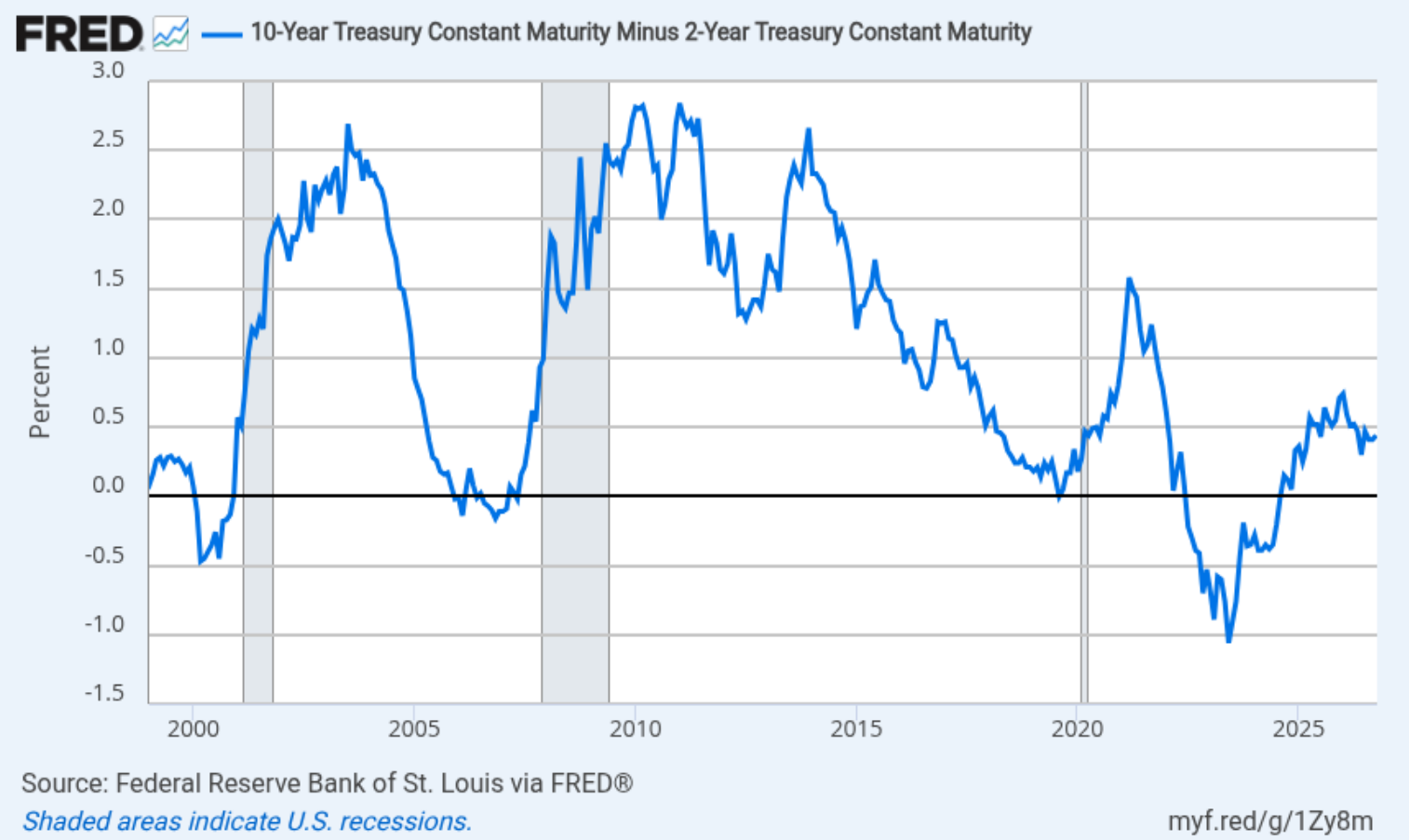
The yield curve sloped up slightly since we published our last quarterly, as the rise in longer-term rates was a bit greater than that of shorter-term rates – despite September's ¼ point hike in the Fed Funds rate.



Source: GuruFocus.com

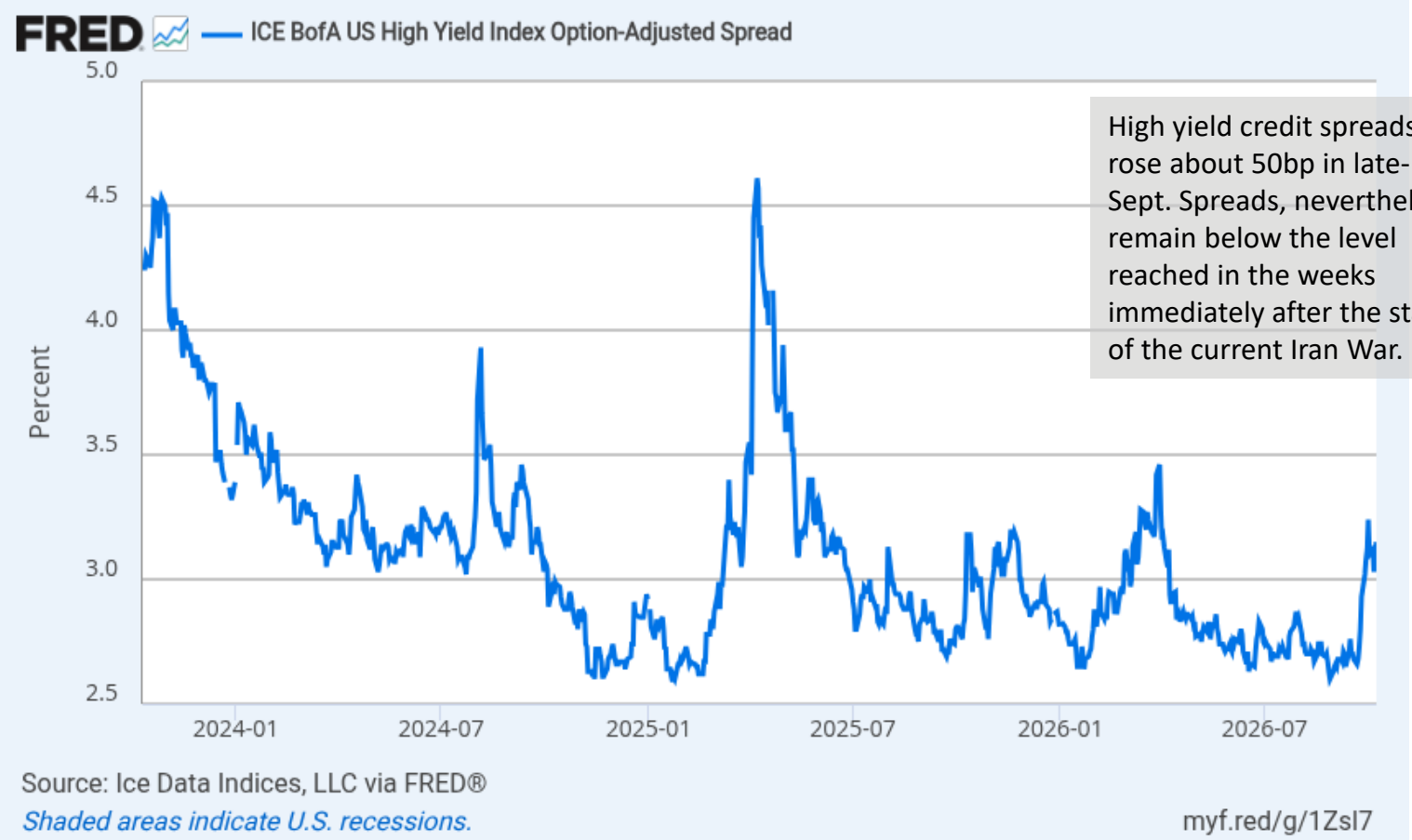
Fixed Income

Treasury Yield Spreads – 10-Year vs. 2-Year



Fixed Income

Credit Spreads – U.S. Corp High Yield vs U.S. Treasuries



About the Author:

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Sources Include:

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GuruFocus.com LLC, U.S. Treasury Yield Curve Data & Charts -- https://www.gurufocus.com/yield_curve.php

JP Morgan, Quarterly Guide to the Markets -- https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/

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Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

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