MTC Market Insights

MEMBERS TRUST COMPANY

Investment perspectives on economic and market developments

November 2, 2026

The Market Marches On

Key Takeaways

- U.S. stocks were mixed. The Technology sector saw an AI-related selloff, though still leaving all other sectors in a trail of dust over the course of the year. Small caps underperformed although they remain in the lead YTD over broad Large Cap indices. Bond investors got a reprieve with the 10-year Treasury dropping below 5%, as investors rotated into less risky assets.
- Sticky inflation and elevated oil prices remain the order of the day, but the Fed held rates steady at 3.75% to 4.00%, noting a strong pace of economic activity and a desire to let previous policy actions work their way through the system.

Indicator	Impact	Insights
Economic Growth		Propelled by surge in business and manufacturing investment, as well as strong consumer spending
Inflation		Remaining elevated due to energy and fuel costs and high demand for housing and shelter and strength in economy
Fed Policy		Projected rate hike likely due to prolonged heightened inflation although Fed Chair Warsh maintaining his mystique
Stock Market		Tech continuing to advance despite disruptions and other sectors showing strength, pushing markets to new all-time highs

= Positive = Neutral = Negative

Economic and Market Review

Sectors outside of AI related industries enjoyed strong results, namely travel, consumer, and industrials. Tech stocks experienced market disruptions largely due to funding concerns, while healthcare and consumer staples flourished. In addition to the ongoing areas of global unrest, rioting and destruction broke out in France over prolonged intolerable conditions wrought by fiscal stress. This volatile situation in addition to energy spikes and international AI funding concerns resulted in a decline in European stocks. Further across the globe, Asia equities fell on the AI selloff, US inflation, and Chinese chip progress, with the biggest blows to South Korea and Japan. Uncertainties and angst over the escalating U.S.-Iran war, and persistent turmoil in the Middle East continued to lure investors to safer havens.

Despite stubborn inflation, lack of predictability as to when any of the areas of global tension will start to reach a resolve, heightened oil prices, and mixed economic results, the U.S. economy continues to demonstrate remarkable resilience as economic releases suggest a cause for confidence. This resiliency equated with a strong equity market in October, with the S&P 500 and Nasdaq hitting new highs, led by technology even with its fluctuations. Although bond yields retreated to some degree, they hit 24-year highs.

Outlook and Positioning

Patience will continue to be rewarded while navigating through recurring and lingering issues impacting the markets, which may enjoy a post mid-term election boost. We maintain our stance that diversified global equity exposure coupled with an income stream from bond holdings serves to soften the blow of ongoing market volatility. Appropriate asset allocation matched with one's risk profile can produce gratifying results through such diversification.

Sources: Members Trust Company Research, 1 Federal Reserve, 2 U.S. Bureau Labor of Statistics, 3 U.S. Bureau of Economic Analysis, 4 U.S. Department of Treasury, 5 Financial data and analytics service provider FactSet, ETF tickers SPY, IJH, IJR, IDEV, EEM, and AGG used as index proxies. Non-deposit investment products available through Members Trust Company are not deposits of or guaranteed by the trust company, a credit union or credit union affiliate, are not insured or guaranteed by the NCUA, FDIC or any other governmental agency and are subject to investment risks including possible loss of the principal amount invested. Members Trust Company, owned and managed by credit unions nationwide, is a special purpose federal thrift regulated by the Office of the Comptroller of the Currency. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Net return includes stock price and net dividend income performance, which includes the impact of taxes on dividends. Past performance is not indicative of future results. Any opinions expressed are those of the presenter and do not necessarily reflect the position of Members Trust Company. The information above is obtained or compiled from sources we believe to be reliable. We do not guarantee that such information will be free from errors or omissions, whether human or mechanical, nor do we guarantee its timeliness, accuracy or completeness. This material is intended for general informational purposes only and does not constitute legal or tax advice. Please consult a qualified professional for legal or tax guidance.