Summary

In a quieter week for economic data, releases included consumer price inflation continuing to run hotter than policy targets, with producer prices a bit less so. Existing home sales continued falling along with punitive financing rates, and inventories rose. Jobless claims continue to run at historically low levels.

Equities saw gains around the world, led by technology and AI-related sentiment, despite some drama in the sector. Bonds fell back across the board with persistent inflation and hawkish central bank chatter. Commodities fell back as well, led by an ease of concern in energy markets.

Economic Notes

(0/-) The **Consumer Price Index** for October rose by 0.35% (rounded to 0.4%) on a headline basis, and 0.30% on a core level, removing the impact of food and energy prices. Each were about a tenth higher than expectations on a rounded basis. Within headline, rising prices for gasoline (1.0%) and fuel oil (2.0%) were obvious contributors to gains, which also flowed through to other groups within core as well. As described by the BLS, inflation gains were led by recreation (0.8%), medical care (0.3%), auto insurance (0.7%), household furnishings/operations (0.2%), education, as well as hotels and airfares. Shelter costs also rose 0.3%, in keeping with recent trends. These were partially offset by the fewer segments that fell in price, such as used cars/trucks (-1.2%) and communications.

However, perhaps the biggest news of the report was that the commonly-referenced year-over-year CPI rates of change weren't published for the month. As the BLS reminded us, the monthly Oct. 2025 base level indexes weren't calculated due to the government shutdown. So, the September headline and core rates of 3.7% and 2.6% remain intact for now, as we're forced to wait until November for fresher consumer price data. Alternatively, one could go into the weeds and work around the missing month. Doing that, headline and core inflation for the trailing 11-month period become 4.1% and 2.9%, while the trailing 13-month were 3.9% and 2.8%, which average out to 4.0% and 2.8%, respectively. (Those represent stats calculated by the author, rather than being official releases.)

Needless to say, those certainly show an uptick in inflation for the period, with it remaining a problem. Odds of Fed rate hike were already baked in for December (with small but rising odds of a 0.50% move, in keeping with recent comments from Fed Governor Waller), as well as several in early 2027, implying a sped-up timeline, and perhaps some regret about

not hiking in October. At the same time, any type of resolution in the Middle East that causes the current risk premium in petroleum to fall back could change such assumptions quickly, based on how quickly more normal prices make their way through the system to other goods and services. Certainly, that latter organic outcome is what the Fed has been hoping for, but has yet to occur.

(0) The **Producer Price Index** for October rose by 0.3%, a tenth short of median forecast, and about a percent below the pace of the prior month. Removing food and energy prices, core PPI rose at the same 0.3% rate. By segment, energy prices declined by a tenth, which certainly contributed to the softer reading. Over the past 12 months, data was available, with headline PPI up at an elevated 6.5% (the highest in 4 years) and core PPI having gained 5.0%. Final demand energy was up 37% over that time, which was carried through to many other areas, like transportation, as the prices of gasoline and diesel rose several times more than crude oil over the one-year period. While prices for services rose 5% over the past year, prices for goods rose 10%, including areas like electronic and communications equipment.

(-) **Existing home sales** declined by -5.5% in October to a seasonally-adjusted annualized rate of 3.75 mil. units, below the -3.5% decline expected by consensus. In fact, this represented the lowest sales level since mid-2010. Single-family represented the bulk of the decline, down -6%, with the far smaller condos/co-ops group down a lesser -3%. Regionally, declines were led by the West (-10%) and South (-7%), with the Northeast seeing flat results. Year-over-year, sales remained down -8.8% nationally. The median existing home sales price came in at $416,700, up 0.4% over the past year, a full percent down from the pace of the prior month. Inventory improved, with months' supply rising from 4.7 to 5.1 for the month (the first over-5 'normal' reading in some time), versus 4.4 in Oct. 2025. The NAR reported the average Freddie Mac 30-year fixed rate mortgage rate at 7.33% in Oct., up from 6.86% in Sept., and 6.25% a year ago in Oct. 2025. The NAR acknowledged that "home buying is difficult" with borrowing rates at their highest since 2000, though there appears to be pent-up demand, and existing homeowners appear to be in a "comfortable financial position" due to accumulated home equity. Additionally, distressed sales remain "historically low" at 2% of transactions.

(0/+) **Initial jobless claims** for the Nov. 7 ending week increased by 9k to 200k, above the 194k expected, led by a 5k jump in MO, although it's featured several back-and-forth movements this year. Continuing claims for the Oct. 31 week fell by -20k to 1.697 mil., well below the 1.710 mil. median forecast. The 4-week moving average of initial claims remained at 195k, the lowest level in the history of the series (still even more impressive

considering the obvious population growth over the decades). Overall levels remain low, indicating little change in the national labor market, with the 4-week moving average of initial claims the lowest in the history of the series going back decades.

Market Notes

Period ending 11/13/2026	**1 Week %**	**YTD %**
DJIA	2.13	10.36
S&P 500	2.54	11.54
NASDAQ	2.28	8.68
Russell 2000	1.36	13.57
MSCI-EAFE	2.07	9.73
MSCI-EM	3.21	12.32
Bloomberg U.S. Aggregate	-1.50	-1.64

U.S. Treasury Yields	**3 Mo.**	**2 Yr.**	**5 Yr.**	**10 Yr.**	**30 Yr.**
12/31/2025	3.67	3.47	3.73	4.18	4.84
11/6/2026	4.19	4.51	4.64	4.86	5.26
11/13/2026	4.32	4.88	4.98	5.15	5.47

U.S. stocks saw gains for the week, although they faded a bit by week's end with higher U.S. Treasury yields and AI-related stock volatility. On the heels of higher inflation prints last week, comments from several members of the Federal Reserve alluded to policy potentially not being restrictive enough, with Gov. Waller raising the chance (although perhaps slim) of a 0.50% hike in December. Every sector saw a positive result on net, led by energy and followed by communications, industrials, and technology, all up over several percent, with positive commentary for the latter in regard to AI demand and sentiment (despite Nvidia's -13% decline). Materials lagged with minimal gains. Real estate also gained just short of a percent for the week, despite being challenged by yields. The FAA nationwide airport ground stop didn't occur until right around the market close, although airline stocks were hit more immediately.

The most dramatic news involved the resignation of Nvidia CEO Jensen Huang, after the revelation of additional extramarital affairs beyond the initial news of involvement with a suspected Chinese intelligence agent. Concerns focused on both how it would affect the leadership structure of perhaps the most closely-watched AI-related hardware company, as shares have fallen by one-third over the past month, as well as potential additional U.S.

government oversight and tracking over where AI-grade chips are being exported. The latter, tied in with national security concerns related to China's development of AI technology, has been one of the rare Congressional bi-partisan agreed-upon objectives in recent years. Commerce Secretary Howard Lutnick has also found himself in the crosshairs of Congress, for perhaps being overly permissive in oversight of Nvidia chip sales to foreign locations.

Foreign stocks rose in line with U.S. equities for the most part, with Japan coming in strongest, despite the headwind of a stronger U.S. dollar for the week. Interest in European equities has followed better economic growth as well as some investor diversification interest into industrials, financials, and assets outside of technology. At the same time, Japanese stocks have benefited from AI and tech exposure, in keeping with other areas of Asia. In emerging markets, positive AI sentiment again carried over to gains for tech suppliers Taiwan and South Korea, offset by weakness in China with the Nvidia scandal shining a bright light on possible chip restrictions. Chinese economic growth continues to look challenged domestically, with the only signs of positivity coming from exports (increasingly to Europe rather than the U.S. more recently).

Bonds fell back across the board, and yields up, with the tougher Fed language around getting a handle on inflation, which implied a faster hiking pace. U.S. Treasuries and investment-grade corporates fared worst, down over a percent each, while floating rate bank loans benefited from the upward rate direction. Foreign bonds were down with the influences of higher yields and a strong dollar.

Commodities were generally down for the week, with a gain in agriculture offset by drops in energy and metals, especially precious with interest rates moving higher with inflation and a stronger dollar. Crude oil prices fell about -2% last week to $89/barrel, as expectations for widespread military escalation continued to fade. In fact, it appears oil movement out of the Strait of Hormuz has returned to nearly pre-war levels. Additionally, U.S. Secretary of State Rubio noted at a recent G7 meeting that odds of further military ramping up are less likely due to their economy falling apart so quickly, so the U.S. and allies could just "sit and wait."

Have a good week.

Ryan M. Long, CFA

Sources: Advisory Solutions Group, LLC, American Association for Individual Investors (AAII), Associated Press, Barclays Capital, Bloomberg, Citigroup, Deutsche Bank, FactSet, Financial Times, First Trust, Goldman Sachs, Invesco, JPMorgan Asset Management, Morgan Stanley, MSCI, Morningstar, Northern Trust, PIMCO, Standard & Poor's, StockCharts.com, The Conference Board, Thomson Reuters, T. Rowe Price, Univ. of Michigan, U.S. Bureau of Economic Analysis, U.S. Federal Reserve, Wall Street Journal, The Washington Post. Index performance is shown as total return, which includes dividends. Performance for the MSCI-EAFE and MSCI-EM indexes is quoted in U.S. Dollar investor terms.

Notes key: (+) positive/encouraging development, (0) neutral/inconclusive/no net effect, (-) negative/discouraging development.

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- **How should investors evaluate investment risk?**

  Investment risk should be evaluated in relation to goals, time horizon, income needs, liquidity, taxes, and personal comfort with volatility. Risk is not only about market movement; it is also about whether the portfolio supports the investor's broader plan.

- **What is asset allocation?**

  Asset allocation is the way a portfolio is divided among different types of investments, such as stocks, bonds, cash, and other asset classes. The right allocation depends on an investor's objectives, risk tolerance, and time horizon.

- **Why can concentration risk be a concern?**

  Concentration risk occurs when too much of a portfolio depends on one company, sector, asset class, or strategy. A concentrated position may increase the impact of a single event on the overall portfolio.

- **How does due diligence fit into investment decisions?**

  Due diligence is the process of reviewing an investment's structure, risks, costs, assumptions, and fit within a broader plan. It is especially important when evaluating strategies that may be complex, illiquid, or difficult to compare.

- **What does risk management mean in a portfolio?**

  Risk management means building and monitoring a portfolio with attention to the investor's goals, time horizon, liquidity needs, and tolerance for volatility. It does not remove risk, but it can help align investment decisions with the overall plan.

- **How does Redstone Capital Management approach market uncertainty?**

  Redstone Capital Management helps clients view market uncertainty through the lens of their broader financial plan. The focus is on aligning investment decisions with goals, risk tolerance, time horizon, and long-term priorities.

- **How does Redstone help clients evaluate investment risk?**

  Redstone helps clients consider investment risk in relation to their full financial picture, including planning needs, income goals, liquidity, taxes, and long-term objectives. The goal is to make investment decisions with context rather than reaction.

- **Why does financial planning matter during volatile markets?**

Financial planning can help investors understand whether market volatility changes the long-term plan or simply creates short-term noise. A plan provides a framework for evaluating decisions with discipline.

- **How does Redstone connect investment strategy with long-term goals?**

  Redstone's approach connects portfolio decisions with each client's broader planning needs, including cash flow, retirement objectives, risk tolerance, and time horizon. Investments are considered as part of a larger financial picture.

- **What makes a planning-based investment approach different?**

  A planning-based approach begins with the investor's goals and constraints before determining how a portfolio should be positioned. It considers both market opportunities and the investor's personal financial needs.