The Longo Group

Week Ahead

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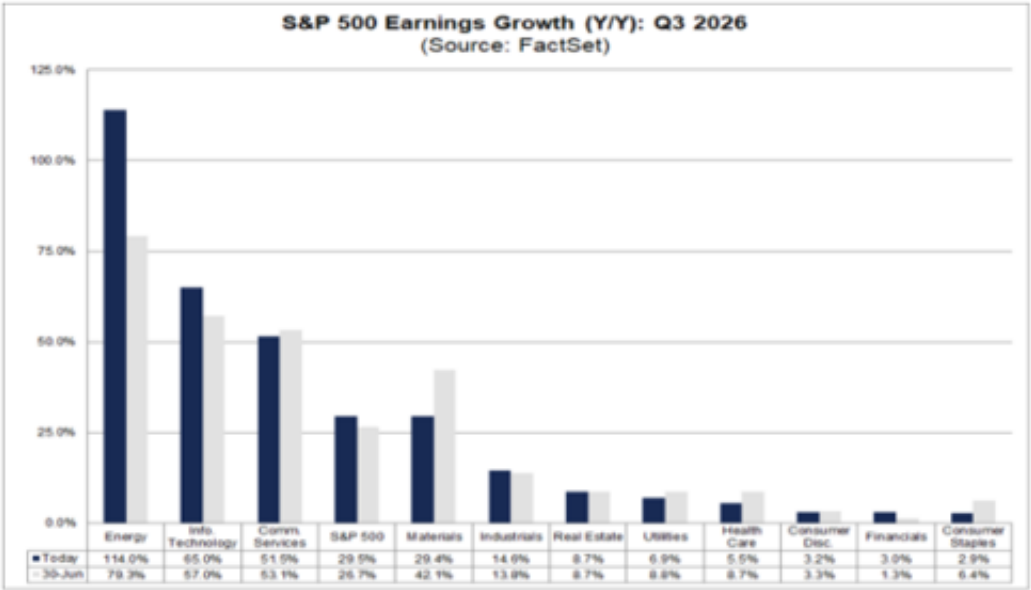
October 12, 2026

3Q Earnings Season Begins This Week

Third-quarter earnings season is now underway, with the major banks beginning to report results tomorrow. Analysts have been raising their earnings estimates throughout the year, as higher Energy prices have had no significant impact on corporate profits.

According to FactSet, analysts expect S&P 500 earnings to increase nearly 30% year over year for the quarter. Energy, Information Technology, and Communication Services are expected to deliver the strongest earnings growth, with all three sectors also ranking among the leaders in expected revenue growth.

Earnings Growth Remains Extremely Robust



Source: FactSet, October 2, 2026

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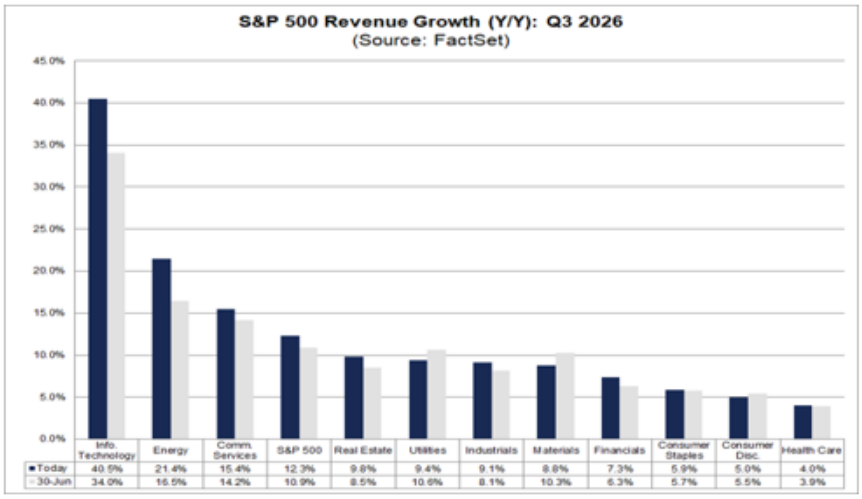
Revenue Growth Is Strongest In Technology And Energy



	Info. Technology	Energy	Comm. Services	S&P 500	Real Estate	Utilities	Industrials	Materials	Financials	Consumer Staples	Consumer Disc.	Health Care
Today	40.5%	21.4%	15.4%	12.3%	9.8%	9.4%	9.1%	8.8%	7.3%	5.9%	5.0%	4.0%
30-Jun	34.0%	16.5%	14.2%	10.9%	8.5%	10.6%	8.1%	10.3%	6.3%	5.7%	5.5%	3.9%

Source: FactSet, October 2, 2026

S&P Price-Earnings Ratio For 2027 Is Not Excessive

The S&P 500 is a discounting mechanism that typically looks about six months ahead, putting greater focus on earnings expectations for 2027. According to FactSet, the S&P 500 trades at an estimated 12-month forward P/E ratio of 19.0x, while Bloomberg estimates the index at 18.5x based on year-end 2027 earnings. We believe these are reasonable valuation levels given expectations for strong earnings and revenue growth.

Technology valuations have also come down. According to Bloomberg, the sector trades at 19.2x year-end 2027 earnings. Given that Technology is also expected to deliver some of the market's strongest earnings and revenue growth, we believe its valuation remains attractive. We can make the case that Tech stocks are cheap, based on the earnings and revenue growth of the sector.

P/E On Next 12-Month Forward S&P 500 Earnings Is Not Excessive

Source: Bloomberg, Annotations by Sanctuary Wealth, October 8, 2026

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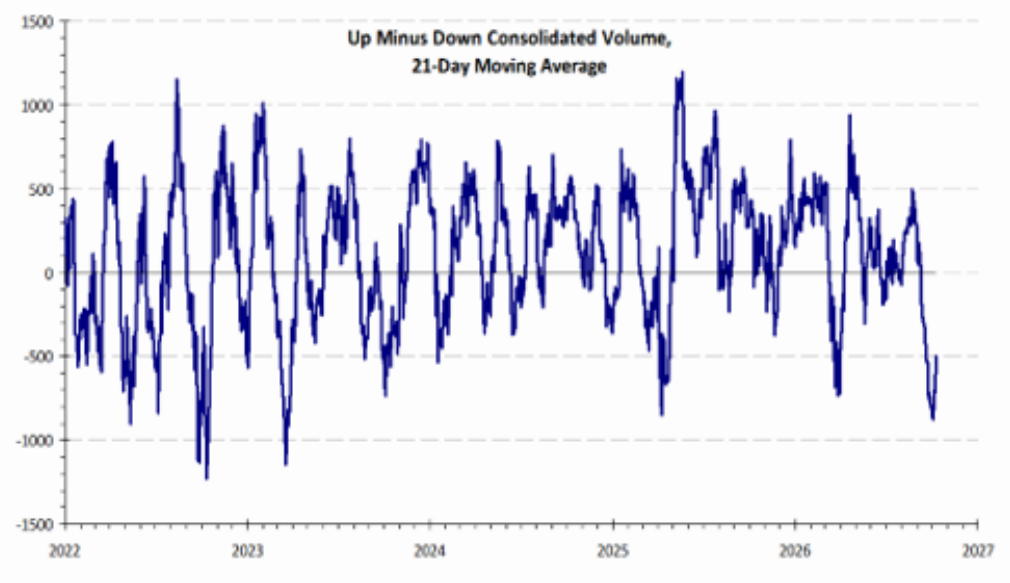
Volume Is Improving – A Positive For Stocks

Net volume (up volume minus down volume) weakened to a level that has traditionally signaled that stocks are near a bottom. In the past week, up volume has begun to exceed down volume in the U.S. market, which is a positive reading for stocks. A year-end rally traditionally begins the last week of October. We maintain that equities can continue to rally and our S&P 500 year-end forecast remains 8,225, representing a 6% move higher from current levels.



Source: Bloomberg, Annotations by Sanctuary Wealth, October 8, 2026

The Magnificent 7 Leads Again

From September 2025 until mid-summer 2026, the Magnificent 7 stocks — Alphabet (GOOGL), Amazon (AMZN), Apple (AAPL), Meta Platforms (META), Microsoft (MSFT), NVIDIA (NVDA), and Tesla (TSLA) — consolidated. They have now broken out of this base to new record highs and are once again leading the market. These companies are enjoying robust earnings and revenue growth driven by artificial intelligence (AI).

A Brookings Institution study by economist Stijn Van Nieuwerburgh estimates that the U.S. AI infrastructure buildout will cost $10.3 trillion from 2025 through 2032. This includes total investment across data centers, power systems, networking, and specialized computing hardware. That equates to an average of 3.6% of U.S. GDP annually. Compared with major historical infrastructure booms, the AI buildout is significantly larger relative to GDP, including the 19th-century railroad boom (~2.2%), the interstate highway system in the 1950s (~1.1%), and the early-2000s telecom/fiber boom (~1.1%).

The cost of building this infrastructure is enormous, so hyperscaler technology companies are increasingly funding the buildout through leases, joint ventures, project debt, and private credit rather than relying solely on internal operating cash flow. As long as their cash flows remain strong, they can afford this financing. The risk is that slower revenue growth could weaken cash flows and eventually create payment issues, but we are not close to that point. We are still in the early stages of the buildout. It is the later stages that we will have to monitor vigilantly.

The Magnificent 7 Breaks To Record Highs

The Mag 7 stocks were thought to have lost their leadership, but all they did was consolidate (i.e., trade in a range) for almost a year. They've now broken to the upside, resuming leadership of the market. We maintain that Technology is the leader of this secular bull market.

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Roundhill Magnificent 7 ETF (MAGS) – New Highs

Source: Bloomberg, Annotations by Sanctuary Wealth, October 9, 2026

Market-Weighted S&P 500 Leads Equal-Weighted S&P 500

The S&P 500 is a market-weighted index (often called "cap-weighted," for capitalization weighting), meaning larger companies have a greater influence on the index's performance than smaller companies. An alternative is the equal-weighted S&P 500, in which each company carries the same weight. Comparing the two provides a useful measure of whether the market's largest companies are outperforming the broader group of S&P 500 stocks.

The accompanying chart shows that larger companies continue to outperform. However, the degree of outperformance remains well below the peak reached in early 2000 during the Dot-Com Boom. We expect the market-weighted S&P 500 to continue to outperform the equal-weighted index.

S&P 500 Market-Weighted Index Divided By S&P 500 Equal-Weighted Index

Source: Bloomberg, Annotations by Sanctuary Wealth, October 8, 2026

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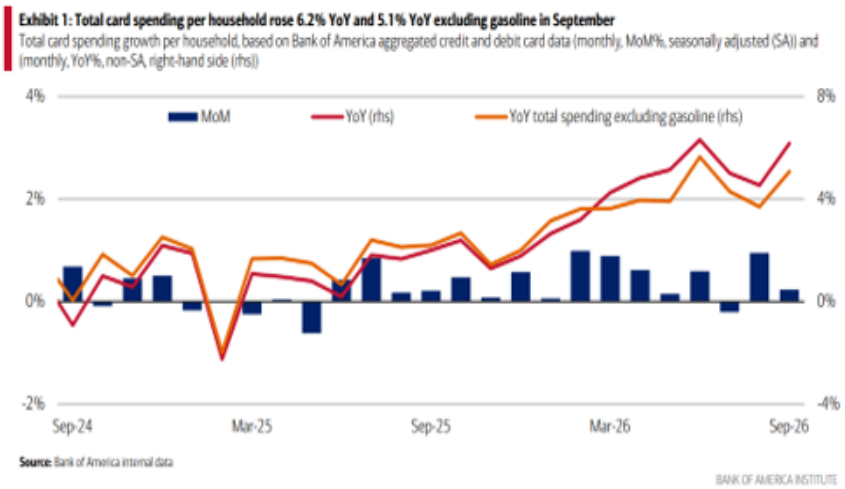
The Consumer Keeps On Spending

Bank of America's in-house data on 70 million customers continues to show resilient consumer spending across all income categories. Spending rose 6.2% in September and 5.1% excluding gasoline. Low unemployment continues to support consumer spending. When consumers are employed, they spend.

September Consumer Spending Was Up 6.2%



Source: Bank of America Institute, October 8, 2026

Treasury Yields Reach Decades-Long Highs

Treasury yields have risen to levels not seen for decades, driven by a combination of factors including a strong economy, concerns about rising inflation, hawkish Federal Open Market Committee (FOMC) minutes, worries about fiscal discipline, and increased financing needs associated with the data center buildout. The 10-year Treasury yield is at levels comparable to those seen in 2003 and 2007, while the 2-year Treasury yield, which is closely tied to fed funds expectations, is approaching levels last seen in 2023.

There are some signs that the rise in yields may be nearing a cyclical peak. Last week's 10- and 30-year Treasury auctions were well received, while sentiment toward Treasury bonds has become extremely bearish. From a contrarian perspective, this suggests bond prices may be approaching a bottom, which would mean yields could begin to move lower.

If interest rates decline, we believe that could provide a tailwind for stocks to rally, particularly as equities enter a seasonally strong period.

10-Year Treasury Yields Near Levels Last Seen In 2007

Source: Bloomberg, Annotations by Sanctuary Wealth, October 8, 2026

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Strategas Points Out 10-Year Yields Up But No More Bond Bulls

Source: Baird Strategas, October 8, 2026

A Contrarian Buy Signal Based On This Economist Cover?

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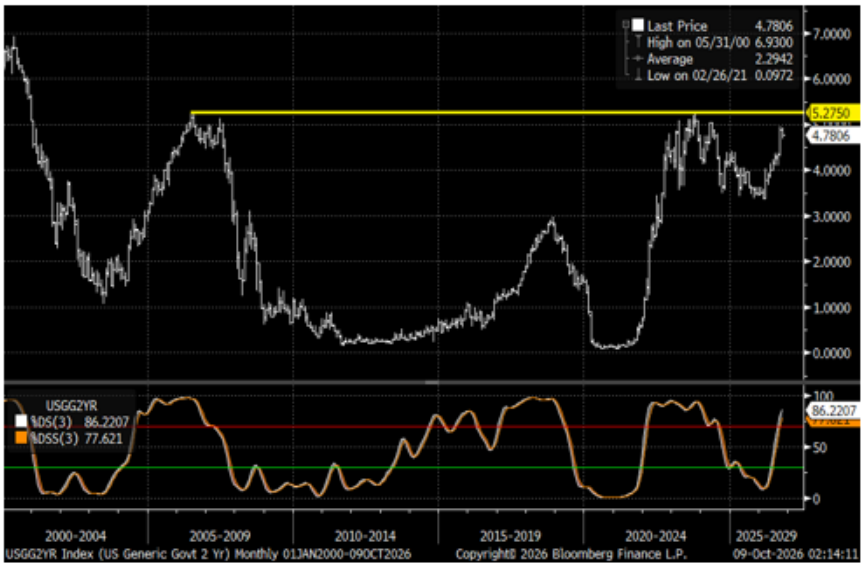
2-Year Treasury Yields Are Testing Levels Of 2023



Source: Bloomberg, Annotations by Sanctuary Wealth, October 8, 2026

Despite Surveys Showing Rising Inflation Expectations, Breakevens Remain Tame

Last week, the Federal Reserve Bank of New York released its business survey, including its closely watched measure of one-year-ahead inflation expectations. Expectations rose to 3.90%, above the 3.68% forecast. Despite the increase, market-based inflation expectations remain relatively stable. Breakevens — the difference between yields on nominal Treasuries and comparable Treasury Inflation-Protected Securities (TIPS) — remain at 2.55%. Fed funds futures put the probability of an interest rate hike at the Fed's meeting later this month at less than 20%, but nearly 99% for the December meeting. This week's inflation reports will be closely watched for any signs that these expectations are changing.

NY Fed Survey Shows One-Year-Ahead Inflation Expectations Rising

Source: New York Federal Reserve Bank, Sanctuary Wealth, October 7, 2026

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ECONOMY

Inflation on many everyday items was entirely due to tariffs, NY Fed says

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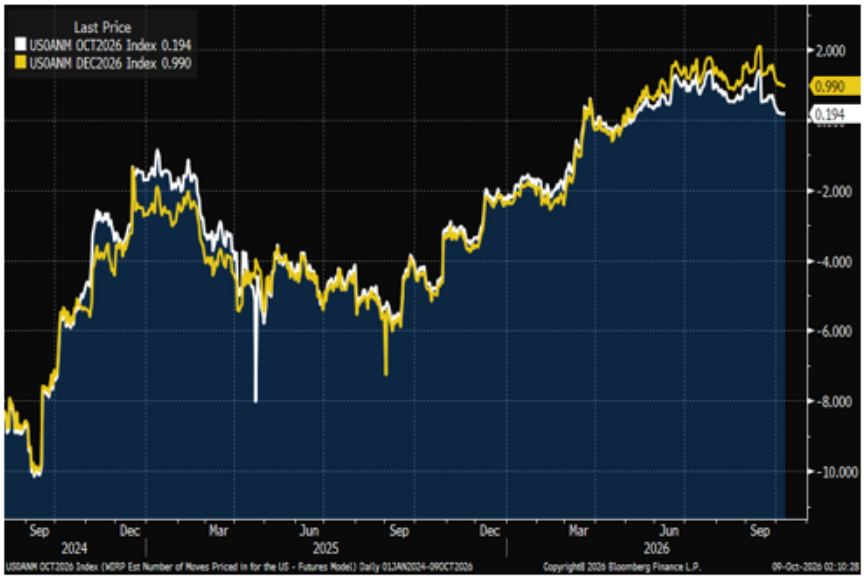
2-Year Treasury Breakevens Are Stable, Not Pricing In Much Higher Inflation

Source: Bloomberg, October 9, 2026

Expectations Of Rate Hikes At The October and December FOMC Meetings



Source: Bloomberg, October 9, 2026

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Tokenized Stock Trading Has Begun

We have been making the case that Wall Street will be tokenized (*see our Week Ahead from September 21*). Now, that transition is underway.

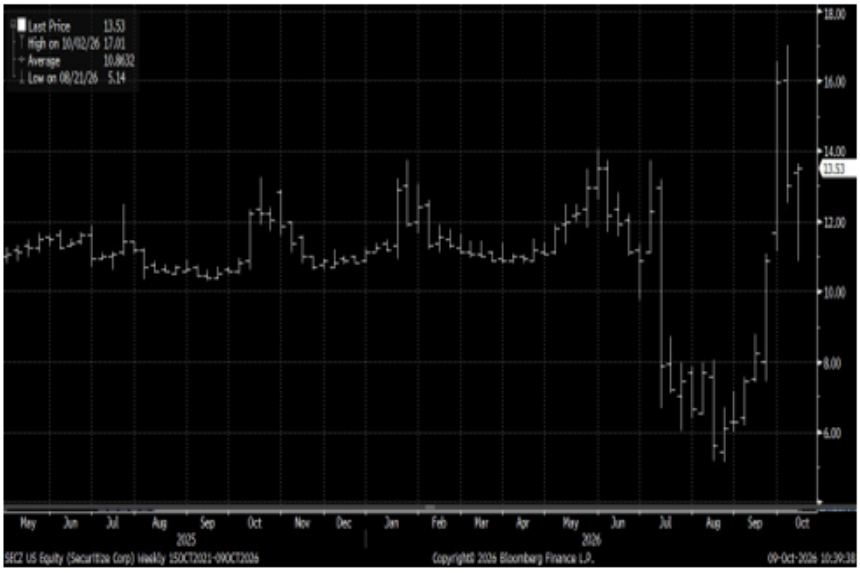
Last Thursday, Securitize (SECZ), a Miami-based tokenization firm, launched onchain trading of securities backed 1:1 by underlying U.S. stocks. The initial offering includes Apple (AAPL), Microsoft (MSFT), Nvidia (NVDA), Alphabet (GOOG), Tesla (TSLA), Meta Platforms (META), Amazon (AMZN), Netflix (NFLX), Circle (CRCL), Strategy (MSTR), and Palantir (PLTR). It also includes a tokenized security entitlement to privately held SpaceX, trading under the symbol SPCX.

The securities initially trade on Securitize's registered broker-dealer platform using the Solana blockchain. Trading is limited to eligible investors and is not yet broadly available to the general public. At this stage, the market provides an opportunity to test how tokenized stock trading works in practice and identify potential problems as the technology develops.

The regulatory framework is also taking shape. In September, the Securities and Exchange Commission (SEC) created an "Innovation Exemption" that permits limited trading of tokenized stocks on qualifying Tokenized Securities Venues. Other venues, including OKXICE, the New York Stock Exchange, and Nasdaq, also plan to begin trading tokenized securities.

These developments represent important early steps toward bringing traditional securities onto blockchain-based market infrastructure.

Securitize (SECZ)



Source: Bloomberg, October 9, 2026

CNBC

Tokenization could unleash tens of billions of dollars in trapped capital, Nasdaq CEO says

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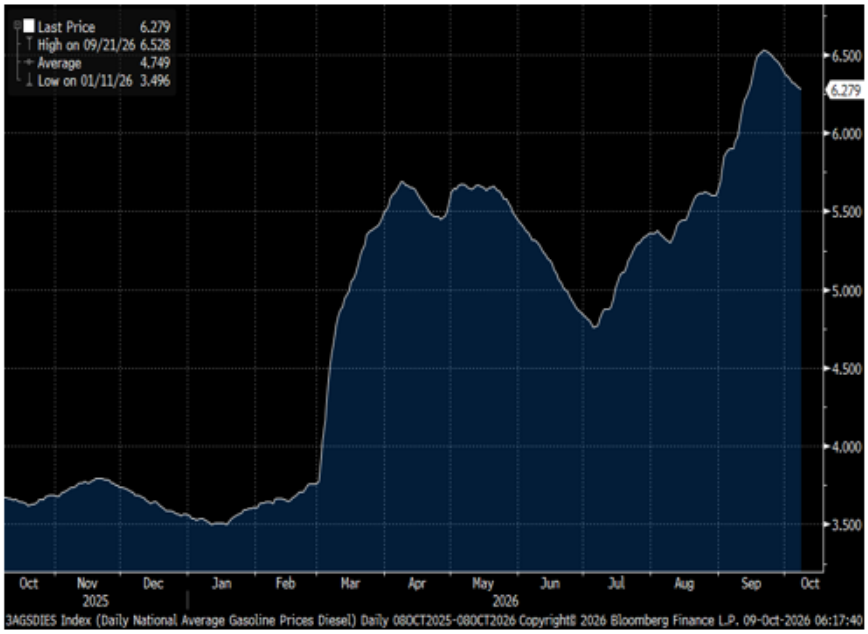
Oil Prices Firm On Middle East Hostilities

Iran and its Houthi allies in Yemen escalated attacks last week, targeting tankers in the Strait of Hormuz and Saudi airports, including the main airport in Riyadh. President Trump subsequently indicated that the U.S. would not launch another attack on Iran before the mid-term elections on November 3, helping to calm the markets somewhat.

Diesel prices, which have a significant impact on the cost of transporting goods by truck and rail, have stabilized but remain nearly 80% higher than before the U.S. and Israel attacked Iran in February. Higher fuel costs are also putting pressure on airlines. Delta Air Lines (DAL) reported last week that rising jet fuel prices are beginning to weigh on its earnings outlook. Persistently high Energy prices therefore remain a meaningful risk for airline earnings.

AAA Retail Diesel Prices Remain Elevated



Source: Bloomberg, October 9, 2026

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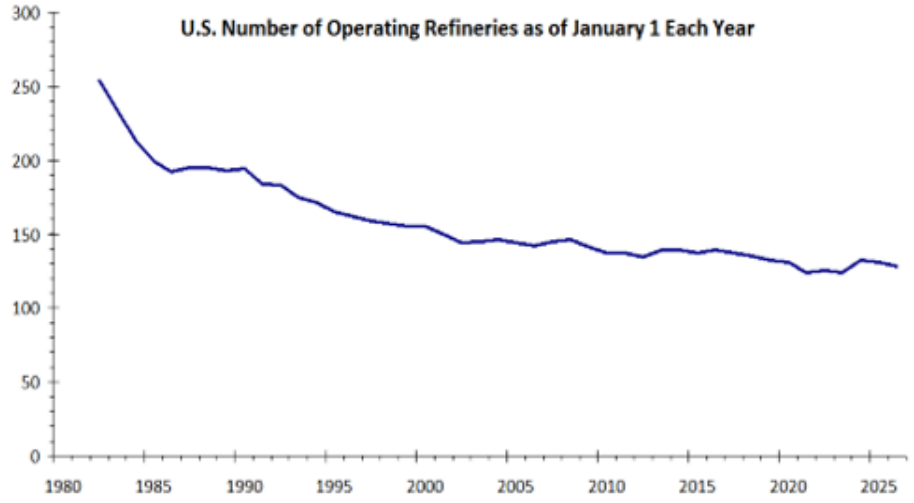
U.S. Refinery Production Is At All-Time Highs, But Gasoline Consumption Stagnates

The number of crude oil refineries operating in the United States has fallen to half of what it was in 1982, according to the Department of Energy's (DoE) Energy Information Administration (EIA). However, each remaining refinery has become more productive, and refinery output is at all-time highs. At the same time, U.S. gasoline consumption over the past 12 months has stagnated and even declined, as vehicles have become more fuel efficient and more drivers have switched to electric vehicles.

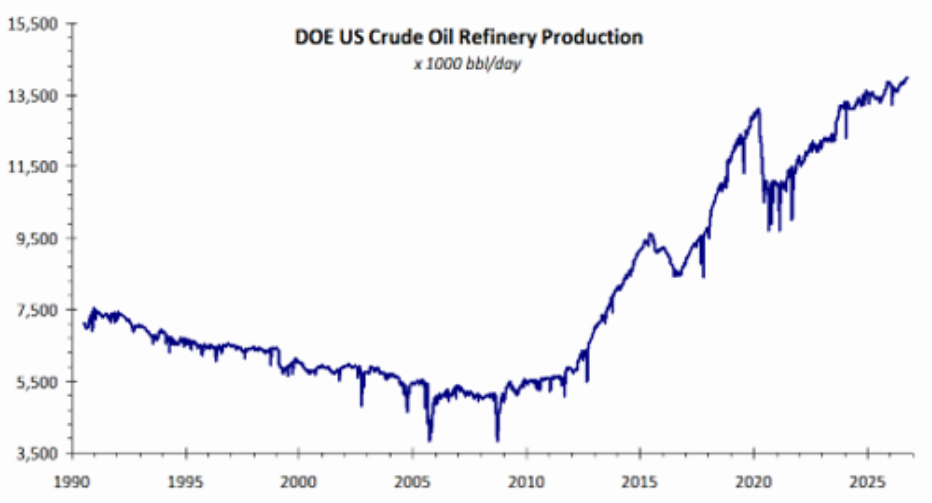
Nevertheless, the Strategic Petroleum Reserve (SPR) has declined by more than 130 million barrels of oil since the outbreak of hostilities with Iran at the end of February. West Texas Intermediate (WTI) crude oil prices have remained range-bound between $80 and $100 per barrel.

The Number Of Refineries Operating In The U.S. Has Declined For 45 Years



Source: Energy Information Administration (EIA), Sanctuary Wealth, October 9, 2026

Nevertheless, Refinery Crude Production Is At All-Time Highs



Source: Energy Information Administration (EIA), Sanctuary Wealth, October 7, 2026

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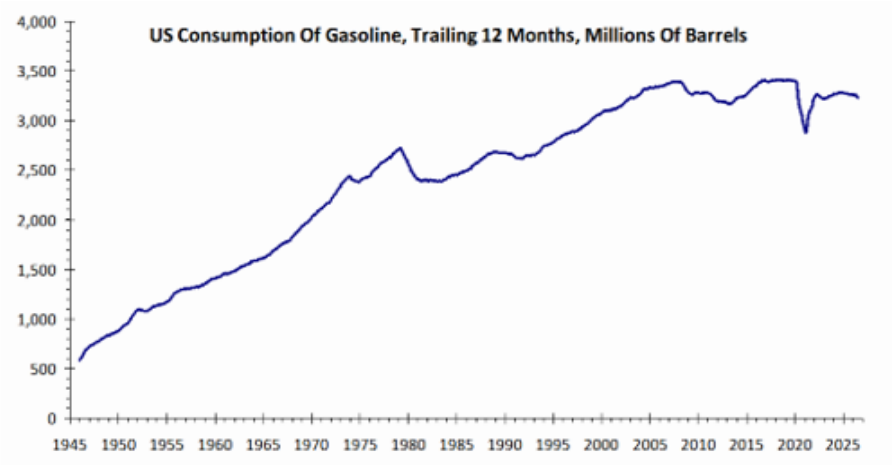
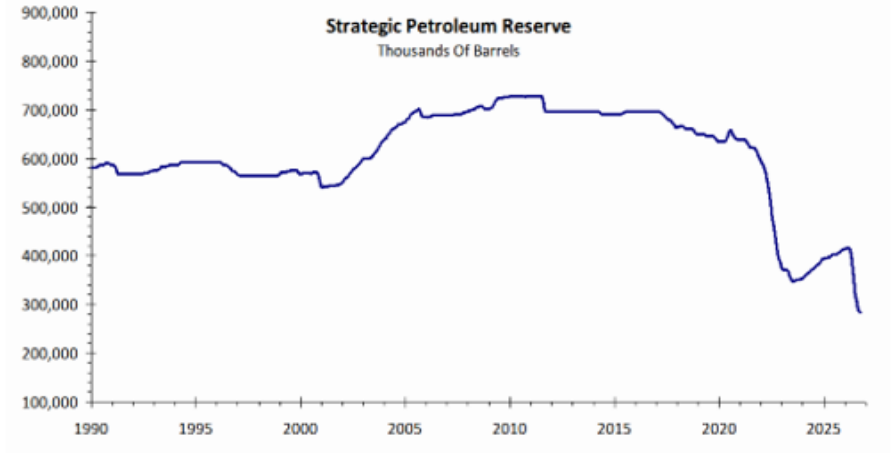
U.S. Gasoline Consumption Has Stalled



Source: Energy Information Administration (EIA), Sanctuary Wealth, October 8, 2026

But The Strategic Petroleum Reserve (SPR) Has Declined Sharply



Source: Energy Information Administration (EIA), Sanctuary Wealth, October 7, 2026

West Texas Intermediate Crude Range Bound Between $80 And $100

Source: Bloomberg, Annotations by Sanctuary Wealth, October 8, 2026

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Sector Readings: Information Technology, Energy, And Healthcare Lead; Utilities, Real Estate, And Industrials Lag

Information Technology, Energy, and Healthcare were the best sectors again this week. The Utilities sector has been the market laggard 10 weeks in a row, followed by Real Estate, then Industrials.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1 to 11, with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Oct 9	Oct 2	Sep 25	Sep 18	Sep 11	Sep 4	Aug 28	Aug 21
Consumer Discretionary	8	9	10	10	10	8	7	9
Consumer Staples	5	8	9	9	9	10	10	8
Energy	2	2	2	1	1	1	2	1
Financials	6	7	5	4	3	4	3	4
Healthcare	3	3	3	3	4	3	4	2
Industrials	9	5	7	7	6	6	6	6
Information Technology	1	1	1	2	2	2	1	3
Materials	7	6	6	6	5	5	5	5
Communication Services	4	4	4	5	8	9	9	10
Utilities	11	11	11	11	11	11	11	11
Real Estate	10	10	8	8	7	7	8	7

Source: Bloomberg, Sanctuary Wealth, October 9, 2026

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OBOS List: Energy Overbought; Information Technology Near Overbought. Industrials, Utilities, And Real Estate Oversold; Consumer Discretionary, Financials, And Materials Near Oversold

Energy was overbought last week, while Information Technology was near overbought. Industrials, Utilities, and Real Estate were oversold, while Consumer Discretionary, Financials, and Materials were near oversold. Some of the extreme overbought/oversold conditions we saw last week have eased.

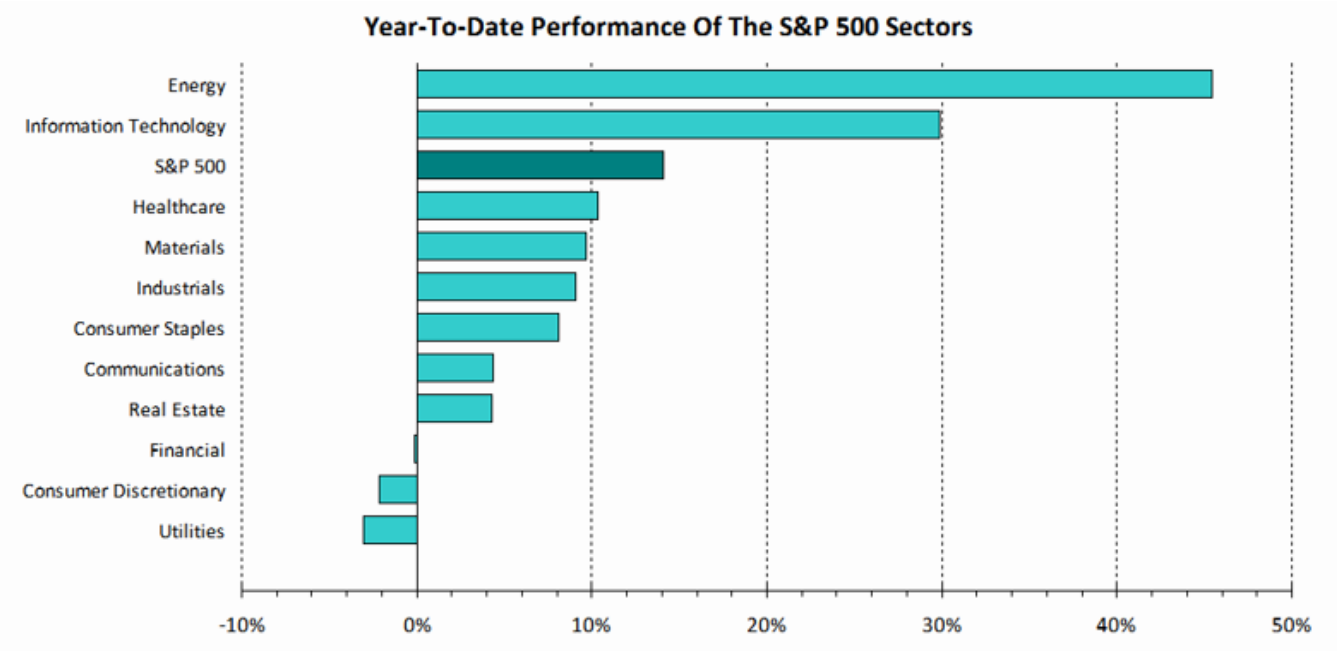
Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this over 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 9 October 2026

rank	*S&P Sector*	*normalized Oscillator*	
1	Energy	1.6810	*Overbought*
2	Information Technology	0.6414	*Near Overbought*
3	Healthcare	0.4317	*Neutral*
4	Communication Services	-0.3722	
5	Consumer Staples	-0.4195	*Neutral*
6	Materials	-0.6327	*Near Oversold*
7	Financials	-0.7393	
8	Consumer Discretionary	-0.9347	
9	Real Estate	-1.1726	*Oversold*
10	Utilities	-1.4907	
11	Industrials	-2.4579	

Source: Bloomberg, Sanctuary Wealth, October 9, 2026



Source: Bloomberg, Sanctuary Wealth, October 9, 2026

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Market Performance: Energy Still Best Performing Asset Year To Date, Then Information Technology. Silver Weakest, Then iShares 20+ Year Treasury Bond ETF

	Last 10/9/2026	Month End 9/30/2026	Month to Date	Quarter End 9/30/2026	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 10/9/2025	Year To Year
S&P 500	7811.54	7651.54	2.1%	7651.54	2.1%	6845.50	14.1%	6735.11	16.0%
NASDAQ Composite	27366.17	26861.06	1.9%	26861.06	1.9%	23241.99	17.7%	23024.63	18.9%
NASDAQ 100	751.27	739.77	1.6%	739.77	1.6%	614.31	22.3%	610.70	23.0%
Russell 2000	2806.98	2796.86	0.4%	2796.86	0.4%	2481.91	13.1%	2468.85	13.7%
S&P Consumer Discretionary Sector	1886.42	1807.11	4.4%	1807.11	4.4%	1928.43	-2.2%	1901.76	-0.8%
S&P Consumer Staples Sector	935.21	900.55	3.8%	900.55	3.8%	864.89	8.1%	867.04	7.9%
S&P Energy Sector	999.67	944.63	5.8%	944.63	5.8%	687.34	45.4%	671.83	48.8%
S&P Financial Sector	910.52	888.55	2.5%	888.55	2.5%	911.60	-0.1%	886.97	2.7%
S&P Healthcare Sector	1992.60	1963.91	1.5%	1963.91	1.5%	1805.89	10.3%	1681.98	18.5%
S&P Industrials Sector	1432.61	1413.31	1.4%	1413.31	1.4%	1313.14	9.1%	1297.73	10.4%
S&P Information Technology Sector	7380.99	7267.14	1.6%	7267.14	1.6%	5684.00	29.9%	5746.01	28.5%
S&P Materials Sector	629.99	617.73	2.0%	617.73	2.0%	574.41	9.7%	563.83	11.7%
S&P Real Estate Sector	266.03	262.03	1.5%	262.03	1.5%	255.03	4.3%	258.38	3.0%
S&P Communications Sector	472.26	470.20	0.4%	470.20	0.4%	452.39	4.4%	418.04	13.0%
S&P Utilities Sector	420.54	400.64	5.0%	400.64	5.0%	433.81	-3.1%	459.93	-8.6%
S&P 500 Total Return	17525.23	17160.41	2.1%	17160.41	2.1%	15220.46	15.1%	14934.38	17.3%
3 month Treasury Bill Price	98.96	98.97	0.0%	98.97	0.0%	99.09	-0.1%	99.01	-0.1%
3 month Treasury Bill Total Return	275.78	275.41	0.1%	275.41	0.1%	268.01	2.9%	265.58	3.8%
10 Year Treasury Bond Future	104.59	104.20	0.4%	104.20	0.4%	112.44	-7.0%	112.48	-7.0%
10 Year Treasury Note Total Return	304.75	303.31	0.5%	303.31	0.5%	316.61	-3.7%	313.89	-2.9%
iShares 20+ Year Treasury Bond ETF	77.98	77.78	0.3%	77.78	0.3%	87.16	-10.5%	89.18	-12.6%
S&P Municipal Bond Total Return	280.55	279.51	0.4%	279.51	0.4%	290.00	-3.3%	286.34	-2.0%
iShares S&P National Municipal Bond NAV	100.82	100.70	0.1%	100.70	0.1%	106.85	-5.6%	106.39	-5.2%
S&P 500 Investment Grade Corporate Bond Total Return	487.53	485.30	0.5%	485.30	0.5%	499.46	-2.4%	496.33	-1.8%
S&P Investment Grade Corporate Bond	87.70	87.44	0.3%	87.44	0.3%	92.75	-5.4%	93.01	-5.7%
S&P Investment Grade Corporate Bond Total Return	522.55	520.34	0.4%	520.34	0.4%	532.99	-2.0%	529.04	-1.2%
SPDR Bloomberg High Yield Bond ETF	92.83	92.75	0.1%	92.75	0.1%	97.21	-4.5%	96.94	-4.2%
iShares iBoxx High Yield Corporate Bond ETF	77.23	77.21	0.0%	77.21	0.0%	80.63	-4.2%	80.42	-4.0%
Gold	4194.24	4157.41	0.9%	4157.41	0.9%	4319.37	-2.9%	3976.86	5.5%
Bitcoin	82438.56	83621.23	-1.4%	83621.23	-1.4%	87647.54	-5.9%	121175.51	-32.0%
Silver	60.82	60.43	0.7%	60.43	0.7%	71.66	-15.1%	49.29	23.4%

Source: Bloomberg, Sanctuary Wealth, October 9, 2026

Bank Earnings And Inflation Data Take Center Stage

This week the Banks will begin the earnings parade leading into the seasonally strong year-end season.

Banks kick off third-quarter earnings season this week, with results providing an early read on the strength of corporate earnings. We will be watching Net Interest Margins (NIM), along with trading and investment banking revenues.

Inflation will be the other major focus. The Consumer Price Index (CPI) is released Wednesday, followed by the Producer Price Index (PPI) on Thursday. If CPI and PPI come in as expected — headline CPI at 3.6% year over year and core CPI at 2.5% — the Treasury market could get some relief. Higher-than-expected inflation could push yields up and put pressure on stocks. Existing home sales will also be released this week.

Fed Chair Kevin Warsh speaks Friday at the IMF Annual Meeting in Bangkok. Markets will scrutinize his comments for clues about the FOMC's next moves at its October 28 and December 9 meetings, particularly after the recent rise in Treasury yields and renewed concerns about inflation.

Calendar

Mon.

12:50 PM Fed speech: Cleveland Fed President Beth Hammack

Tue.

6:00 AM NFIB Index of Small Business Optimism
10:00 AM Existing Home Sales
2:00 PM Monthly Treasury Balance

Wed.

8:30 AM CPI
8:30 AM CPI Core
2:00 PM Federal Reserve Beige Book

Thu.

8:30 AM Empire State Manufacturing Survey
8:30 AM Retail Sales
8:30 AM Philadelphia Fed Business Outlook Survey
8:30 AM Weekly Jobless Claims
8:30 AM PPI
10:00 AM Manufacturing & Trade: Inventories
4:30 PM Federal Reserve Bank of Cleveland President Beth Hammack speaks at Women's Trading Network Fireside Discussion
11:30 PM Fed speech: Fed Chairman Kevin Warsh speaks in Thailand
11:30 PM Fed speech: Fed Chairman Kevin Warsh speaks

Fri.

8:30 AM Import Prices
9:15 AM Industrial Production
9:15 AM Capacity Utilization

* Earnings reflect highlights
Sources: MarketWatch/Kiplinger's

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