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WEEKLY ECONOMIC UPDATE NOV. 2, 2026

Stocks ended last week lower as disappointing Q3 corporate reports led to a tech-led selloff that deepened on Friday.

The Standard & Poor's 500 Index slipped 0.57 percent, while the Nasdaq Composite Index declined 2.00 percent. The Dow Jones Industrial Average fell 0.85 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, rose 0.85 percent.[1,2]

Early Enthusiasm

The AI trade got a fresh boost to kick off the week as one of the largest AI platforms filed for an initial public offering. Investors also appeared upbeat about one of the biggest weeks for Q3 corporate earnings results.

Monday's momentum extended into Tuesday's session, while falling oil prices over both days added to investor enthusiasm.[3]

Then midweek, the Fed held rates steady as expected, which was met with mixed trading. But all three averages closed modestly higher on Wednesday. Over the first three days of the week, the Nasdaq rose more than 2 percent and the S&P 500 added more than 1½ percent.[4]

Thursday's session opened on a down note following mixed Q3 corporate results from two of the largest tech giants. Despite a stronger-than-expected gross domestic product (GDP) report and the fact that seven out of the 11 S&P 500 sectors advanced, stocks remained under pressure throughout the day.[5]

Then Friday, the tech-led selloff deepened as traders appeared to favor more defensive sectors as the month closed out. The Nasdaq declined nearly 3 percent over the session.[6]

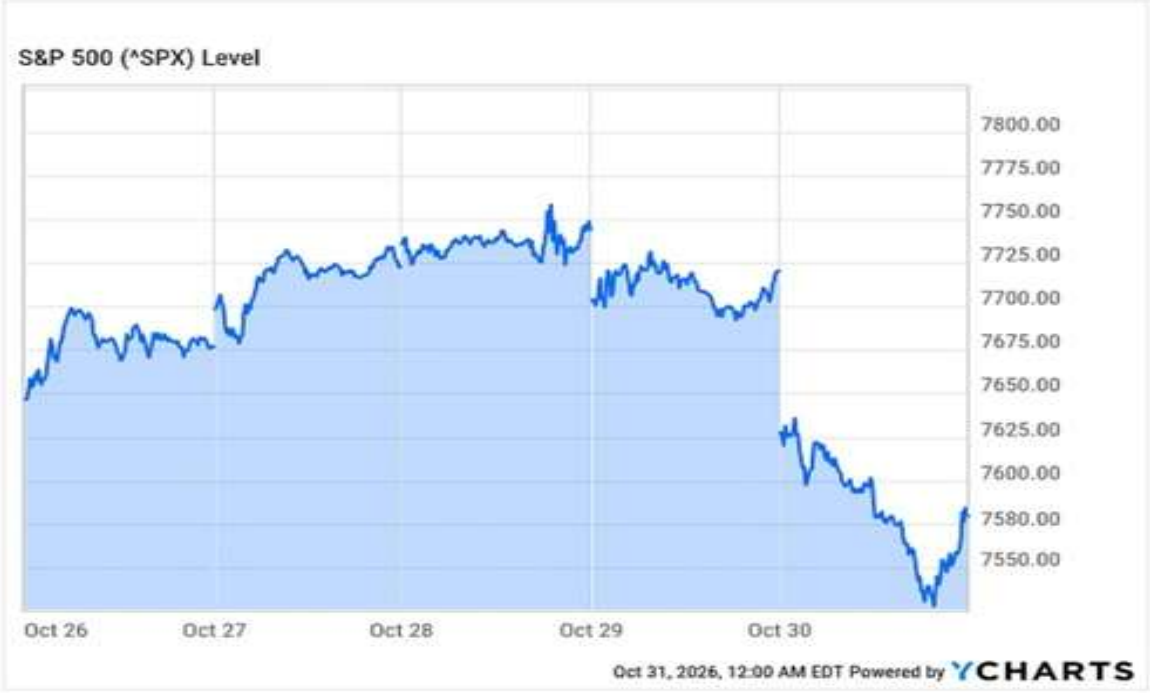
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Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Dow Jones Industrial Average	2.00%	10.28%	11.66%	60.59%
S&P 500	0.71%	13.82%	13.35%	80.00%
MSCI EAFE	-0.04%	10.45%	13.22%	55.73%
Nasdaq Composite	-2.27%	13.18%	9.94%	75.22%

S&P 500 Daily Close



10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
10 Year Treasury Rate 10/30/26	4.94%	5.29% 4.68% 4.11%	-6.62% ▼ 5.56% ▲ 20.19% ▲

Upbeat Q3 GDP Report

The Fed's decision last Wednesday to keep short-term interest rates unchanged was expected. But two Fed officials voted for raising rates, which was a bit of a surprise.[7]

Another surprise last week was news that the economy grew 3.4 percent in Q3, according to the Commerce Department's initial estimate. That beat economists' expectations of 3.1 percent growth but, more importantly, marked an acceleration from Q2, when GDP grew 2.2 percent.[8]

This Week: Key Economic Data

Monday: Purchasing Managers Index (PMI)—Manufacturing. Construction Spending.

Tuesday: Job Openings & Labor Turnover. Factory Orders.

Wednesday: ADP National Employment Report (private sector). Trade Balance. PMI—Services.

Thursday: Productivity and Costs. Weekly Jobless Claims.

Friday: Employment Report. U. Michigan Consumer Survey. Consumer Credit.



"It is bad enough that so many people believe things without any evidence. What is worse is that some people have no conception of evidence and regard facts as just someone else's opinion. In a democracy, we have always had to worry about the

ignorance of the uneducated. Today we have to worry about the ignorance of people with college degrees."

– Thomas Sowell



On September 16, twelve people voted. The vote was twelve to zero. The Federal Open Market Committee raised the federal funds rate a quarter point, to 3.75 to 4%, the first hike since 2023. Not one of those twelve people signed a mortgage that month.

Six days before the vote, Freddie Mac was reporting a 30-year fixed rate of 6.76%. Eight days after the vote: 7.03%. On a $300,000 mortgage that is $53 more every month, $19,080 over thirty years, nominal and undiscounted. The twelve people who voted will not pay it, the family at the closing table will.

Before naming the law that was broken, the mechanism needs to be clear. The Fed sets the overnight interbank rate—not the mortgage rate. The 30-year mortgage follows the 10-year Treasury yield. Banks compete for originations inside the spread above that. No bank pocketed a windfall on September 16. The week before the vote, Freddie Mac was already at 6.71%. Six days before the vote: 6.76%. Eight days after: 7.03%. The move was already underway when the committee voted, and it continued after. The borrower pays more because money costs more throughout the system. That is the mechanism. Now the law.

The Law of Reciprocity is not about theft; it is about who bears the consequence of a decision. In any system built on exchange,

the people who make a decision live with what it produces. The moment someone can set a price without paying it, that is extraction—not because anyone stole anything, but because the decision and the consequences are held by different people.

Twelve people set the cost of credit for every American who borrows. They set the price. They do not pay for it. The family with the mortgage pays it. The builder who counted on that sale pays for it. The title company, the lumber yard, the appliance manufacturer—none of them had a seat in the room.

The Law of Reciprocity names that imbalance precisely. The bigger the gap between who decides and who bears it, the harder the correction when it arrives.

The builder pays. The real estate agent pays. The trades behind every closing table pay. A single rate decision from Washington ripples through supply chains that never got a vote, never sent a representative, and will never appear in the committee's minutes.

If there were no committee, the market would find the rate on its own. Every saver deciding what return they need and every borrower deciding what they can afford—millions of those decisions add up to a real rate. It would not be perfect. But the people who set it up would be the same people paying it. That is exchange. What we have now is not.

What the Federal Reserve does eight times a year is substitute a voted rate for a discovered one. This is not a competence problem; it is a structural one. When the people who set a price do not pay it, the Law of Reciprocity starts running a tab.[9]

Footnotes And Sources

1. WSJ.com, October 30, 2026
2. Investing.com, October 30, 2026
3. CNBC.com, October 27, 2026
4. WSJ.com, October 28, 2026

5. CNBC.com, October 29, 2026

6. CNBC.com, October 30, 2026

7. WSJ.com, October 28, 2026

8. WSJ.com, October 29, 2026

9. mises.org/power-market/feds-september-vote-and-law-reciprocity

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. The Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and considered a broad indicator of the performance of stocks of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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