

WEEKLY ECONOMIC UPDATE SEPT. 28, 2026

Stocks advanced last week as the broad market looked past inflationary pressures and focused on falling oil prices, declining bond yields, and ongoing diplomatic efforts in the Middle East.

The Standard & Poor's 500 Index rose 1.22 percent, while the Nasdaq Composite Index advanced 2.06 percent. The Dow Jones Industrial Average edged up 0.28 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, added 0.15 percent.^{1,2}

Choppy Trading

Stocks bolted out of the gate to start the week, rebounding thanks to AI stocks, falling oil prices, and bond yields. The Nasdaq hit a record intraday high during Monday's session.

The broad market went sideways on Tuesday as traders kept an eye on developments in the Middle East, while oil prices and Treasury yields slid further.^{3,4}

Markets then fell midweek amid investor concerns over comments from one Fed official and two inflation updates. All three major averages were under pressure. The malaise hung on into Thursday, but stocks began to climb late in the day on upbeat reports out of the Middle East.^{5,6}

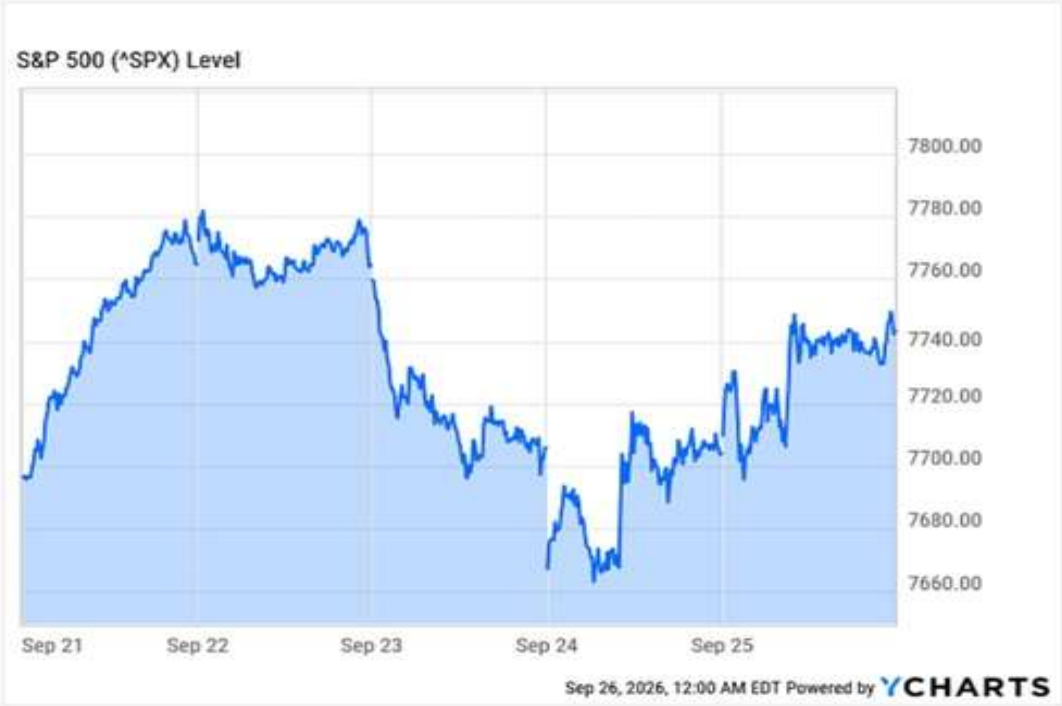
All three major averages continued their recovery Friday, ending the day with some momentum going into the close.⁷

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Nasdaq Composite	3.76%	16.42%	20.46%	85.70%
S&P 500	0.78%	13.51%	17.43%	85.74%
MSCI EAFE	-3.61%	10.34%	16.76%	55.67%
Dow Jones Industrial Average	-3.69%	8.12%	13.15%	62.20%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
Date		3M Ago	3M Change
		1Y Ago	1Y Change
10 Year Treasury Rate	5.17%	4.64%	11.42% ▲
09/25/26		4.40%	17.50% ▲
		4.18%	23.68% ▲

Eyes on Bonds

Treasury yields hit multidecade highs last week due to a couple of factors.

The first was Federal Reserve Governor Michael Barr's hawkish language on Wednesday, suggesting he was open to another rate adjustment at the October Fed meeting. And the second was the Purchasing Managers' Index (PMI) reports for both manufacturing and services, which were also released on Wednesday. Both reports showed costs hit four-year highs for the month.⁸

This Week: Key Economic Data

Tuesday: S&P Cotality Case-Shiller Home Price Index. Consumer Confidence. Job Openings & Labor Turnover. Fed speeches: Austan Goolsbee (Chicago) & John Williams (NYC).

Wednesday: ADP Employment Report (private sector). Gross Domestic Product (GDP), Q2 (third estimate). Trade Balance in Goods. Wholesale & Retail Inventories. Personal Consumption Expenditures (PCE) Index. Fed President Goolsbee speaks.

Thursday: Weekly Jobless Claims. Purchasing Managers Index (PMI)—Manufacturing. Construction Spending.

Friday: Employment Report. Factory Orders.

Quote of the Week



“We look to confirm our views rather than expand them. If we want to persuade others, the first thing we must do is listen to them.”

– J Peter Zane



Artificial Intelligence promises to provide new capabilities that will replace less efficient methods of obtaining and acting on information for a wide range of commercial and personal uses. But artificial intelligence systems can create a variety of technical, legal and financial risks for the people and companies that use, develop, and maintain them. Lawsuits involving AI are proliferating in number and diversity given the increasing application of AI in many broad areas. These lawsuits raise complicated questions about who is responsible for these AI systems and who should pay for any resulting liability, as well as what role insurers should have in settling these costs.

AI has contributed to a wide range of real-world problems, from fines to law firms for citing in court non-existent cases generated by AI, to discrimination from resume-screening algorithms to deepfakes that threaten individual privacy. The MIT AI risk repository offers one way to gauge the growing range of risks stemming from the rapidly evolving technology. The project classified over 1700 different risks and tracks the annual number of AI-related incidents — which have been increasing over time. Many experts warn of possible profound and far-reaching safety risks from AI beyond those already being experienced, including

the potential for AI to assist malicious actors in developing cyber, biological, or chemical weapons; to inflict physical harm through autonomous agents; and to drive large-scale financial fraud.

Several high-profile lawsuits have alleged that the developers of prominent large language models (LLMs) violated copyright protections by scraping training data for their models from the Web. Anthropic agreed to a \$1.5 billion settlement in 2025 to settle a copyright infringement lawsuit. The settlement — which is the largest copyright settlement in history — speaks to the stakes for these types of lawsuits against major AI companies because it cuts deeply at the core of what the companies do: an enormous amount of text is required for training the models. Although Anthropic settled, this did not resolve the underlying legal issue. Another significant IP case is pending against OpenAI and a class-action copyright infringement lawsuit against Meta was filed in May 2026. In addition to intellectual property-related lawsuits and risks associated with scraping large-scale online training data sets, AI companies are beginning to be sued for a variety of other issues associated with their products and services. LLM companies have been charged with helping people commit suicide, or even murder, by failing to put in place appropriate safeguards. When 16-year-old Adam Raine committed suicide in April 2025, after a series of interactions about his mental health with OpenAI's ChatGPT LLM, his parents sued OpenAI for building its product “with features intentionally designed to foster psychological dependency.” Also in 2025, a jury in Florida ruled that Tesla was partially responsible for a fatal car crash involving its autopilot autonomous driving software, awarding the victims more than \$240 million in damages.

The fact that this litigation is happening before the industry is profitable means that companies are trying to use venture funds and insurance to cover these costs (since they don't have any other funds). Already, the largest AI companies are struggling to acquire as much insurance coverage as they would like to help shield them against the potential risks associated with their products. In 2025, the Financial Times reported that OpenAI had not been able to purchase as much insurance coverage for emerging AI risks as might be required to cover the costs of the litigation it could face. In light of this inability to acquire sufficient coverage, some AI companies have considered "self-insuring" by designating investor funds to help cover these costs. Anthropic is reportedly using some of its own funds to cover the \$1.5 billion settlement, for instance, but it is unclear exactly how much of that they will pay for directly.

Insurers are often not confident in their ability to cover large AI-related losses, both because they do not have reliable data on these incidents that they can use to predict the risk, and because they fear that the costs associated with AI-related risks could be exceedingly high. Artificial intelligence is going to touch almost every type of risk that is currently insured. Many existing insurance policies, including cyber insurance and commercial general liability insurance, already cover many risks associated with AI. And while some insurers have tried to limit their exposure to AI risks by excluding coverage for certain types of AI-related incidents from their products, that may prove difficult in other cases where it is hard to prove whether AI was involved in, for instance, perpetrating a cyberattack or writing and delivering malware to a victim.

At the same time, some insurers are seizing the opportunity to develop and market new AI-specific insurance coverage to companies worried about their risk exposure in this area. While

most of these AI policies are relatively limited in what they cover and apply only to specific types of risks — including many risks that may have already been covered under existing lines of insurance — they hint at the possible emergence of a new market for standalone AI insurance that could shift more of these costs onto the insurance carriers willing to bear them.

The challenges of insuring against AI risks are in some ways to be expected in the face of rapidly emerging technology. There are parallels with the recent evolution of cyber insurance. The emergence of computing technology and the internet permeated every sector of the economy. With this came initially unanticipated risks ranging from fraud to ransomware and extortion, to denial-of-service attacks, and data breaches. Insulating companies from cyber risks has been challenging because insurers have lacked reliable historical data to model cyber losses, which is compounded by the rapid evolution of cyber risks. Moreover, assessment and mitigation of cyber risk can demand deep technical expertise and, in many cases, intrusive access to firms' internal systems. Nonetheless, over time, as the number of cyber incidents increased and there was a little more data, insurance began to become available with greater ability to resolve some of the liability claims and make better recommendations about ways to safeguard these systems. Regulation also played a more active role following a very visible cyberattack on a major U.S. oil pipeline. Similar to cybersecurity, historical data on AI harms and liability will often provide a weak foundation for modeling the most important future risks given the rapid pace of technological change, the wide diffusion of the technology and the lack of standardized data collection and disclosure. Moreover, AI likely poses more formidable risks given the greater complexity of the technology and the speed with which it is evolving. Nonetheless, regulations to promote better information and disclosure regarding AI risks

and events could expand the domains in which insurers can price and manage safety risks.

As AI is used for a wider range of activities and decisions, lawsuits will become increasingly common and diverse, attempting to hold AI companies, operators, and developers, responsible for a growing number of potential risks associated with their products. These types of lawsuits and the sizable settlements and damages associated with them will have profound consequences for those who develop AI systems and how. One crucial factor will be what role insurance companies play in covering these costs and whether companies can continue to shift most of their liability risk to their insurers. These risks are already resulting in litigation and landmark lawsuits and settlements that have the potential to bankrupt many companies if there are not significant risk-sharing mechanisms in place, such as insurance. But it is not yet clear whether insurers will embrace having a role in managing AI risks and, if so, which risks they will be willing to cover and which they may view as fundamentally too large or unpredictable to insure.¹⁰

Footnotes And Sources

1. WSJ.com, September 25, 2026
2. Investing.com, September 25, 2026
3. CNBC.com, September 21, 2026
4. CNBC.com, September 22, 2026
5. CNBC.com, September 23, 2026
6. CNBC.com, September 24, 2026
7. WSJ.com, September 25, 2026
8. CNBC.com, September 23, 2026
9. TravelandLeisure.com, April 12, 2026
10. econofact.org/can-companies-insure-against-ai-growing-risks

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.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

This content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG is not affiliated with the named representative, financial professional, Registered Investment Advisor, Broker-Dealer, nor state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and they should not be considered a solicitation for the purchase or sale of any security.

Copyright 2026 FMG Suite.