Richard Rose Wealth Management November 2, 2026

WEEKLY COMMENTARY **Richard Rose AIF®**

Good morning,

What's in this week's Report:

- Why Anthropic's IPO May Be the Most Important Market Event Left in 2026
- Weekly Market Preview: Geopolitics and Economic Data Take Focus from Earnings
- Weekly Economic Cheat Sheet: Jobs Report Friday the Key Report
- Two Fed Issues to Watch Going Forward

Futures are sharply higher on tumbling oil prices on reports of diplomatic progress between the U.S. and Iran.

Brent crude dropped more than 4%, and WTI crude fell below $100/bbl. Diplomatic progress by Qatari mediators over the weekend is boosting futures.

Economically, EU and UK October Manufacturing PMIs met expectations (52.7 & 52.8 respectively).

Today, geopolitics will be the primary driver, and investors will want confirmation of the diplomatic "progress" from the weekend to push oil prices even lower.

Beyond geopolitics, we do get the first of the "Big Three" monthly economic reports via the ISM Manufacturing PMI (E: 54.5), but just as important is the ISM Manufacturing Prices (E: 77.2). A Goldilocks report of solid activity and lower prices will be positive for markets. Additionally, one Fed speaker, Goolsbee, speaks at 11:15 a.m. ET.

On earnings, we get more important tech results today, including AAPL ($1.98), PLTR ($0.33), MAR ($2.87), O ($1.11), and EL ($0.52).

Market	Level	Change	% Change
S&P 500 Futures	7,636.50	22.50	0.30%
U.S. Dollar (DXY)	101.42	-0.32	-0.32%
Gold	3,936.50	37.60	0.96%
WTI	97.71	-6.41	-6.16%
10 Year	-4.897%	-0.024	-0.49%

Stocks

Last Week (Needed Context as We Start a New Week)

Stocks declined last week as disappointing AI earnings late in the week offset a slightly dovish Warsh speech and increased hope for diplomacy between the U.S. and Iran. The S&P 500 fell 0.56% on the week.

AI dominated the week's trading in the S&P 500, starting on a positive note last Monday as META announced an equity offering and Anthropic released its S-1, taking another step toward its IPO. That helped ease concerns about capital availability for AI companies and sparked a renewed bout of AI enthusiasm that pushed the S&P 500 higher by 0.7%.

The tech-driven rally continued on Tuesday thanks to a Broadcom (AVGO) deal to buy chips (further stoking AI enthusiasm and encouraging reallocation to tech) and on geopolitical optimism as Gulf and Middle East officials met in Tehran to try and restart the U.S./Iran peace process. The S&P 500 rose another 0.6%.

The rally extended into Wednesday on strong earnings from SK hynix (SKHY). This Fed decision met expectations (no rate hike), and Fed Chair Warsh offered slightly dovish commentary, hinting the Fed may not need to hike rates as much as previously thought given the jump in Treasury yields. Looming hyperscaler earnings (GOOGL/MSFT) kept stock moves modest, and the S&P 500 added 0.3%.

Stocks fell on Thursday, however, on underwhelming tech earnings. GOOGL dropped 12% and had its worst day ever on disappointing search business performance, while other tech companies (INTC, NOW, FTNT) also missed earnings or provided underwhelming guidance. Those disappointments hit the Nasdaq, which fell 1.3% on the day, although the "rest of the market" held up well and the S&P 500 declined a modest 0.3%.

Tech selling continued on Friday after underwhelming Amazon (AMZN) earnings, and the Nasdaq opened down sharply, falling 2.9%. That pulled the S&P 500 lower at the open by more than 1%, and stocks largely chopped sideways from there, ending the day with steep declines as the Nasdaq fell 3.5% while the S&P 500 dropped 1.8%.

Why the Anthropic IPO May Be the Biggest Event Remaining This Year

AI sentiment soured further last week after underwhelming earnings reports from multiple hyperscalers and chip companies, including GOOGL, INTC, and AMZN. While those earnings misses were company-specific, they also fueled concerns that the capital needed to fund capex and the data center boom may be at risk (and that's the real reason tech dropped so hard late last week: concerns the money won't keep flowing).

Looking at those three reports, GOOGL reported a shortfall in core search revenue as AI search takes away from typical "Google" searches. If that continues and revenue begins to slow, GOOGL will likely have less money to spend on AI buildout.

Regarding Intel (INTC), it disappointed markets by cautioning about computer demand due to high memory prices. If people buy fewer computers, that saps revenue for AI infrastructure names, which could also result in less AI data center funding (i.e., less money flowing).

Finally, AMZN posted disappointing Q4 guidance, but its results didn't raise long-term concerns about the "flow of money," which is why the stock recovered more than other tech mega-caps post-earnings.

Now, to be clear, not all the AI news was bad. MSFT posted encouraging results, as did memory maker SK hynix. But the market suddenly has a "confidence problem" around the continued flow of capex and data center buildout, and earnings from GOOGL, INTC, and, to a lesser degree, AMZN only exacerbated those concerns.

Unfortunately, that continued over the weekend with a report that OpenAI lowered its funding target to $20 billion at a $1.25 trillion valuation, down from $30 billion at a $1.4 trillion valuation estimate; that lower capital-raise target and valuation again underscore fears of the "flow of money."

All this then leads to the Anthropic IPO, which will be a major test of sentiment for AI investment demand. Here's why this is potentially a key event.

If the Anthropic IPO meets expectations and trades well, it will help push back concerns about the continued flow of money into AI buildout/data centers. That, in turn, will reinforce positive expectations for earnings growth and economic activity.

However, if the Anthropic IPO gets delayed due to a poor market environment, or if it comes in smaller than expected, that will substantially exacerbate concerns about the continued flow of money into AI investments, and it could then lead to worries about 1) continued economic growth and 2) expected earnings growth.

If the Anthropic IPO gets delayed (or substantially underwhelms), then concerns about the economy and earnings growth could hit the rest of the market hard, which could lead to weakness into year-end.

Economic Data (What You Need to Know in Plain English)

Last Week

Economic data last week continued to point to a run-hot economy of strong growth and rising inflation pressures while the Fed met expectations by keeping rates unchanged.

Starting with the Fed, the FOMC made no rate change, as expected. The statement and Warsh's press conference were somewhat contradictory: the statement was slightly hawkish (upgrading growth from solid to strong). At the same time, Warsh was slightly dovish, saying high Treasury yields might be doing some of the Fed's work, implying rates might not have to rise as quickly or as high as previously thought.

However, for all the nuance, the Fed decision had minimal impact because market expectations for rates didn't change: The market overwhelmingly expects a rate hike in December and most likely expects another in March, so the Fed decision didn't move markets. Barring a major surprise from an important Fed member (meaning Warsh, Jefferson, or Williams), the Fed is unlikely to influence markets in the near term. Shifting to growth, all signs continued to point to a run-hot economy. October Durable Goods beat on the headline (1.8% vs. (E) 1.4%) and rose at the highest pace in months. The more important sub-index, New Orders for Non-Defense Capital Goods ex-Aircraft (NDCGXA), rose 0.5%. While that was slightly below estimates (0.7%), it's still a solid number. It implies that business spending is strong (and business investment is one-third of the "economic stool" along with government spending and consumer spending).

The first look at Q3 GDP also beat estimates. Headline GDP rose 3.4% vs. (E) 3.1% (saar) while Consumer Spending (Personal Consumption Expenditures) rose 3.8% vs. (E) 3.5% y/y. Those numbers are very strong and confirm that broader economic growth remained strong in the third quarter. In fact, GDP is so strong that it does reinforce the run-hot risk in the economy (GDP growth between 2%-3% is considered "just right" to support growth but not stoke inflation).

Finally, the Fed's preferred measure of inflation, the Core PCE Price Index, met expectations at 0.3% m/m and 3.1% y/y. On the positive side, it wasn't worse than expected. Negatively, it rose further in October from September's 3.0% gain, underscoring that inflation pressures are not moving in the right direction. The reality is that the Core PCE Price Index is far above the Fed's 2.0% target, although for now, the Fed appears to believe either higher Treasury yields or an eventual drop in oil prices will occur.

Important Economic Data This Week

This week brings the "Big Three" monthly economic reports, and the best case for the stock and bond market is Goldilocks readings of solid (but not spectacular) growth and stable-to-easing price pressures. Specifically, that means data points that meet or slightly beat expectations and price indices that show declines from September.

It is jobs week, and the Jobs Report comes on Friday as the highlight of the week. The key is stability: we don't want huge job gains (which could make the Fed more hawkish) or sudden job losses (which could compound economic worries, although those are minimal right now). Bottom line: a jobs number around 100k with a stable unemployment rate will be the best outcome for markets.

The second and third most important economic reports this week are the ISM Manufacturing PMI (today) and ISM Services PMI (Wednesday). Both PMIs are comfortably above 50, and there's no reason to expect that to change, so both should continue to show strong growth.

The real key for markets will be the price indices in both PMIs. Both price indices hit YTD highs in September at 77.9 and 74.0. Those are some of the highest readings since the pandemic, and while these aren't official inflation stats, they do matter to the Fed.

Bottom line: markets will want to see those price indices stop rising, and that will, in many ways, matter more than the headline reading because if those price indices keep rising, the outlook for rate hikes (or sustained higher inflation) will rise.

Finally, it is also "Jobs Week," so in addition to Friday's jobs report, we also get JOLTS on Tuesday, ADP on Wednesday, and jobless claims on Thursday. By the end of the week, we should have a very solid view of the labor market, and again, we don't want to see a "Too Hot" labor market reading as much as we don't want to see a "Too Cold" labor market.

Special Reports and Editorial

Two Fed Issues to Watch Going Forward

The Fed's opaque policy meetings may be an ultimate positive for markets, but they risk further eroding Fed credibility (which has been under pressure). I say that for two reasons.

First, Fed officials are confusing markets. Chair Warsh may not want to give forward guidance any longer, but apparently everyone else on the FOMC does. That creates a situation where individual Fed members are giving their own commentary on what they think of rates (their own "forward guidance" for their vote). Still, they often conflict with one another, confusing markets (this happened over the past six weeks, as Vice Chairs Jefferson and Williams were much more dovish than other Fed speakers, leading to some rate-hike expectation whiplash). Over time, this can lead to higher bond yields as markets price in more short-term rate volatility and slightly eroded Fed credibility.

Second, the Fed risks falling behind the curve on inflation. Inflation has been above 2% for so many years (five and counting) that most people no longer think the target is realistic. Meanwhile, longer-term inflation expectations are rising to 3.0%, levels previously unacceptable for the Fed.

The Fed, meanwhile, has responded with one 25-basis-point rate hike and wants to wait three full months before potentially hiking again. Meanwhile, all the inflation metrics have deteriorated. Inflation metrics are worse than when they hiked in September. Growth is stronger than when they hiked in September. Employment is better than when they hiked in September. And geopolitics are the same or worse than when they hiked in September.

Yes, bond yields have risen, and that is creating a headwind for growth. Fed Chair Warsh likely attributes some of that to the Fed starting a rate-hike cycle, although I would challenge that notion, as the rise in the 10-year yield was well underway by the Sept. 16 meeting and the jump in yields coincided with AI credit concerns and surging oil prices. Bottom line, it's at least very debatable how much the Fed is responsible for higher rates (and how sustainable they are if AI credit concerns recede).

Bottom line: inflation indicators are all over the place and are hitting levels last seen in 2022 (the peak of pandemic inflation). If things don't get better and the Fed isn't serious about tackling inflation, they will have to hike rates more aggressively, and that is a looming risk, not so much for the next month or two, but into the end of 2026 and the start of 2027.

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