WEST SHORE BANK

WEEKLY RECAP - October 26, 2026

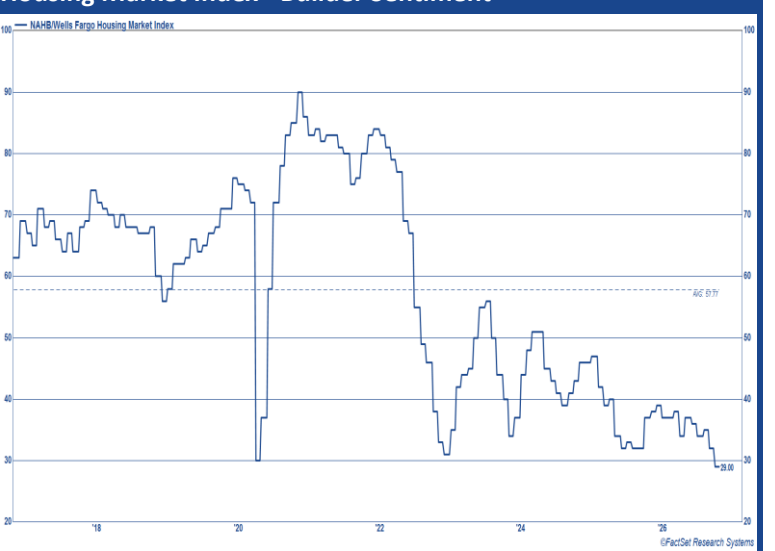
Economic & Market Commentary

Stocks finished the week mixed as investors weighed encouraging earnings results against ongoing questions surrounding the pace and profitability of AI-related capital expenditures. Technology shares experienced elevated volatility, with several high-profile companies facing increased scrutiny over spending commitments tied to artificial intelligence infrastructure. Despite the weakness in portions of the technology sector, market action generally appeared indicative of a rotation within equities rather than a broad risk-off shift, as leadership broadened into other areas of the market. Fixed income markets provided stability, with Treasury yields moving modestly lower during the week. The decline in yields helped support bond returns and reflected a combination of cautious positioning ahead of this week's Federal Reserve meeting and growing evidence that economic growth continues to moderate. Third quarter earnings season remained supportive of the broader macroeconomic backdrop. With roughly 24% of S&P 500 companies reporting results, earnings and revenue trends have generally exceeded expectations. While corporate management teams continue to characterize consumer spending and credit conditions as healthy, a recurring theme across multiple industries has been rising cost pressures. Higher energy prices, freight costs, and other input expenses were frequently cited as factors that could weigh on margins in coming quarters. The housing sector remained a notable area of weakness, with the Housing Market Index falling to 29, its lowest reading since April 2012, underscoring the ongoing challenges posed by affordability constraints and elevated financing costs. Attention now turns to this week's Federal Open Market Committee meeting. The Federal Reserve is widely expected to leave interest rates unchanged, with investors focusing instead on policymakers' assessment of inflation trends, labor market conditions, and the path of monetary policy.

Index Total Returns - October 23, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	-2.62	14.28	16.58
Russell 2000	2.01	12.90	13.19
S&P 500	-0.46	12.40	14.46
NASDAQ	-0.71	12.19	13.81
S&P 400	0.03	10.56	11.77
Dow Jones	0.42	9.99	13.52
MSCI-Developed	-1.52	8.57	12.32
Barclay's U.S. Bond Index			
5-year Muni	0.83	0.03	0.49
High Yield	-0.11	-0.09	1.17
Int. Gov. Credit	0.27	-0.35	0.12
Aggregate	0.54	-1.10	-1.11
Municipal	1.14	-1.13	-0.87

Housing Market Index - Builder Sentiment



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.39	4.43	3.59
U.S. 2-Yr	4.68	4.72	3.49
U.S. 3-Yr	4.75	4.81	3.49
U.S. 5-Yr	4.81	4.88	3.61
U.S. 10-Yr	5.00	5.08	4.00
U.S. 30-Yr	5.33	5.43	4.58

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	4.14	4.32	3.39
U.S. AA	4.21	4.39	3.42
U.S. A	4.54	4.70	3.79
U.S. Baa	4.99	5.13	4.43
U.S. Municipal	4.31	4.48	3.55
Michigan	4.37	4.55	3.69

S&P 500 Sector Total Returns - October 23, 2026

Sector	1-Wk	YTD	1-Yr
Energy	1.55	58.32	60.95
Info Tech	-0.25	21.79	21.63
Health Care	1.47	17.32	24.91
Consumer Staples	0.57	16.40	14.49
Materials	-0.08	13.67	15.84
Real Estate	0.87	9.16	5.06
Industrials	-1.87	7.05	7.64
Financials	0.72	3.40	8.15
Utilities	0.82	1.87	-2.98
Con. Discretion	0.52	-3.07	-2.12
Comm. Services	-6.21	-3.08	3.95

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	18.69	19.54	1.04
S&P 400 - Mid Cap	14.42	16.40	1.34
S&P 600 - Small Cap	13.75	16.61	1.52

Sources: FactSet, NAHB/Wells Fargo, FactSet Earnings Insight