Coffee & Commentary

November 2, 2026

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- Stocks gave back their early week gains as disappointing technology results triggered a sharp selloff on Friday. Intel fell nearly 29% after its outlook missed expectations, while Amazon's spending plans added to concerns about the cost of building AI infrastructure. Final results on the week were; S&P 500 -0.6%, NASDAQ -2.0%, and the Dow -0.9%.
- The Fed voted 10–2 to leave interest rates unchanged at their October meeting, after raising rates in September for the first time since 2023. Futures markets are currently pricing a roughly 73% chance of a 0.25% rate hike at their next meeting in December.
- The major indexes took different paths in October for the second month in a row. Weakness in technology and growth stocks pulled the NASDAQ down 5.3%, while the S&P 500 slipped 0.9%. The Dow gained 1.7%, helped in part by stronger performance from value stocks.

2. How are we to prepare and act?

- The economy had a good summer, but September looked less comfortable for the people doing the spending. Data showed that households are paying more without buying more, while the income available to them has lost ground after inflation. That combination can keep business revenue looking healthy for a while, even as customers become more selective about what they purchase. Businesses can

continue investing, and consumers can draw on savings or credit, but those sources of support have limits if income does not catch up. For the stock market, the question becomes whether future profit growth can come from selling more and operating more efficiently, rather than relying on higher prices or ever-larger spending commitments.

- If businesses can produce more with the same resources, growth can remain healthy without creating as much pressure on prices, which would make it easier to preserve jobs while bringing inflation down. The difficulty is that those gains take time to measure, while fuel bills and borrowing costs are already affecting decisions today. This week's employment report will help clarify whether businesses are still adding enough jobs to support spending and whether wage growth is keeping pace with household costs. A firmer report would support consumer demand, but it could also strengthen the argument for a December hike. A weaker report would give the Fed more reason to wait, while raising concerns about how long consumers can keep carrying the expansion.

3. Taking a look at the week ahead.

- Monday — ISM Manufacturing Index, Apple earnings
- Tuesday — U.S. midterm elections
- Wednesday — ISM Services Index
- Thursday — Weekly jobless claims
- Friday — October employment report

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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