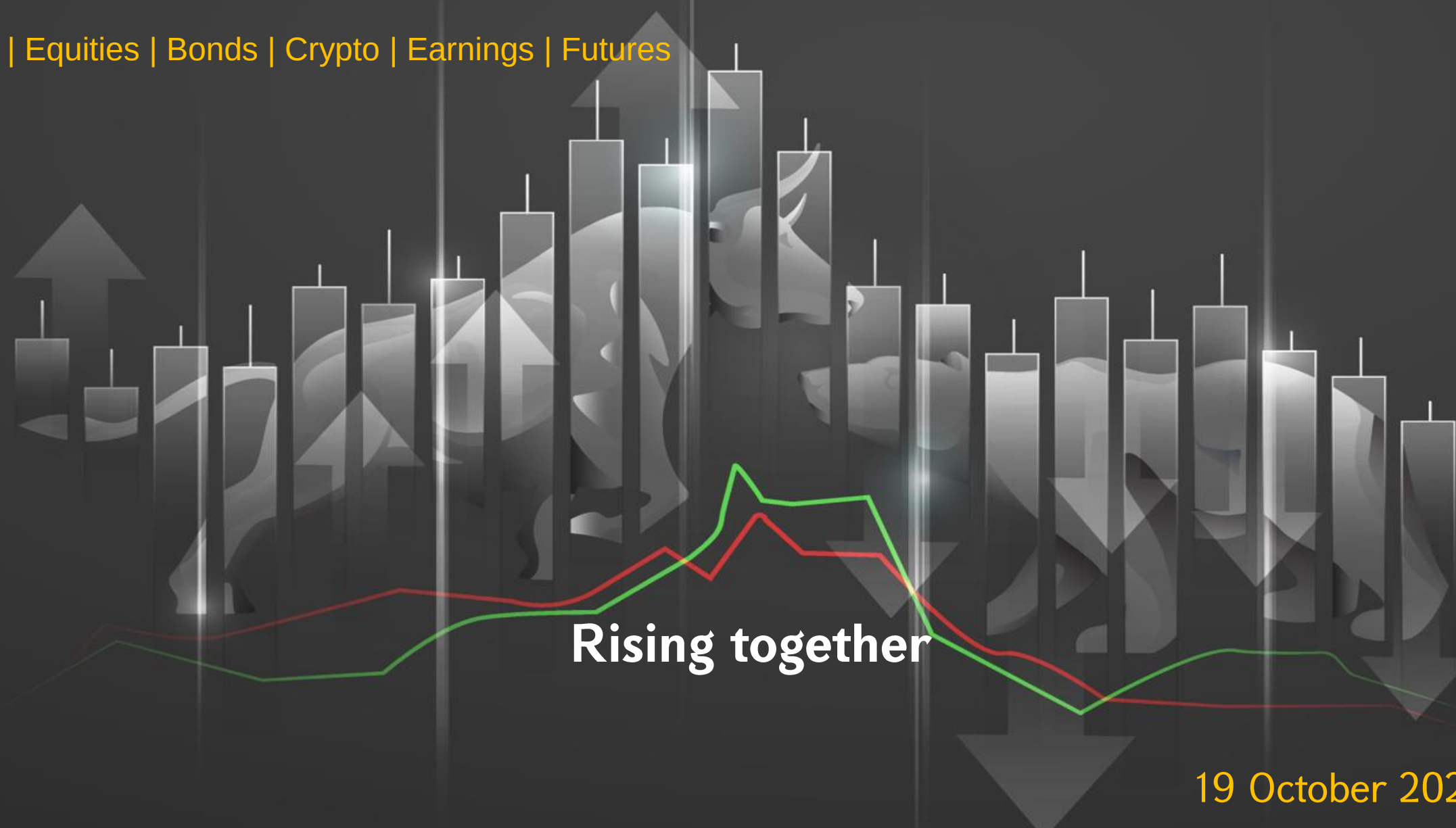


WEEKLY MARKET OVERVIEW

Macro | Equities | Bonds | Crypto | Earnings | Futures



Rising together

19 October 2026

The "Weekly overview" analysis has been prepared by ARARATBANK OJSC and can be used **only as general information**. The provided information is considered relevant within a reasonable period of time from the date of publication, depending on market behavior. The "Overview of the week" analytical report has been prepared based on currently available **public information**, which ARARATBANK OJSC considers credible. However, ARARATBANK OJSC **does not warrant** that this information is complete and reliable and, therefore, **it should not be considered as advice or recommendation for executing a financial transaction**.

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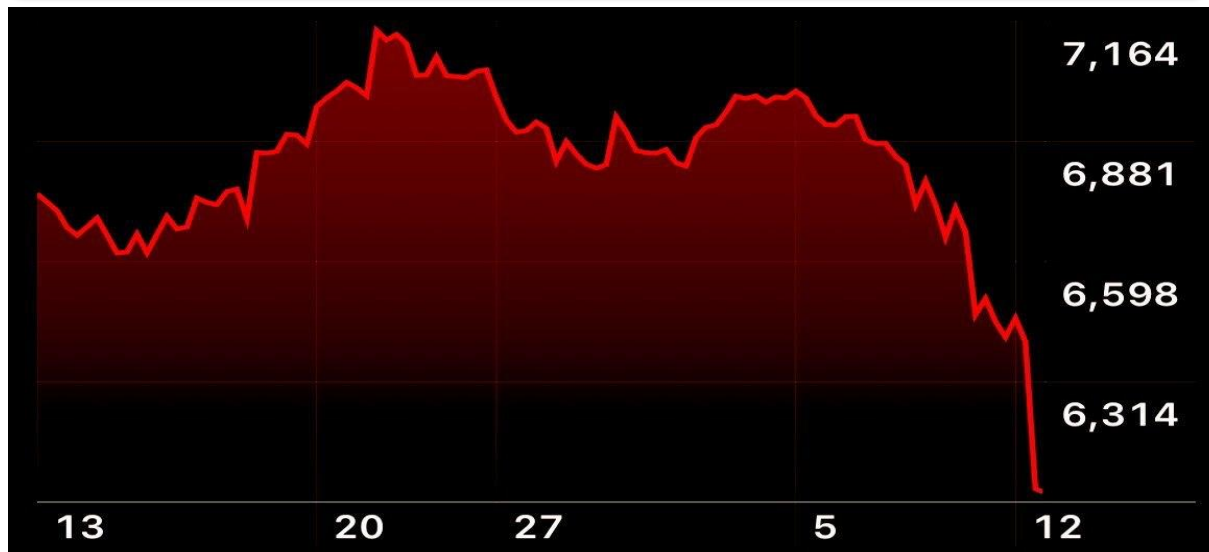
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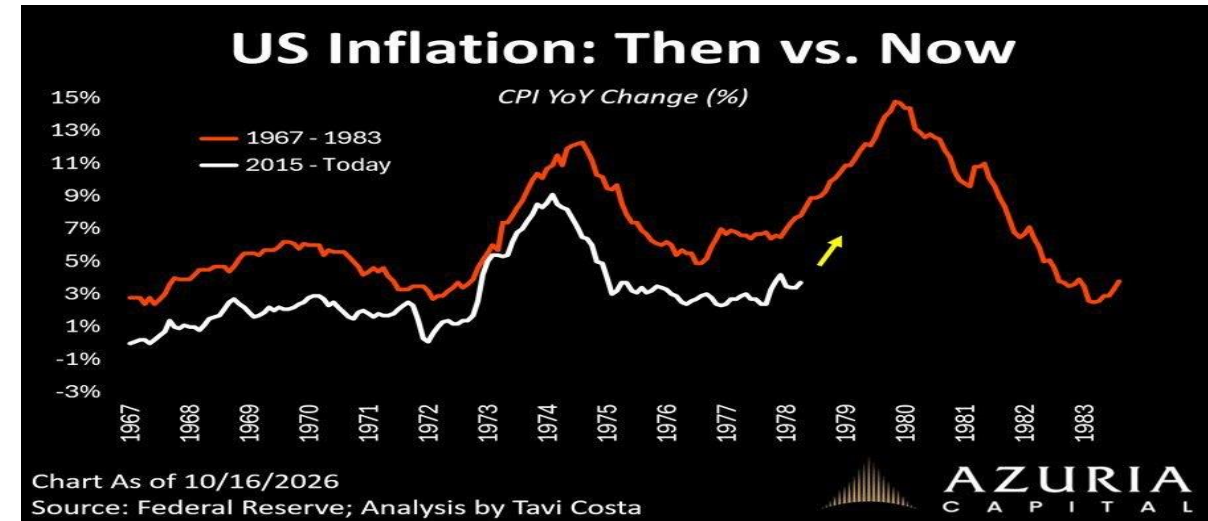
Last week, among U.S. stock indices, only the Dow Jones index posted a negative return.



The South Korean stock index has fallen by more than 35% from its peak.



We are likely in for a decade of persistently high inflation.



Last week, all metals showed a negative return.



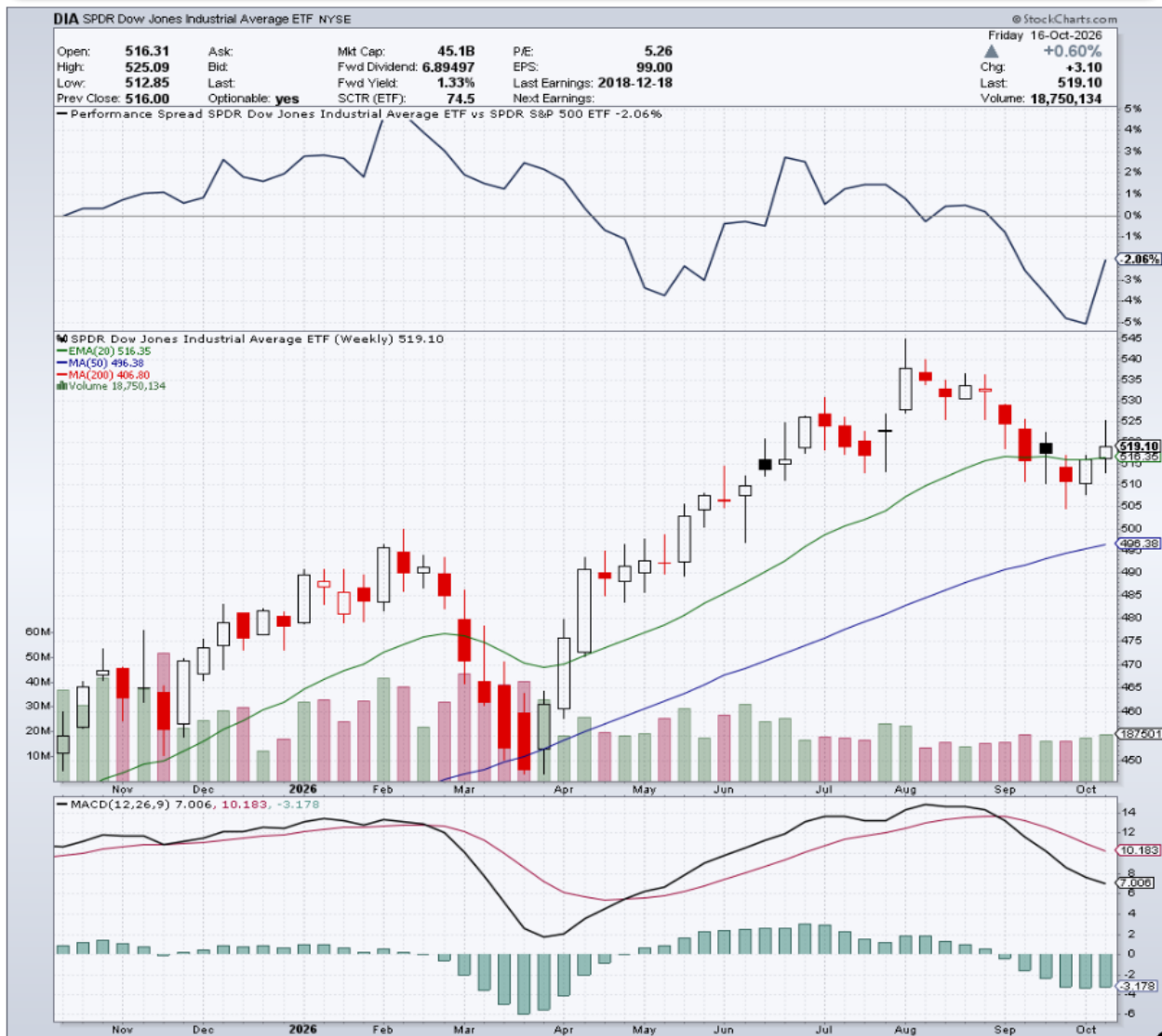
S&P500's performance: -1.97%



Nasdaq's performance: -5.52%



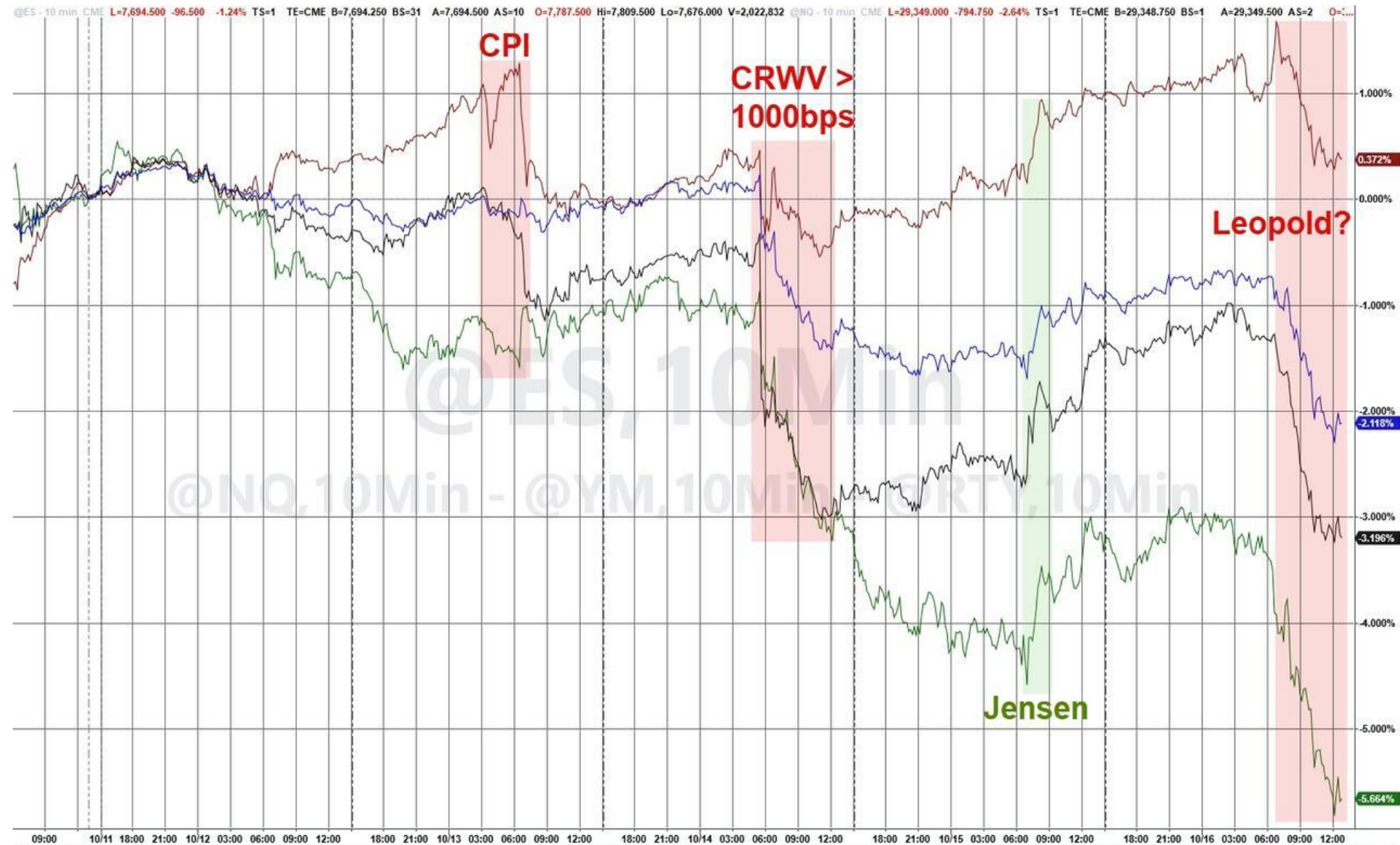
Dow Jones' performance: +0.60%



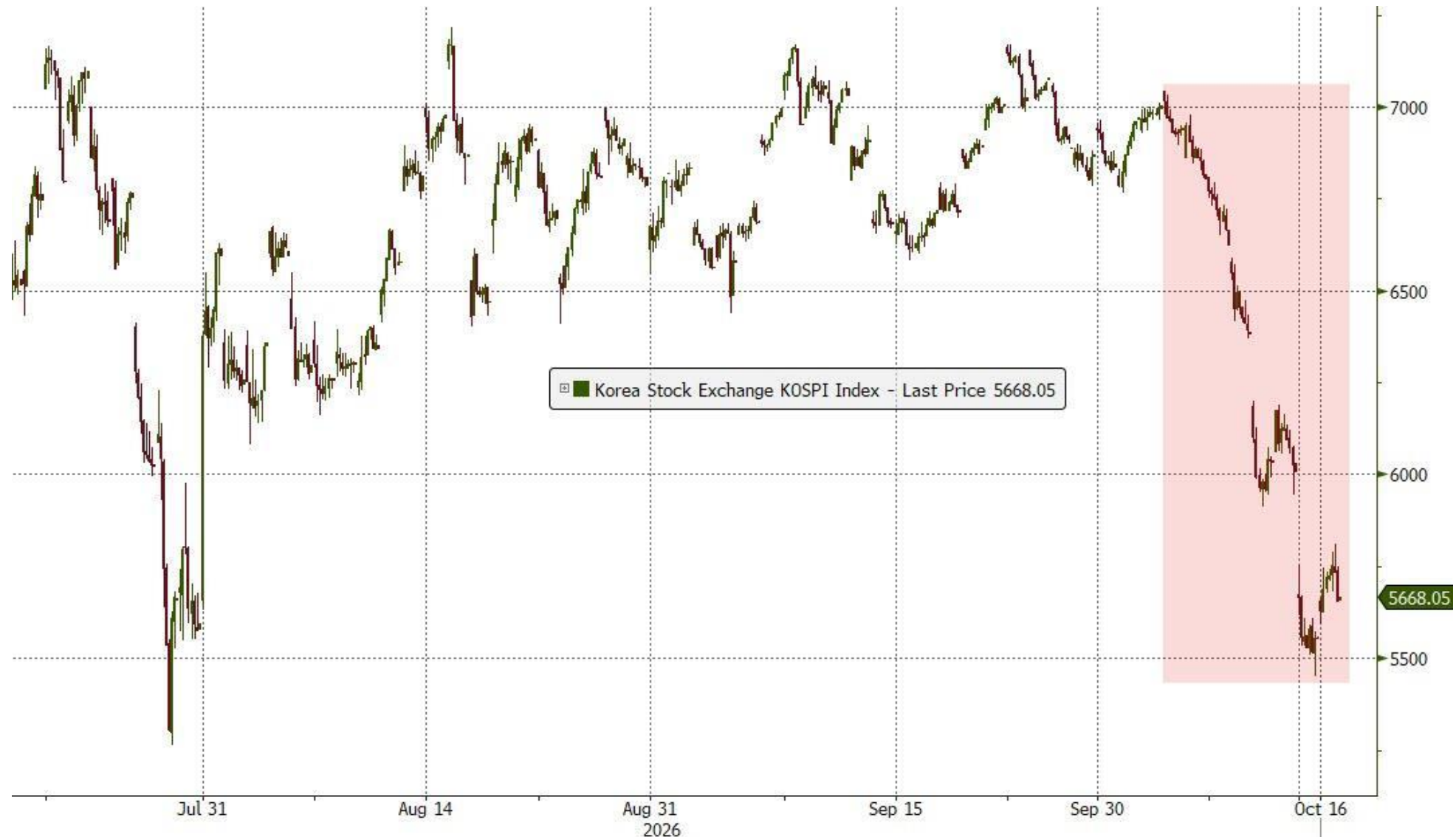
Russell 2000's performance: -3.05%



Last week, only the Dow Jones Industrial Average posted gains; the S&P 500 fell by 2%, the Nasdaq 100 dropped by more than 5%, and the Russell 2000 declined by approximately 3%. This performance points to a reduction in investment positions within the artificial intelligence sector. The weekly divergence between the Dow Jones and the Nasdaq 100 was the widest seen since July 2002. The S&P 500 fell by 1% its first such decline in 53 trading sessions-while the Nasdaq 100 dropped by 2%.



The wave of sell-offs has reached Seoul, where a sharp drop in the KOSPI index triggered temporary trading halts. By the end of the week, the KOSPI index had fallen 20% from its October 7 level, as earlier concerns regarding mounting risks of a market downturn appear to be materializing.



The primary reason for the market's weakening was the technology sector, while the consumer staples and energy sectors performed well.



The "Magnificent Seven" index experienced a deeper decline than the S&P 493 index.



There was no safe haven in the technology sector.

Shares of memory device and semiconductor manufacturers plummeted, while companies in the cloud computing space faced intense selling pressure.



Taiwan Semiconductor Manufacturing Company (TSM) reported revenue of \$46.72 billion for the third quarter of 2026. Earnings per share (EPS) came in at \$4.60, surpassing analysts' forecasts of \$4.46. The results were driven by demand for artificial intelligence chips and high-performance processors. The company also provided a positive revenue growth outlook for the fourth quarter.

JPMorgan Chase (JPM) reported revenue of \$50.2 billion for the third quarter of 2026. Earnings per share (EPS) came in at \$5.57, falling short of analysts' forecasts of \$5.85. The results were impacted by a decline in revenue from bond trading and weaker performance across various investment banking divisions. However, an increase in revenue from equity trading partially offset these negative factors.



ASML reported revenue of €11.66 billion for the third quarter of 2026, with a net profit of €4.96 billion and earnings per share of €12.95. This growth was driven by strong demand for equipment used to manufacture artificial intelligence chips. The gross margin stood at 57.5%. The company expects to generate revenue of €44–45 billion for the full year 2026. Further growth in demand may necessitate an expansion of production capacity to meet anticipated requirements in 2027–2028.



Johnson & Johnson (JNJ) reported revenue of \$25.40 billion for the third quarter of 2026. Earnings per share (EPS) came in at \$2.59, surpassing analysts' forecasts of \$2.53. These results were driven by sales growth in the company's pharmaceutical and medical divisions. Johnson & Johnson maintained its outlook for stable financial performance, despite a slowdown in sales growth within certain segments.



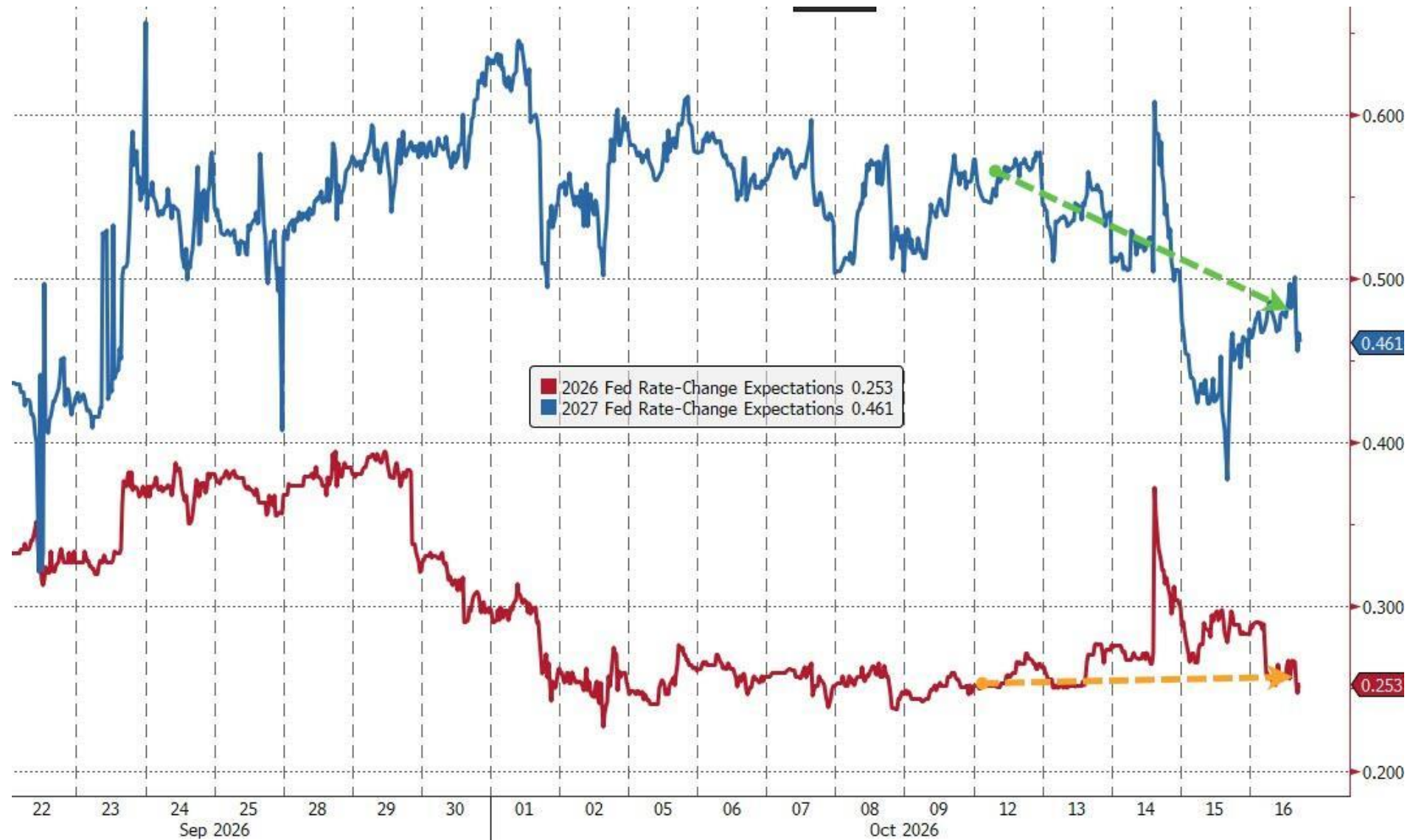
Third quarter results largely confirmed broader market trends, with the banking sector taking center stage. JPMorgan fell short of expectations for both revenue and earnings per share; revenue from fixed-income and currency trading came in at \$5.37 billion missing the \$6 billion forecast and the bank reduced its share buyback program to \$1 billion. Bank of America also missed expectations, recording its largest single-day decline since April 2025. Conversely, Goldman Sachs outperformed, generating \$6.44 billion in revenue from equity trading and reporting earnings per share of \$17.01. Among the major banks, only JPMorgan managed to end the week in positive territory, while Morgan Stanley (MS) and Bank of America (BAC) sustained significant losses.



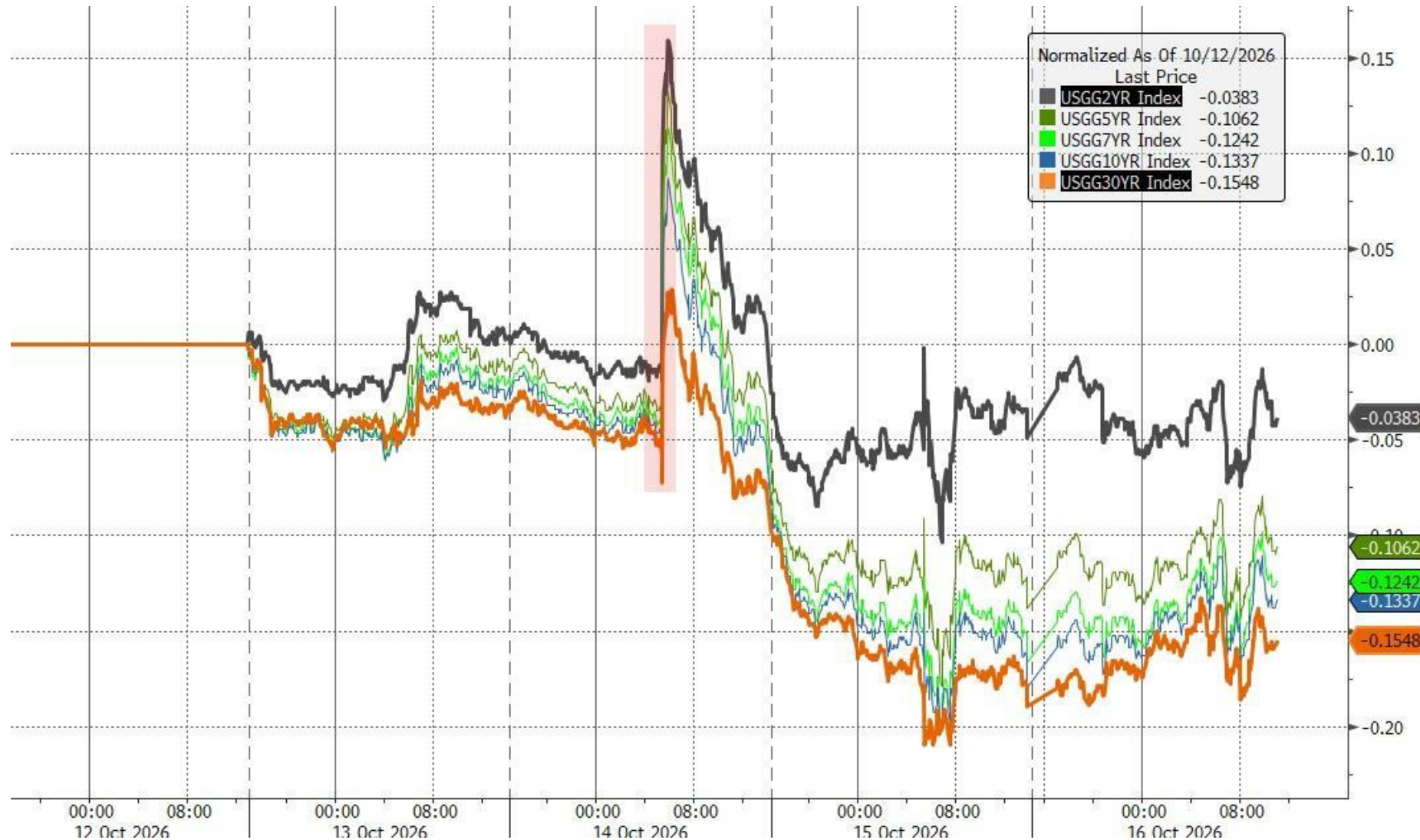
Warsh described AI as a watershed moment for the U.S. and global economies, noting that an investment boom would initially fuel demand and inflation, while the benefits from increased productivity would emerge later. The market interpreted these remarks as a signal that an interest rate hike might not occur, and the probability of a rate increase in October fell from 26% to 13%.



Over the course of the week, expectations for interest rate hikes in 2026 remained unchanged, while expectations for 2027 declined significantly, pointing to a potential easing of monetary policy.

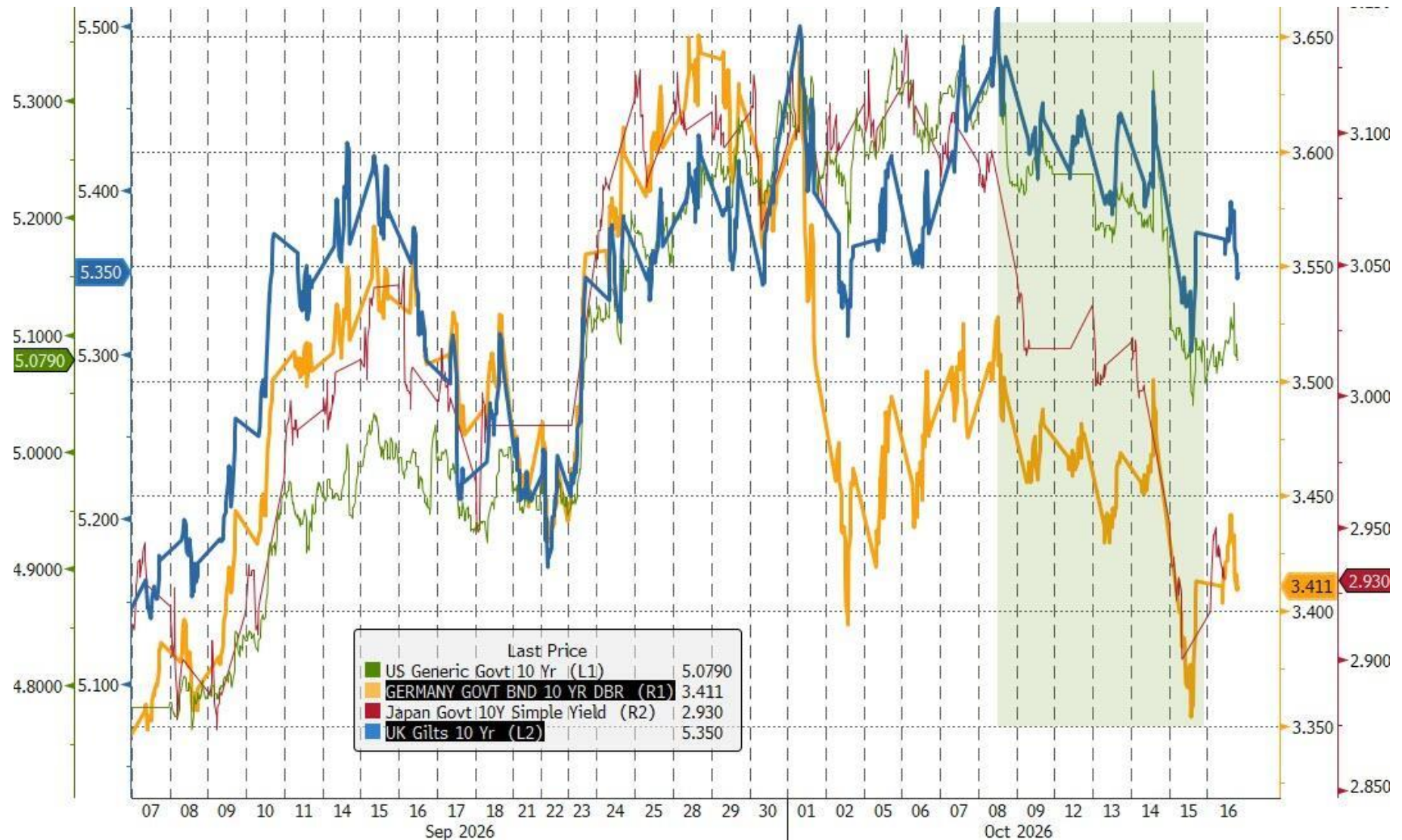


The Federal Reserve may not need to raise interest rates to tighten financial conditions, as the bond and credit markets are already doing that work. Christopher Waller also noted that the rise in bond yields is already exerting some restraining effect. On Friday, the yield on five-year Treasury notes fell back below the psychological threshold of 5%.



Yields on European government bonds have also declined.

On Thursday, yields on German and British bonds fell by approximately 10 basis points. This could mark the best week for British bonds since August. France, however, remains the weakest link: the spread between French and German bond yields persists at around 140 basis points the widest margin seen since the eurozone debt crisis of 2011–2012.



The dollar emerged as the top gainer this week. On Monday, the dollar index reached a cyclical high, and on Wednesday following the release of the Consumer Price Index it broke out of an 18-month range, hitting its highest level since May 2025.



By the end of the week, the price of gold returned to the \$4100-\$4150 range, which once again served as a support level.



Following the release of the consumer price index, all metals saw a decline in price, with gold hitting a two-month low and silver losing approximately 8%. Subsequently, however, both metals staged a partial recovery.



December futures for WTI crude oil rose to \$100, and for Brent crude to \$110, reaching their highest levels since the start of the war. This indicates that the market is beginning to factor in the risk of prolonged supply disruptions.



Last week, Bitcoin was viewed as a high-risk tech asset.



Inflation data from last week support this view. We are likely facing a decade of persistently high inflation. At the same time, central banks will be forced to lower interest rates to keep borrowing costs at a manageable level for governments. This situation could have significant implications for assets.

US Inflation: Then vs. Now

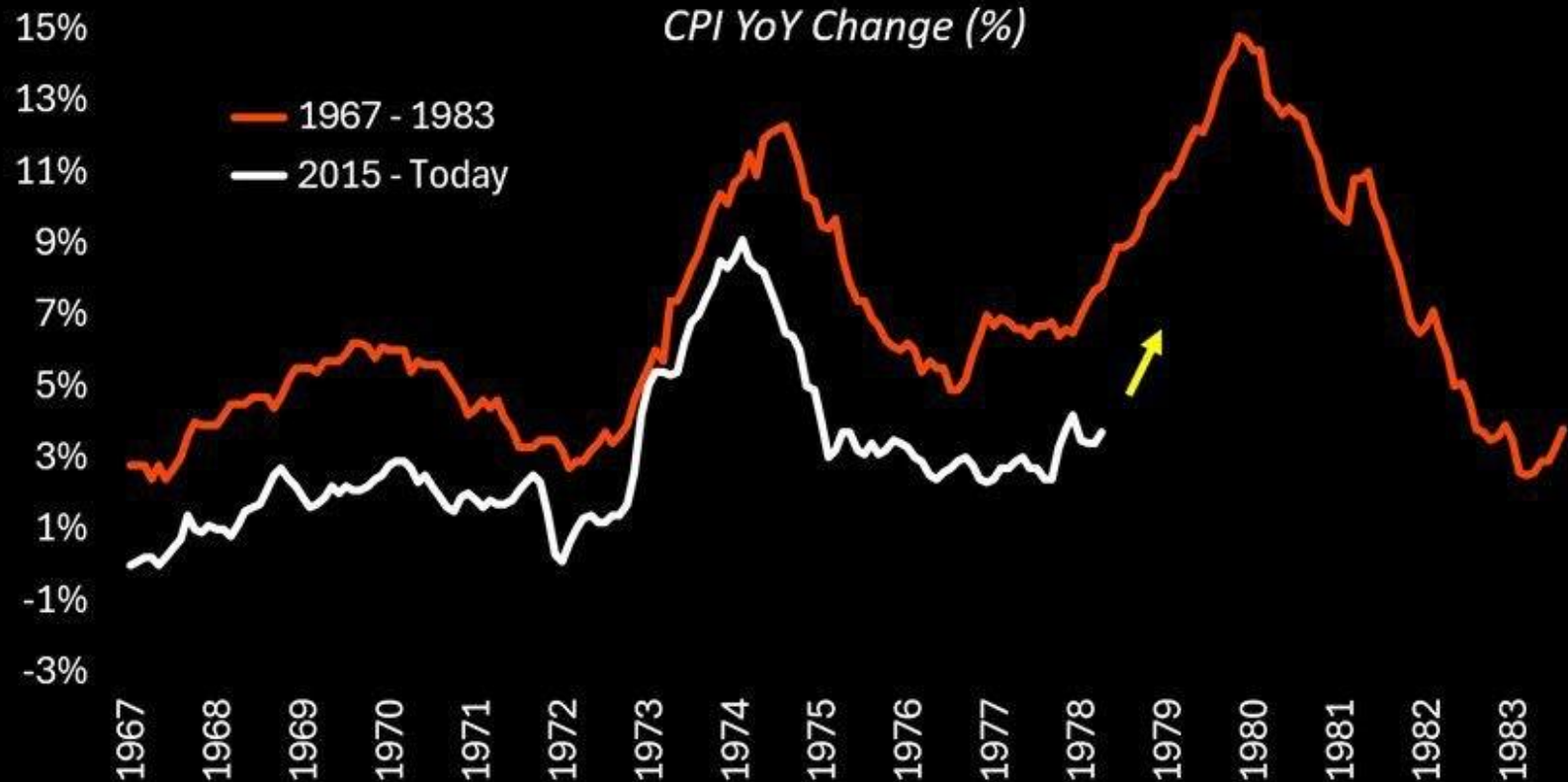


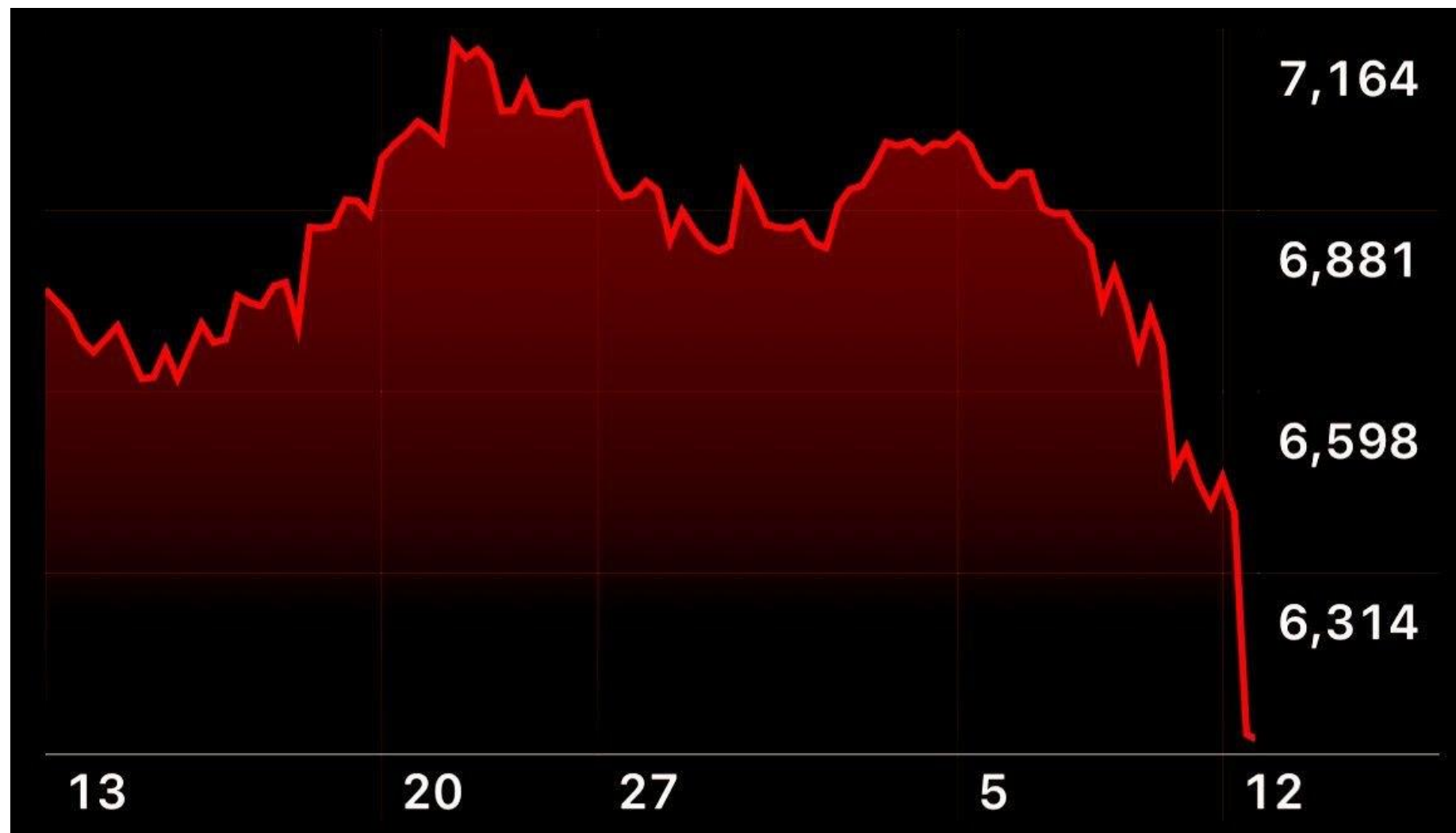
Chart As of 10/16/2026

Source: Federal Reserve; Analysis by Tavi Costa



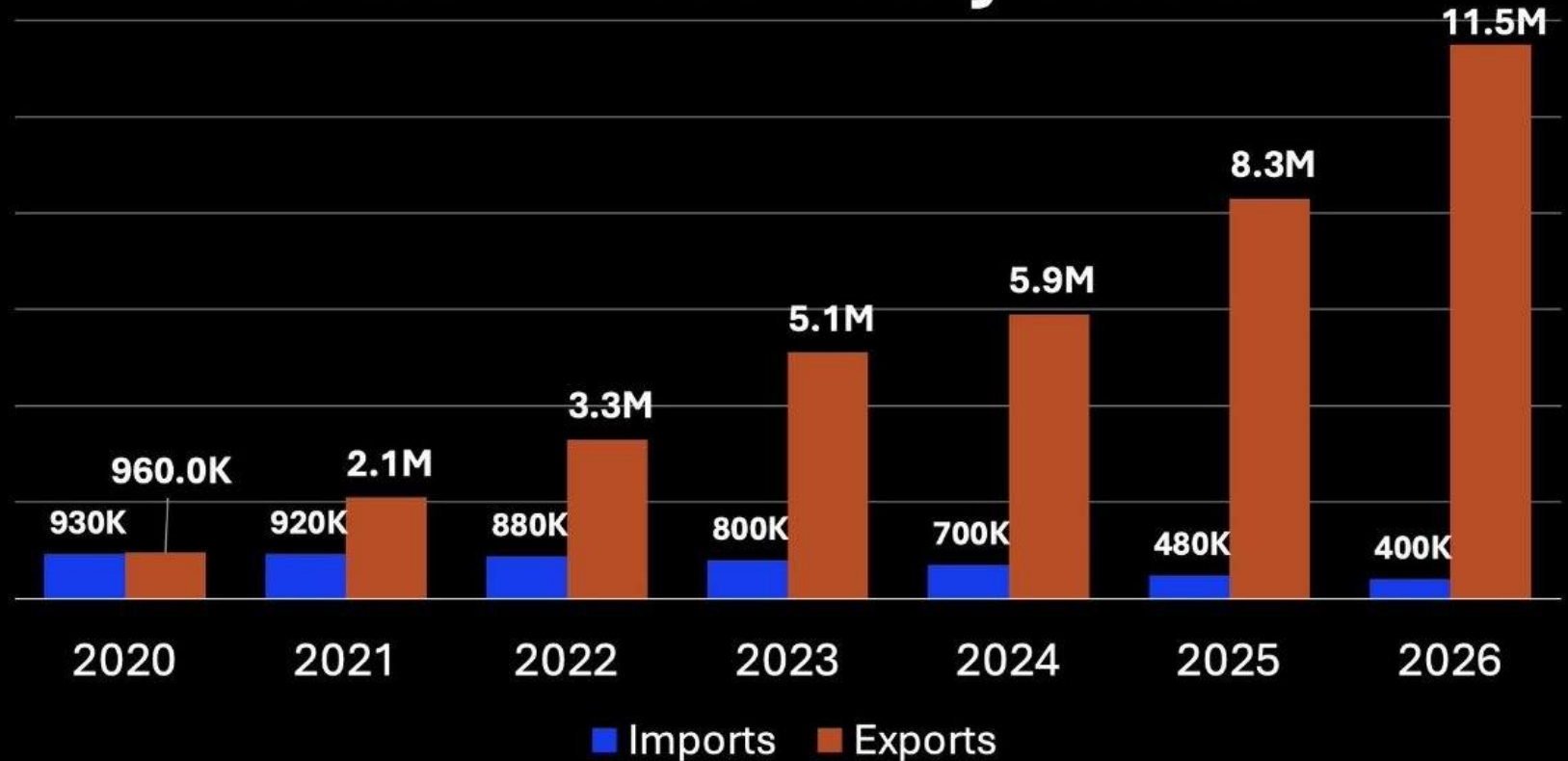
AZURIA
C A P I T A L

This is a South Korean stock index. It has fallen by more than 35% from its peak value.



China will export 30x more car than it imports this year.
In 2020, the ratio was 1:1.

China's One Way Street



This chart is simply incredible.

Since 2014, Alibaba's revenue has grown by 1,850%, while its stock price has increased by only 34%. Twelve years of growth, and the stock price is up just 34%.



This week, 251 companies will publish their financial reports for the third quarter of 2026. Among the most anticipated by market participants are the reports from Meta Platforms, Inc. (META), Tesla, Inc. (TSLA), Lam Research Corporation (LRCX), The Procter & Gamble Company (PG), Netflix, Inc. (NFLX), Philip Morris International Inc. (PM), SAP SE (SAP), RTX Corporation (RTX) and many other companies.

No.	Ticker	Company	Sector	Industry	Country	↓ Market Cap	P/E	Price
1	 META	Meta Platforms Inc	Communication Services	Internet Content & Information	USA	1883.24B	27.85	739.25
2	 TSLA	Tesla Inc	Consumer Cyclical	Auto Manufacturers	USA	1447.27B	340.46	366.44
3	 LRCX	Lam Research Corp	Technology	Semiconductor Equipment & Materials	USA	361.37B	50.10	288.77
4	 PG	Procter & Gamble Co	Consumer Defensive	Household & Personal Products	USA	360.65B	23.46	155.28
5	 GE	GE Aerospace	Industrials	Aerospace & Defense	USA	319.47B	36.29	307.90
6	 PM	Philip Morris International Inc	Consumer Defensive	Tobacco	USA	315.16B	29.07	202.21
7	 NFLX	Netflix Inc	Communication Services	Entertainment	USA	289.50B	21.90	69.53
8	 TXN	Texas Instruments Inc	Technology	Semiconductors	USA	257.29B	42.86	281.73
9	 SAP	Sap SE ADR	Technology	Software - Application	Germany	252.97B	27.55	219.18
10	 RTX	RTX Corp	Industrials	Aerospace & Defense	USA	250.28B	32.70	185.70
11	 TMO	Thermo Fisher Scientific Inc	Healthcare	Diagnostics & Research	USA	248.59B	36.17	672.32
12	 IBM	International Business Machines Corp	Technology	Information Technology Services	USA	217.17B	20.46	230.51
13	 AXP	American Express Co	Financial	Credit Services	USA	207.92B	18.68	307.90
14	 ABT	Abbott Laboratories	Healthcare	Medical Devices	USA	177.07B	33.08	102.33
15	 UNP	Union Pacific Corp	Industrials	Railroads	USA	167.89B	22.89	282.61
16	 NEE	NextEra Energy Inc	Utilities	Utilities - Regulated Electric	USA	162.93B	17.52	78.11
17	 T	AT&T Inc	Communication Services	Telecom Services	USA	157.43B	7.60	22.98
18	 DHR	Danaher Corp	Healthcare	Diagnostics & Research	USA	157.11B	39.68	223.49
19	 ISRG	Intuitive Surgical Inc	Healthcare	Medical Instruments & Supplies	USA	147.50B	47.85	417.53
20	 WDC	Western Digital Corp	Technology	Computer Hardware	USA	138.35B	15.29	369.60

^ Monday, Oct. 19

✓	10:00 AM	NAHB Housing Market Index	Oct.	-	-	32
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^ Tuesday, Oct. 20

✓	8:30 AM	Housing Starts	Sep	-	-	1.3M
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✓	10:00 AM	Pending Home Sales Idx, M/M%	Sep	-	-	0.3%
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^ Wednesday, Oct. 21

No events scheduled

^ Thursday, Oct. 22

✓	8:30 AM	Weekly Jobless Claims	Oct. 17	-	-	-
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✓	10:00 AM	Leading Indicators	Sep	-	-	-0.1%
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✓	11:00 AM	Kansas City Fed Survey	Oct.	-	-	20
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^ Friday, Oct. 23

✓	9:45 AM	US Flash Manufacturing PMI	Oct.	-	-	57
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✓	9:45 AM	US Flash Services PMI	Oct.	-	-	58.7
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✓	10:00 AM	U. Michigan Final Consumer Survey	Oct.	-	-	48.1
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