PNC Capital Advisors Monthly Market Monitor

November 2026

MACRO

At the October Federal Open Market Committee meeting, the Federal Reserve (Fed) held rates steady in a 10-2 vote. Dissenters, Governor Lisa Cook and Cleveland Fed President Beth Hammack preferred a 25-basis point (bp) hike. Fed Chair Warsh's post-meeting press conference was largely interpreted as dovish, with the statement indicating that more data would be needed to inform rate policy at the December meeting. Chair Warsh announced that, starting in 2027, the Fed will reduce the number of rate-setting meetings from eight meetings per year to six and dedicate one of the non-rate-setting meetings for broad strategy discussion without a vote or policy statement.

U.S. economic growth remained resilient in the third quarter; real GDP expanded at a 3.4% annualized pace, accelerating from 2.2% in the second quarter. Consumer spending remained a key driver of growth, rising 3.8% for a second consecutive quarter, while business investment also contributed meaningfully amid continued strength in artificial intelligence-related capital spending. However, September data reported in October showed some signs of pressure beneath the strong quarterly headline number. Nominal personal spending increased 0.5%, but real spending was flat as higher prices accounted for the entirety of the increase. Personal income rose just 0.2%, real disposable income declined and the savings rate fell to a new post-2022 low. The data suggest that consumers are being increasingly squeezed by elevated prices and weaker real income growth.

The labor market remained relatively stable as the economy added 165,000 jobs in October and the unemployment rate edged down to 4.1%.

Inflation reports reversed some of the improvements seen throughout the summer. The headline Consumer Price Index rose 0.6% in September and 3.7% year-over-year, up from 3.4% in August, as energy accounted for more than half of the monthly increase. Personal Consumption Expenditures (PCE), the Fed's preferred inflation measure, told a similar story, as headline PCE rose 3.6% year-over-year, while core PCE increased 3.1%. Overall, the data portray an economy that is still growing strongly but also one that is becoming increasingly complicated for the Fed to navigate as inflation has reaccelerated while real consumer spending and income momentum have begun to soften.

CREDIT

Microsoft Corp.'s $25 billion, 10-part bond deal, its first since 2017, led October's investment grade (IG) issuance, which topped $120 billion for the month. Credit spreads widened through most of the month, which resulted in excess returns of -0.59% for the corporate sector. However, falling U.S. Treasury yields more than offset IG spread widening to produce 2.16% in total return.

IG significantly outperformed high yield (HY) corporate bonds on a spread basis, with the HY/IG spread ratio reaching its highest level since October 2020. The HY market continues to be bifurcated as the CCC-rated cohort has produced year-to-date excess returns of -5.15%, while the BB-rated segment has produced excess returns of 0.22%.

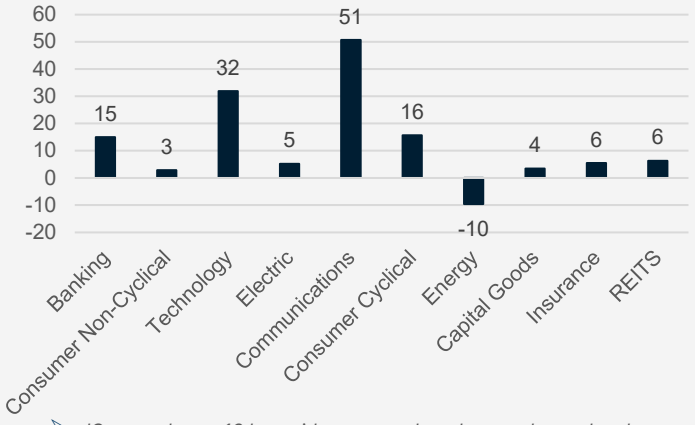
STRUCTURED

The Bloomberg US Mortgage Backed Securities Index bounced back in October, returning 3.07%, but year-to-date total and excess returns remain negative. Technicals may provide a tailwind going forward as October volume reached its lowest level in more than a decade. Volume will likely decline further through year end as high mortgage rates, late-year seasonality and weaker origination reduce new issuance.

CHART OF THE MONTH

Year-to-date Spread Change (bps)

Technology & Communications drive IG spread weakness



- *IG spreads are 13 bps wider year to date, but weakness has been concentrated in the Technology and Communications sectors.*
- *Communications (+51 bps) and Technology (+32 bps) have meaningfully underperformed, producing excess returns of -2.93% and -1.47%, respectively. Meanwhile Energy (-10 bps) remains the standout outperformer producing +1.77% in excess return.*
- *Banking has remained relatively resilient, with excess returns roughly flat year to date.*

As of 10/30/2026. Source: Bloomberg L.P.

MARKET DATA

Yields	YTM %	MTD Change	QTD Change	YTD Change
3-Mo UST	4.08	-0.03	-0.03	0.45
2-Yr UST	4.59	-0.30	-0.30	1.12
5-Yr UST	4.72	-0.37	-0.37	1.00
10-Yr UST	4.93	-0.36	-0.36	0.76
30-Yr UST	5.31	-0.32	-0.32	0.46
Risk Premia	**OAS (Bps)**	**MTD Change**	**QTD Change**	**YTD Change**
Investment Grade Credit	84	9	9	11
Asset-Backed Securities	51	11	11	-1
High Yield	340	29	29	74

As of 10/30/2026. Source: Bloomberg L.P.

BLOOMBERG SECTOR/INDEX PERFORMANCE (USD)

	Duration (yrs.)	MTD Excess Return (%)	YTD Excess Return (%)	MTD Total Return (%)	YTD Total Return (%)
Sector					
Investment Grade Credit	6.26	-0.54	-0.02	2.15	-0.93
Mortgage-Backed Securities	5.63	0.48	-0.29	3.07	-0.34
Asset-Backed Securities	2.84	-0.21	0.40	1.13	1.39
High Yield	3.00	-1.23	-0.46	0.30	0.40

	Duration (yrs.)	MTD Excess Return (%)	YTD Excess Return (%)	MTD Total Return (%)	YTD Total Return (%)
Index					
1-3-Yr Government/Credit	1.76	-0.01	0.07	0.92	1.51
Intermediate Government/ Credit	3.59	-0.10	0.06	1.62	0.11
U.S. Aggregate	5.73	-0.05	-0.06	2.44	-0.54

As of 10/30/2026. Source: Bloomberg L.P.

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