

Weekly Market & Strategy Update

Week Ending October 10, 2026

“AI infrastructure lagged on OpenAI Thursday headlines that were later clarified; Marvell LT revenue guide rockets higher; US 10-year near 5.25% and diesel in the mid-\$6 range remain the macro-overhangs”

John Edwards, CFA, Portfolio Manager, Infrastructure PLUS Strategy

Dear Valued Clients, Friends, and Acquaintances,

I hope this update finds you well. Below is our recap of market action for the week ended October 10, 2026, along with thoughts on strategy positioning and the outlook ahead.

Major averages finished higher after a midweek record and a Thursday semiconductor scare that largely reversed by Friday. The S&P 500 rose +1.15% to 7,811.54 after setting a record close on Tuesday, the Dow gained +0.93%, and the Nasdaq added +0.64%. The Russell 2000 lagged, falling roughly -0.9%. Breadth remained uneven: energy, staples, and utilities led while technology lagged on the week. Infrastructure PLUS faded modestly, due to weakness in memory and HDD names offset by strength in energy infrastructure, optical and data-transfer names late in the week while broader semiconductors were mixed.

The macro backdrop was quieter. Markets continued to digest the prior week's soft payrolls print (+29,000 nonfarm, unemployment 4.2%) and the August PCE numbers that kept core inflation well above the Fed's target. The 10-year yield eased to about 5.24% on Friday after touching 5.36% earlier in the week, still near multi-decade highs and still the primary valuation pressure point. Crude stayed elevated: WTI closed near \$92 and Brent near \$105. Diesel remains a real-economy transmission channel; the national average has eased from its recent peak above \$6.50/gallon but is still in the mid-\$6 range and continues to matter for activity and inflation expectations.

The equity-specific story was an OpenAI revenue clarification. A Financial Times report that the company's September annualized run rate was near \$50 billion (versus a previously circulating ~\$70 billion figure that mixed gross and net accounting) pressured semiconductor names on Thursday. Follow-up reporting clarified the measurement difference and noted OpenAI's expectation of reaching or exceeding a \$70 billion net run rate by year-end, with strong enterprise growth. The group largely recovered Friday. Separately, Marvell (MRVL) held its Investor Day on October 6 and raised its revenue guide for 2028 from approximately \$18 billion provided in August, to \$20 billion. Of greater significance is that management provided a FY2031 revenue framework of \$70-90B, which

was well above the Street consensus of roughly \$47 billion and implies a multi-year acceleration driven by AI connectivity, custom silicon, and scale up optics. Giving additional weight to the Marvel outlook, optical component makers moved higher after Lumentum's (LITE) CEO said capacity is sold out through early 2029 for key products, with substantial unmet demand extending further. That commentary supported names such as Lumentum (LITE) and Coherent (COHR) and reinforced the physical-buildout message that has underpinned the Infrastructure PLUS sleeve.

Looking forward, the headwinds are familiar: the 10-year still near 5.25%, elevated diesel, and a market that remains selective. The offsets are also familiar: hyperscaler and related AI capital spending continues to be funded from cash flow rather than leverage, earnings estimates remain elevated, and the optical and interconnect portion of the stack continues to show tight supply and multi-year customer commitments. Semiconductors and AI infrastructure remain the leadership complex, and the next real tests are September CPI and the opening of Q3 earnings season.

Seasonally we remain in a historically stronger window, though 2026 has already diverged from the classic midterm-year path and the index is extended. I continue to expect choppiness into the midterms while remaining constructive on high-quality companies that can convert sustained AI and infrastructure capital spending into revenue.

Sunday night futures are higher, with the S&P 500 up roughly +0.2% to +0.3% and Nasdaq futures up +0.5%. Crude oil prices are down -1%. The 10-year is little changed, near 5.26%. President Trump claimed a deal with Putin on refined products on Friday and a Ukraine-Russia energy cease fire, but Russian attacks on a Ukraine power plant occurred not long after President Trump's cease-fire claim. Ukraine President Zelensky said he was unaware of any cease fire. Iran-backed Houthi rebels from Yemen attacked Riyadh's main airport, killing 12 and wounding hundreds on Saturday and the airport was hit again Sunday. President Trump said he was considering joining the Saudi air strikes against the Houthi rebels. A Taiwan registered supertanker carrying Saudi crude was destroyed in the Strait of Hormuz on Saturday and another oil tanker was hit Sunday.

Index Performance:

- **S&P 500:** +1.15% | Record close Tuesday; finished near highs.
- **S&P 500 Equal Weight:** +1.58% | Breadth still selective
- **Nasdaq Composite:** + 0.64% | Held gains despite Thursday chip pressure
- **Dow Jones Industrial Average:** +0.93% | Participated in the broader advance
- **Russell 2000:** -0.9% | Continued to lag large caps

- **US 10 year:** ~5.24%, modestly lower on the week | Still the dominant valuation overhang after peaking near 5.36%

Market Technicals

The major averages remain in a broader rally structure, and the S&P 500 is near an all-time high, but leadership continues to rotate and breadth is still narrow. Technology lagged the week while more defensive and energy sectors led. The equal-weighted S&P continues to trail the cap-weighted index. Bottom line: the uptrend is intact, yet the tape remains reactive to headlines, yet selective and dependent on where earnings and capital spending are still converted into results.

AI Infrastructure Capex Update

AI infrastructure capital-spending estimates continue to vary, but the direction remains higher. Narrow listed-hyperscaler figures, broader global estimates that include private labs, and full physical-buildout numbers (compute + halls + power) all point to large, rising commitments that are being funded primarily from operating cash flow.

Year	Narrow: US listed hyperscalers	Wide-but-clean: Goldman global AI investment	Kitchen-sink physical (GSGI / McKinsey-style)
2025	~\$400–\$470B	~\$0.55–\$0.65T	n/a as a clean annual
2026	~\$750–\$800B consensus	~\$1.0T global; ~\$580B US	~\$0.75–\$1.0T GSGI baseline
2027	~\$0.92–\$1.14T GS	~\$1.3–\$1.5T scaled	~\$1.0–\$1.2T GSGI baseline
2028	not a stable consensus	GS: US AI capex rising further as % of GDP	GSGI baseline ~\$1.22T
2025–30 cumulative	S&P: \$3–4T for top US CSPs	—	McKinsey: \$5.2T AI data centers central case

Source: Company Reports & Commentary, Grok AI

Week Ahead

The calendar intensifies. September CPI arrives Wednesday and is the last major inflation reading before the October 28 FOMC meeting. Q3 earnings season opens in earnest with major banks (JPMorgan, Goldman Sachs, Citigroup, Wells Fargo, Bank of America, Morgan Stanley) plus UnitedHealth, Johnson & Johnson, and Taiwan Semiconductor later in the week. Retail sales, PPI, and jobless claims also hit the tape.

Near-term focus will be whether September inflation (headline expected near 3.6% y/y, core near 2.5%) and early earnings commentary can ease pressure on the 10-year without raising fresh questions about the pace of AI-related spending.

Key items:

- 10/13: Bank earnings begin (JPM, GS, C, WFC, JNJ, UNH); Existing Home Sales
- 10/14: September CPI; Bank of America, Morgan Stanley, ASML
- 10/15: Retail Sales, PPI, jobless claims; TSM
- 10/16: Industrial Production, Import Prices

Last week's AI Infrastructure pull-back appeared to be a consolidation move on headlines and is consistent with the recent choppiness. The tailwind remains contracted capital spending on AI and the physical infrastructure that supports it. The headwinds remain a 10-year near 5.25%, elevated diesel, and a market that can fade even strong fundamental updates. I expect choppy conditions to continue into the midterms while the underlying AI infrastructure thesis stays intact.

As always, this letter is for informational purposes only and does not constitute investment advice. Please reach out with any questions.

Best regards,

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