

All Eyes on Big Tech Earnings and the FOMC Meeting

Information Technology now carries the S&P 500's near-record margin as second-quarter valuation gains fall away

Executive Summary

The heaviest week of technology earnings opens with the Nasdaq 100 below its 50-day moving average. Alphabet and Microsoft report on Wednesday, the day of the Federal Reserve's decision, and Amazon and Intel follow on Thursday.

Fed funds futures now price a smaller chance of a hike on Wednesday, and the 10-year Treasury yield fell 15 bp in the week to 4.99%. Lower yields have not carried technology shares, which have given back their late-September breakout after the October 22 selloff in chip and AI shares. The reports test two expectations at once. Analysts expect the S&P 500 net margin to rebuild toward 16% by mid-2027, a path that leans on Information Technology, while the cost of insuring Amazon's debt has risen far faster than the market's as AI borrowing grows.

Market Dashboard

Macro Markets

ASSET	LEVEL	WOW	YTD
S&P 500	7,676.77	-0.2%	+12.1%
Bitcoin (BRRNY)	\$79,900.95	-2.4%	-8.5%
US 10Y Treasury Yield	4.99%	-15 bp	+82 bp
HY Credit Spread (OAS)	337 bp	+8 bp	+71 bp
DXY	102.01	+0.0%	+3.8%
Gold	\$4,013.04	-3.1%	-7.1%
Oil (WTI)	\$101.47	-2.1%	+76.7%
Fed Funds Target Range	3.75%-4.00%	Unch	+25 bp

xStocks Tokenized Equities

METRIC	THIS WEEK	WOW
xStocks Volume, Estimated All Venues (Oct 20-26)	\$674.7M	+2.0%
Weekend Share of Volume	19.7%	-4.7pp
Aggregate TVL, xStocks (All Chains)	\$1,019.4M	+7.0%

Federal Reserve target range after the September 16 decision. Fed funds futures price an 11.1% probability of a 25 bp hike at the October 27-28 FOMC, down from 18.8% a week earlier, and 88.9% for a hold. This is our calendar-weighted calculation from Bloomberg's October and November fed funds futures implied rates (3.885% and 3.910%, October 26, 4:44 pm ET), assuming a change takes effect October 29 and only hold or +25 bp outcomes. WoW and YTD changes for the target range use the upper bound. Source: Bloomberg, October 26 US close. Bitcoin: CF Benchmarks Bitcoin Reference Rate, New York Variant (BRRNY), via Bloomberg. Volume and weekend share: our calculation from Dune query 6964551, provider xstocks, October 20 to 26 against October 13 to 19, combining directly observed DEX volume with residual-derived CEX estimates; the latest day's CEX estimate is preliminary. TVL: Backed.fi registry snapshot, October 27, about 8:45 am ET; WoW against the \$952.9M in the October 19 report.

Research Insight

Information Technology now carries the S&P 500's near-record margin as second-quarter valuation gains fall away

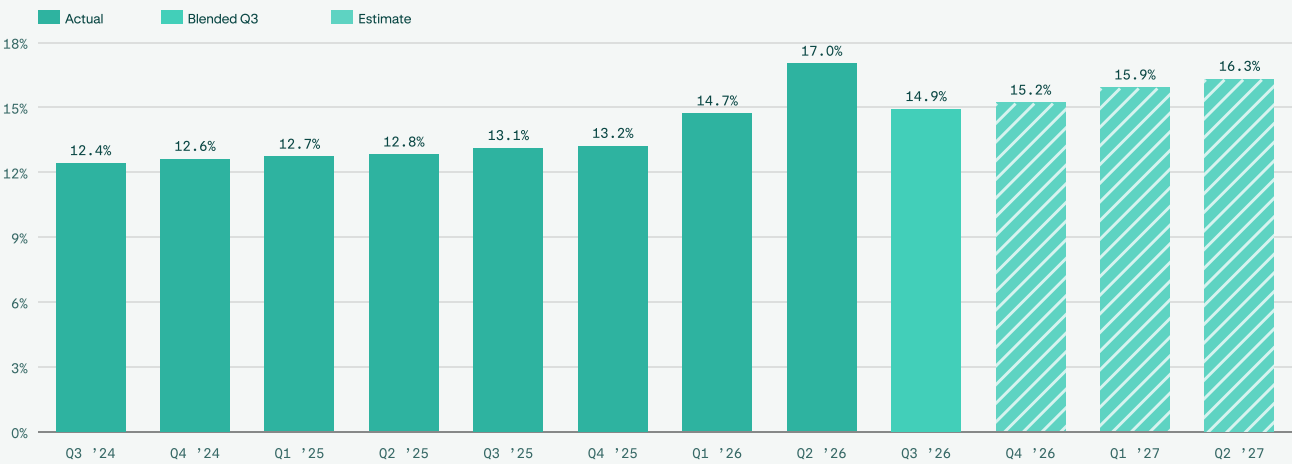
S&P 500 companies are reporting a blended third-quarter net profit margin of 14.9%, the second highest since FactSet began tracking the series in 2009, with 24% of the index reported. The record, 17.0% in the second quarter, was lifted by valuation gains at Alphabet and Amazon; without them it would have been 15.1%.

Analysts expect the margin to rebuild to 15.2% in the fourth quarter and 16.3% by the second quarter of 2027, and 179 index companies report this week. The sectors with the largest reporters sit on either side of that path. Information Technology holds 32.3%, level with the second quarter and well above its 25.9% five-year average.

Communication Services and Consumer Discretionary show what one-off gains do to the series: their margins fell to 13.1% and 10.0% from 28.6% and 16.5% as the gains dropped out, and analysts now expect both sectors' earnings to fall in 2027. The forward margin path therefore leans on technology, where 2027 earnings are expected to grow 42.0%.

S&P 500 net profit margin by quarter

Actuals through Q2 2026, then the blended quarter and analyst estimates



FactSet Earnings Insight, John Butters, October 23 and 26, 2026. Q3 2026 is a blended figure combining reported results with estimates for companies yet to report, at 24% of the index reported; Q4 2026 to Q2 2027 are analyst estimates. Axis ticks are regularised to even 3-point steps; the reference image uses irregular steps.

Sector Earnings and Margins

Technology holds its margin into the week, while Communication Services and Consumer Discretionary reset lower

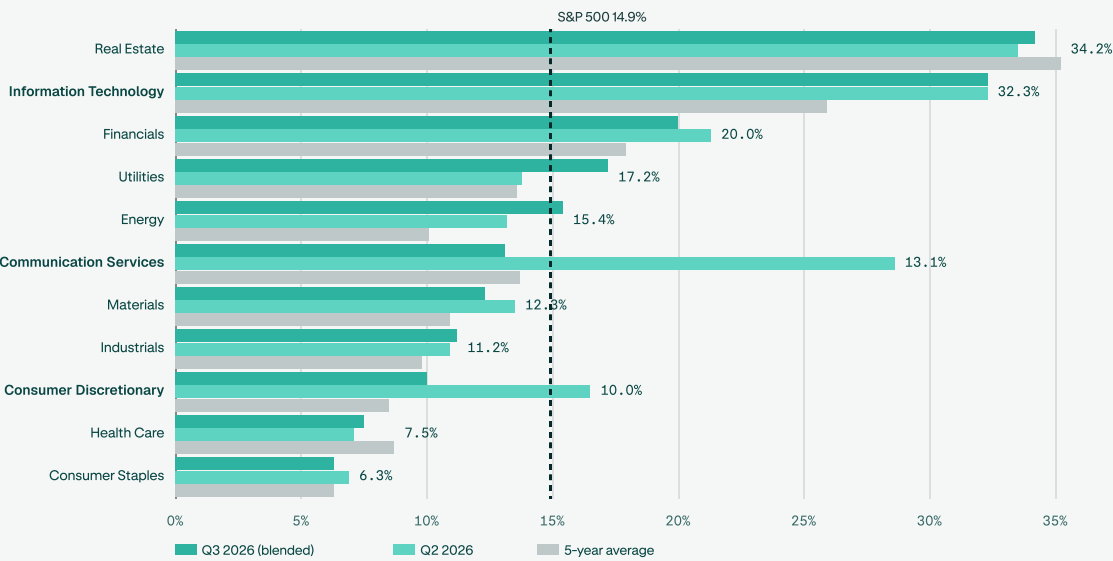
INFO TECH NET MARGIN, Q3	COMM SERVICES, Q2 TO Q3	CONSUMER DISC, Q2 TO Q3
32.3% vs 25.9% 5Y avg	28.6% to 13.1%	16.5% to 10.0%

SECTOR	REPORTING THIS WEEK	Q3 NET MARGIN	Q3 EPS GROWTH	CY27 EPS GROWTH
Information Technology	Microsoft, Intel, KLA*, ServiceNow, Fortinet	32.3%	65.6%	42.0%
Communication Services	Alphabet	13.1%	39.8%	-10.2%
Consumer Discretionary	Amazon	10.0%	3.3%	-3.4%
S&P 500	179 companies	14.9%	29.5%	16.0%

FactSet's blended third-quarter data puts Information Technology's net margin at 32.3%, level with the second quarter and 6.4 points above its five-year average, on earnings growth of 65.6%. Semiconductors account for most of it; without that industry, sector growth falls to 24.9%. Microsoft, Intel, KLA, ServiceNow and Fortinet report this week. Communication Services and Consumer Discretionary, home to Alphabet and Amazon, reset lower after second-quarter valuation gains, to 13.1% and 10.0%. Analysts expect both sectors' earnings to fall in 2027, by 10.2% and 3.4%, against 16.0% growth for the index. Their operating results this week, rather than GAAP net income, will show the underlying margin. Source: FactSet Earnings Insight, John Butters, October 23 and 26, 2026; Q3 2026 figures are blended actual and estimated results with 24% of the index reported. Sector membership: GICS. * The KLA date is Bloomberg's and not yet confirmed by the company.

S&P 500 net profit margin by sector

Q3 2026 blended vs Q2 2026 and the 5-year average · bold sectors report this week



FactSet Earnings Insight, John Butters, October 23 and 26, 2026; Q3 2026 figures are blended actual and estimated results with 24% of the index reported. Sector membership: GICS. The dashed line marks the S&P 500 blended margin of 14.9%.

Nasdaq 100 Technical Levels

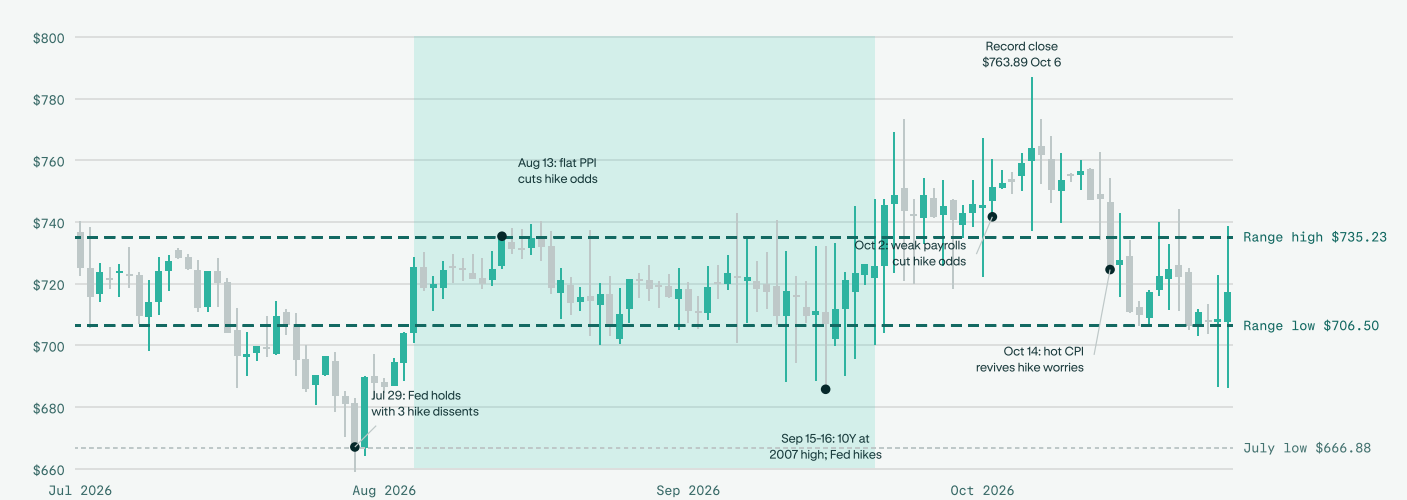
QQQx sits near the floor of its summer range into a Fed decision priced for a hold, leaving the press conference as the risk

QQQX CLOSE, OCT 26	AUG TO SEP RANGE	KALSHI ODDS OF AN OCT 28 HIKE
\$717.01	\$706.50 to \$735.23	7%, from 71% on Sep 28

QQQx, the tokenized Invesco QQQ, has turned on rates and inflation since July. It set a July low of \$666.88 on July 29, when the Fed held with three members voting to hike, and a flat July PPI marked the \$735.23 range high on August 13. The \$706.50 floor held through a 10-year yield at a 2007 high and the September 16 hike. Weak payrolls on October 2 carried it to a record \$763.89 on October 6, and hot September CPI on October 14 pulled it back inside the range, where it closed at \$717.01 on October 26. Markets expect a hold on Wednesday. Kalshi traders put the odds of a hike at 7%, down from 71% on September 28, before New York Fed President John Williams said there was no urgency; fed funds futures imply 11%. With the decision priced, the risk sits in Chair Kevin Warsh's press conference, and hawkish signals there are what investors should watch: an endorsement of a December hike, which CME futures price at about 73%; a description of inflation as still too high with Brent near \$110; and dissents for a hike from Hammack, Kashkari or Logan, who all dissented in July. Any of them could cause QQQ to test the \$706 floor on the evening Alphabet and Microsoft report.

QQQx daily candles with the August to September range

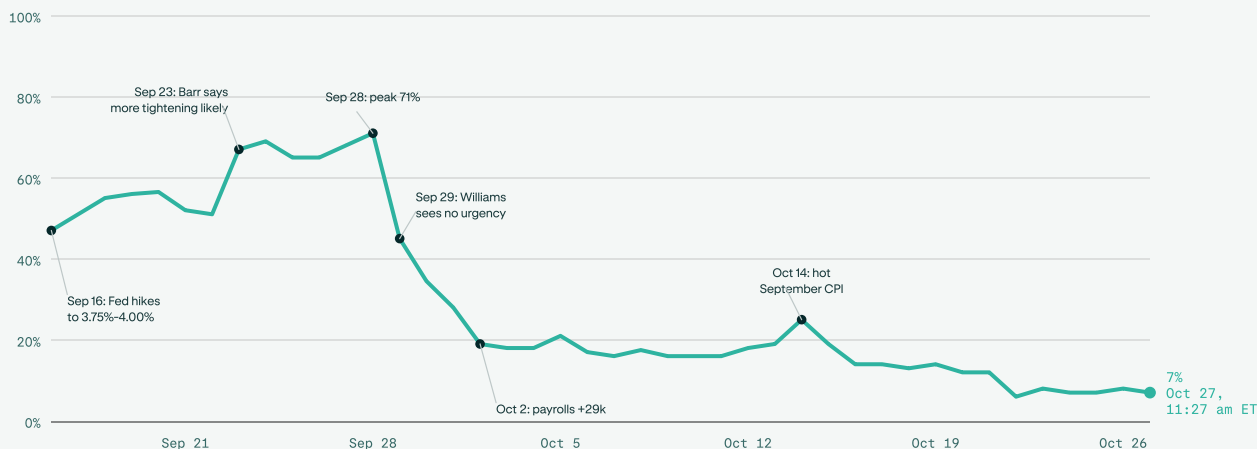
Jul 1, 2026 to Oct 26, 2026



Our calculation from Dune query 8568210, median-filtered prints on Solana DEXes, UTC days including weekends. Range high and low are the highest and lowest daily closes from August 4 to September 20; wicks are capped at 3% beyond the candle body to remove thin-liquidity prints. Catalysts: CNBC (July 29); Reuters (August 14, September 29, October 14); Yahoo Finance (September 15, 16 and 23); Fox Business and Reuters (October 2 and 5).

Prediction market odds of a Fed hike on October 28

Kalshi daily close (ET) · Sep 16, 2026 to Oct 27, 2026



Kalshi Fed decision market for October 28 (Hike 25bps plus Hike >25bps, midpoint of the closing yes bid and ask, ET days from September 16, and live at 11:27 am ET on October 27. Catalysts: Yahoo Finance (September 16 and 23); Reuters (September 29, October 14); Fox Business and Reuters (October 2).

Credit Watch

Credit is pricing the AI buildout unevenly, with Amazon and AMD widening well beyond the index into earnings

AMAZON 5Y CDS

83 bp, +27 bp since Aug 5

AMD 5Y CDS

116 bp, +33 bp over 3M

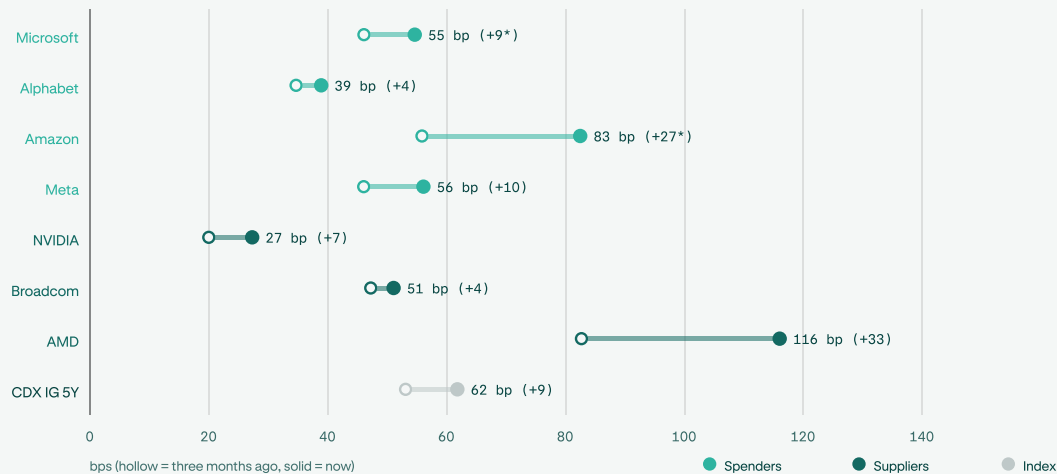
CDX IG 5Y

62 bp, +8.7 bp over 3M

Unease over how the AI buildout is financed shows up in credit, unevenly. Over three months the CDX investment-grade index has widened 8.7 bp to 62 bp; Meta and NVIDIA have moved roughly in line, and Alphabet and Broadcom by about half as much. Amazon is the outlier among the spenders, at 83 bp from 56 bp in early August despite an AA rating, after it had to pay up to complete a \$25 billion bond sale. AMD is the outlier among suppliers, at 116 bp from 83 bp. Goldman Sachs expects the largest hyperscalers to issue \$400 billion of bonds in 2027, up from \$250 billion this year, making this week's capital spending guidance a read on future supply. Source: five-year senior USD CDS (D14) and Markit CDX.NA.IG.47 5Y, Bloomberg, October 27 pull, issuer-specific curves only; three-month changes from July 28. Microsoft's and Amazon's Bloomberg curves begin on August 4 and 5, 2026, so their changes run from those dates. Oracle, Intel and Apple are omitted: their curves returned values identical to other issuers' and are treated as proxy curves. Rating: S&P long-term issuer.

AI buildout names: 5Y CDS, three months ago to now

As of Oct 27, 2026 · Bloomberg 5Y senior USD CDS, issuer-specific quotes



Five-year senior USD CDS (D14) and Markit CDX.NA.IG.47 5Y: Bloomberg, October 27 pull, issuer-specific curves only; three-month changes from July 28. * Microsoft's and Amazon's Bloomberg curves begin on August 4 and 5, 2026, so their changes run from those dates. Oracle, Intel and Apple are omitted: their curves returned values identical to other issuers' and are treated as proxy curves.

Week Ahead

DATE	CATEGORY	EVENT	CONSENSUS / PRIOR	WHY IT MATTERS
Tue Oct 27	Macro Data	September durable goods orders, 8:30 am ET; Conference Board consumer confidence, 10:00 am ET*	Durable goods +1.8%; confidence 80.5	A read on business investment and household demand ahead of the FOMC.
Tue Oct 27	Earnings	Robinhood Q3, after the close*	EPS \$0.56; revenue \$1.40B (BEst, Oct 5)	HOODx is one of the crypto-linked xStocks; trading activity and crypto revenue are the read.
Wed Oct 28	Fed	FOMC decision, 2:00 pm ET; Chair's press conference, 2:30 pm ET	Hold 88.9%; +25 bp 11.1%	Guidance on December matters more than the decision itself; the December contract implies a further 14.5 bp.
Wed Oct 28	Earnings	Microsoft fiscal Q1 FY27, after the close; webcast 5:30 pm ET	EPS \$4.73; revenue \$90.6B	The one reporter where consensus sees operating margin easing over the next year.
Wed Oct 28	Earnings	Alphabet Q3, after the close; call 4:30 pm ET	EPS \$3.32; revenue \$111.2B	Capital spending guidance and the operating margin, after valuation gains lifted its second-quarter GAAP results.

Week Ahead Continued

DATE	CATEGORY	EVENT	CONSENSUS / PRIOR	WHY IT MATTERS
Wed Oct 28	Earnings	ServiceNow, Fortinet (call 4:30 pm ET) and KLA* Q3, after the close	ServiceNow EPS \$1.03; Fortinet EPS \$0.86; KLA EPS \$1.19	Software margin delivery and semiconductor equipment demand after the October 22 chip selloff.
Thu Oct 29	Macro Data	Q3 GDP, advance estimate, 8:30 am ET	3.0% to 3.2%; prior 2.2%	Strong growth alongside firm inflation would support the case for further tightening.
Thu Oct 29	Earnings	Amazon Q3, after the close; call 5:00 pm ET	EPS \$2.36; revenue \$202.2B	Operating margin and capital spending, with its CDS near the widest since Bloomberg quotes began in August.
Thu Oct 29	Earnings	Intel Q3, after the close; call 5:00 pm ET	EPS \$0.40; revenue \$16.5B	Whether the June quarter's return to a positive GAAP margin holds.
Fri Oct 30	Macro Data	Employment Cost Index Q3, 8:30 am ET; September PCE*	Core PCE 3.1% y/y; prior 3.0%	Wage and price pressure that sets the tone for the December meeting.

Earnings dates and call times: company investor relations pages (Microsoft, October 7; Intel, October 6; Fortinet, October 2; Amazon) and Bloomberg EXPECTED_REPORT_DT, October 26. Earnings consensus: Bloomberg BEst, adjusted EPS and revenue for the quarter being reported, October 26 pull. Macro consensus: HeyGoTrade week-ahead calendar, October 26, and Investing.com. FOMC probabilities: our calculation from Bloomberg fed funds futures, as in the dashboard note. * Date or time from Bloomberg or third-party calendars, not yet confirmed by the issuer; the September PCE release date is to be confirmed against the BEA schedule. Categories: Macro Data · Central Banks · Earnings (xStocks-listed names plus index-moving mega-caps only) · Regulatory and Policy · Protocol and Crypto Events.

Data Sources

Bloomberg · CF Benchmarks · Backed.fi · Dune · Kalshi · FactSet · Federal Reserve · CME Group · Company releases · Reuters · CNBC · Yahoo Finance · Fox Business · Euronews · ING · Benzinga · HeyGoTrade · Investing.com

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