MORNING EDITION · BASIC · FRIDAY, OCTOBER 23, 2026

Chips crack, yields drop.

S&P futures are down 0.09%, Nasdaq futures up 0.18% and Dow futures down 0.48% (5:22 AM ET).

IN 30 SECONDS

What happened: AI spending doubts sank the Nasdaq 2.60% Thursday, and the S&P 500 fell 1.21%.
What matters today: The 9:45 AM ET flash business surveys, with Nasdaq futures up 0.18% (5:22 AM ET) and oil up 1.45% (5:22 AM ET).
The theme we're watching: This week's theme: rates and credit as the backdrop. Yields fell sharply Thursday; oil is up 1.45% (5:22 AM ET).

DECISION BLOCK

REGIME	VIX OVERNIGHT	TODAY'S #1 CATALYST
Transition	**+0.42%**	**9:45 AM ET**
Cautious rather than calm	Up versus Thursday's close, last print 5:07 AM ET	Flash October business surveys

MARKETS

S&P futures −0.09% (5:22) · Nasdaq futures +0.18% (5:22) · Dow futures −0.48% (5:22) · VIX +0.42% (5:07) · Oil +1.45% (5:22) · Dollar +0.15% (5:22) · Gold −0.40% (5:22) · Bitcoin +0.42% (5:22)

ENGINE LIST

Today's Engine List is in the Pro.

INSIDE

01	**The story: Chips crack**	The brief	**2**
02	**Macro strip**	The market story in plain words	**2**
03	**Market health**	Breadth in our universe	**2**
04	**Last night's earnings**	Earnings today · News that may affect the market	**2–3**
05	**Screeners Pick**	The Engine List	**3**
06	**What Pro members see**	The question into the close	**3**

The story: Chips crack

Chips crack, yields drop. S&P futures are down 0.09%, Nasdaq futures up 0.18% and Dow futures down 0.48% (5:22 AM ET).

The brief

What: Whether Thursday's chip sell-off keeps going or catches a bid. S&P futures are down 0.09%, Nasdaq futures are up 0.18% and Dow futures are down 0.48% as of 5:22 AM ET, all versus Thursday's close.

Why: Two forces pull in opposite directions. The 10-year Treasury yield fell sharply Thursday, real relief for rate-sensitive stocks. Oil is up 1.45% (5:22 AM ET) after strikes on Saudi targets, and pricier oil works against that relief.

When: 9:45 AM ET: flash October factory and services surveys. 10:00 AM ET: final October consumer sentiment, with one-year inflation expectations. 1:00 PM ET: oil and gas rig count. The Fed meets Tuesday and Wednesday and decides Wednesday, October 28.

Macro strip

S&P futures −0.09% (5:22) · Nasdaq futures +0.18% (5:22) · Dow futures −0.48% (5:22) · VIX +0.42% (5:07) · Oil +1.45% (5:22) · Dollar +0.15% (5:22) · Gold −0.40% (5:22) · Bitcoin +0.42% (5:22)

Times ET: each move is its last print, at the AM ET time shown, versus Thursday's close. The 10-year yield fell sharply Thursday.

The market story in plain words

- **Thursday was a chip-led sell-off.** The Nasdaq fell 2.60%, its steepest drop since early June. The S&P 500 lost 1.21%, while the Dow finished flat (+0.02%).
- **AI spending doubts did the damage.** The chip index lost 6.7%, its biggest drop since June 23, as investors asked who pays for the AI build-out. Money rotated into steadier corners of the market instead of leaving it.
- **Bonds rallied and the economy held up.** The 10-year yield fell sharply, jobless claims came in lower than expected, and the leading economic index stopped falling.

What matters today: Nasdaq futures are up 0.18% while Dow futures slip 0.48% (5:22 AM ET). The 9:45 AM ET flash surveys help decide whether Thursday reads as a chip problem or an economy problem.

Market health

GAUGE	READING	NOTE
Regime	Transition	Cautious rather than calm
VIX overnight	+0.42%	Up versus Thursday's close, last print 5:07 AM ET
Today's #1 catalyst	9:45 AM ET	Flash October business surveys

• One side: rates eased. The 10-year yield fell sharply Thursday, and that took pressure off rate-sensitive stocks.

• The other side: credit is still soft and oil is up 1.45% (5:22 AM ET).

• Translation: the rate scare eased, but conditions are mixed rather than calm.

Breadth in our universe

40% of our universe closed Thursday above its 50-day average.

The other 60% closed below it. After Thursday's chip sell-off, fewer than half of our names sit above that line.

Last night's earnings

MEASURE	LAST NIGHT	NOTE
Covered names that reported	None	None of our names reported Thursday
Large reports with a result in	One	It beat
Average early premarket reaction	−1.20%	4:31 AM ET, versus Thursday's close

Of Wednesday night's covered reports, scored on Thursday's close, 80% closed lower, with an average move of −4.67%. A beat has not been enough this week.

Earnings today

WHEN	REPORTS
Before the open	A busy pre-open calendar of large companies
After the close	None on the large-cap calendar

A light Friday for earnings after the open. None of our covered names reports today.

News that may affect the market

- **AI doubts flatten the chip trade.** The chip index fell 6.7%, its biggest loss since June 23. The market is asking who pays for the AI build-out.
- **Oil climbs on Gulf risk.** Strikes on Saudi targets pushed crude higher. Oil is up 1.45% (5:22 AM ET), which works against the relief from falling yields.
- **Yields drop as claims stay low.** The 10-year yield fell sharply Thursday. Jobless claims came in under expectations and the leading economic index stopped falling.
- **A light Friday calendar.** Flash surveys at 9:45 AM ET and final consumer sentiment at 10:00 AM ET. The Fed decides Wednesday, October 28.

Screeners Pick

No name made both of this morning's screened lists, so there is no Screeners Pick today. The full screens are in the Pro.

The Engine List

Today's Engine List is in the Pro.

What Pro members see

The full list of the names we keep an eye on, with charts and every setup, is in the Pro.

The question into the close

YESTERDAY'S ANSWER: No. The S&P 500 fell 1.21% Thursday.

QUESTION INTO THE CLOSE: Does the S&P 500 close higher today than it did Thursday?

YES IF: The official 4 PM ET close is above Thursday's close, any gain at all.

NO IF: The close is flat or lower; S&P futures are down 0.09% (5:22 AM ET), so the day starts close to even.

EITHER WAY: A yes says Thursday was a chip problem the broad market can absorb; a no says the selling is wider than chips. Tonight's Final Hour prints the answer.

Print quote of the day

“An investment operation is one which, upon thorough analysis, promises safety of principal and an adequate return. Operations not meeting these requirements are speculative.”

— Benjamin Graham and David Dodd, Security Analysis (1934), as quoted in The Intelligent Investor

WHY IT FITS: After a sharp day, the test is the same as ever: do the analysis first, protect against loss, and ask only for an adequate return.

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