MORNING EDITION · BASIC · MONDAY, OCTOBER 26, 2026

Brazil cracks, Big Tech week begins.

S&P futures +0.29%, Nasdaq futures +0.20%, Dow futures +0.44% (4:57 AM ET).

IN 30 SECONDS

What happened: The S&P 500 slipped 0.52% Friday and the Dow fell 1.23%, while security stocks jumped on a wave of attacks on web software.

What matters today: Brazil's election hits its stocks in New York; U.S. futures edge up.

The theme we're watching: Theme 2 of 3, whether the biggest AI spenders can justify their spending plans: three of the biggest spenders report Wednesday and Thursday.

DECISION BLOCK

REGIME	VIX OVERNIGHT	TODAY'S #1 CATALYST
Transition	−1.08%	8:30 AM ET
A conditions gauge, not a crash call	4:42 AM ET, vs Friday's close	Chicago Fed national activity index (September)

MARKETS

S&P futures +0.29% (4:57 AM ET) · Nasdaq futures +0.20% (4:57 AM ET) · Dow futures +0.44% (4:57 AM ET) · VIX −1.08% (4:42 AM ET) · Oil −2.28% (4:57 AM ET) · Dollar +0.05% (4:57 AM ET) · Gold +0.62% (4:57 AM ET) · Bitcoin +0.15% (4:57 AM ET)

ENGINE LIST

Today's Engine List: ADBE, NVDA, ENB, AMZN, AAPL, PANW and NET.

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The story: Brazil cracks, Big Tech week begins

Brazil cracks, Big Tech week begins. S&P futures +0.29%, Nasdaq futures +0.20%, Dow futures +0.44% (4:57 AM ET).

The brief

What: U.S. futures are up a little after Friday's slide, while Brazil-linked stocks crater overnight.

Why: Brazil re-elected President Lula after markets had leaned toward his rival, and investors are pulling money out of Brazilian banks and brokers.

When: The first U.S. data comes at 8:30 AM ET (Chicago Fed activity index), with a two-year Treasury auction at 1:00 PM ET.

Macro strip

S&P futures +0.29% (4:57 AM ET) · Nasdaq futures +0.20% (4:57 AM ET) · Dow futures +0.44% (4:57 AM ET) · VIX −1.08% (4:42 AM ET) · Oil −2.28% (4:57 AM ET) · Dollar +0.05% (4:57 AM ET) · Gold +0.62% (4:57 AM ET) · Bitcoin +0.15% (4:57 AM ET)

Times ET: each market's own last-bar time from the 4:57 AM ET pull. Futures, VIX, oil, dollar and gold are measured against Friday's close; Bitcoin against its prior daily close. The 10-year yield has no Monday print before the open; it rose Friday.

The market story in plain words

- **Friday was a slow leak, not a flood:** The S&P 500 lost 0.52%, the Nasdaq 0.21% and the Dow 1.23%, as rate worries came back.
- **Prices are running hot in factories:** Friday's flash survey showed factories at their strongest since May 2022, with selling prices rising at the fastest pace since August 2022. That pushed the 10-year yield higher.
- **Security stocks bucked the tape:** Cybersecurity names jumped more than 7% as companies rushed to patch critical flaws in widely used web software.
- **What matters today:** Monday is a waiting room. The Fed decides Wednesday and the biggest AI spenders report Wednesday and Thursday, so today mostly sets the starting line for the week.

Market health

GAUGE	READING	NOTE
Regime	Transition	A conditions gauge, not a crash call
VIX overnight	−1.08%	4:42 AM ET, vs Friday's close
Today's #1 catalyst	8:30 AM ET	Chicago Fed national activity index (September)

• One side: futures are up modestly and fear is easing a little this morning.

• Other side: the S&P 500 finished Friday under its 50-day average, and fewer than half of our names are above theirs.

• Translation: conditions are elevated, not alarming. The week's big events, not today's tape, should set direction.

Breadth in our universe

46% of our 50-name universe of the largest tech and energy companies closed Friday above its 50-day average. The other 54% closed below it. That is thin: fewer than half the group is in an uptrend going into the busiest week of the quarter.

Last night's earnings

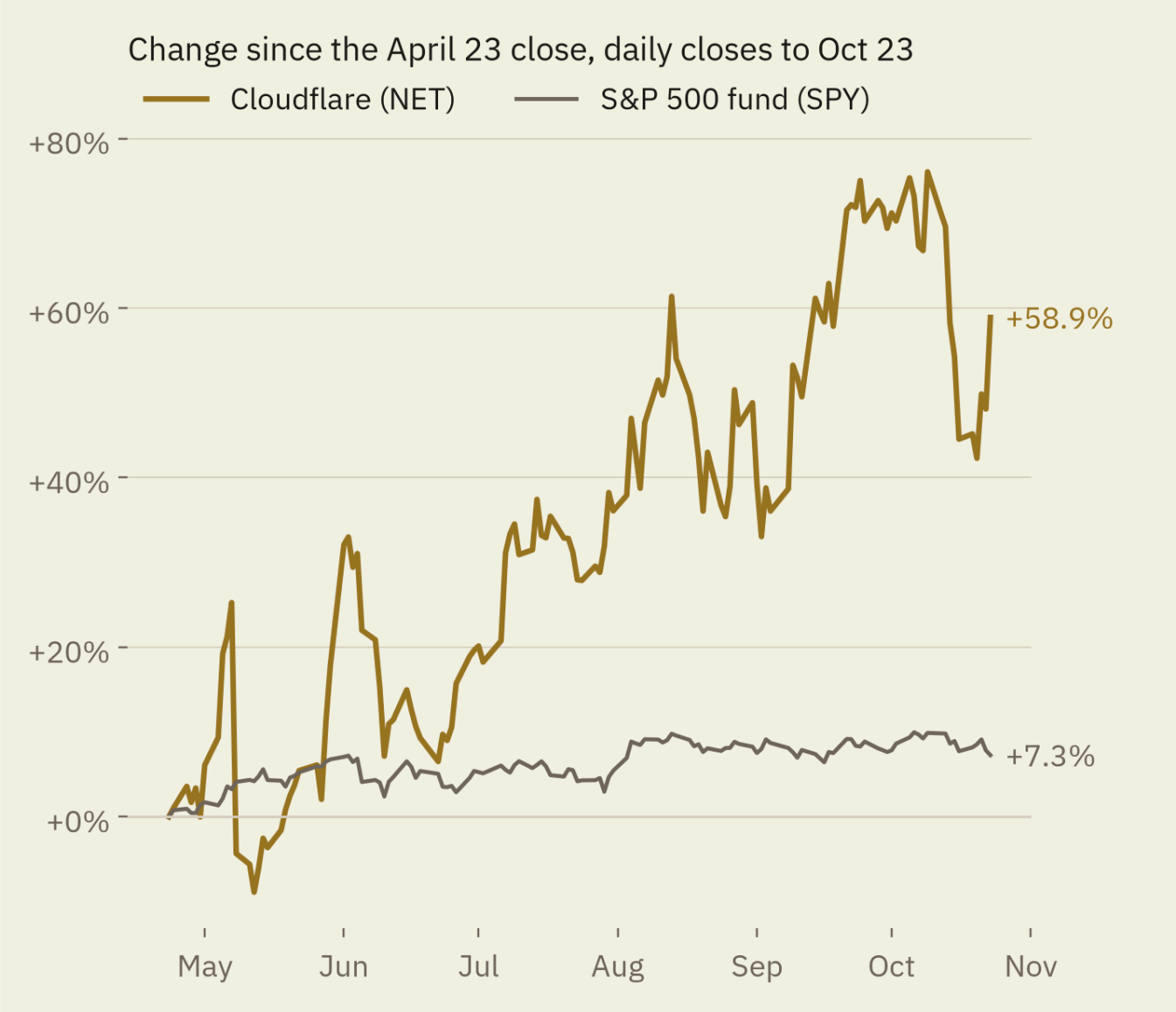
MEASURE	LAST NIGHT	NOTE
Covered names reporting since Friday's close	None	Weekend; no covered name reported
Share of covered names reporting today	0%	The covered-name rush starts Tuesday

Earnings today

WHEN	REPORTS
Before the open	A large-cap telecom report
After the close	A handful of large-cap reports, mostly chips and tech hardware, plus a steelmaker

None of our covered names reports today. The heavy part of the calendar comes Wednesday and Thursday.

Yesterday's Standout



Cloudflare (NET): a 7.29% jump on a down day. The web-security network rose Friday as the S&P 500 fell 0.52%, after critical flaws in PHP, which runs much of the web, drew attack attempts in the millions.

The business. Sales grew 29.8% last fiscal year, but it still runs an operating loss and has about 1.6 billion dollars more debt than cash.

In plain words: at about 194 times expected earnings, moves run large.

FRIDAY	WEEK	SALES GROWTH	GROSS MARGIN	FREE CASH FLOW	FORWARD P/E
+7.29%	+9.93%	+29.8%	74.5%	13.9%	194x

News that may affect the market

- **Brazil re-elects Lula, and Brazilian stocks crater in New York:** President Luiz Inácio Lula da Silva narrowly won Sunday's runoff after markets had treated a win by his rival as the likely outcome. Brazilian banks, brokers and fintechs listed in New York are down between 23% and 41% in premarket trading. It is a one-country shock, not a U.S. one, but a reminder of how fast a crowded political bet unwinds.
- **The Fed meets with a December hike back on the table:** The two-day meeting starts Tuesday, with the decision Wednesday, October 28. The Fed is widely expected to hold after September's quarter-point hike; attention is on Chair Kevin Warsh's press conference and any hint of another hike.
- **The biggest AI spenders report this week:** Three of the largest cloud and AI spenders report Wednesday and Thursday after the close. Last week's chip sell-off was about who pays for AI; this week the payers speak.
- **Security stocks rally on critical web flaws:** Two critical flaws in PHP, a language that runs much of the web, drew attack attempts in the millions, lifting the whole security group more than 7% Friday.
- **Oil eases after a five-month high:** Oil is down 2.28% (4:57 AM ET) after hitting its highest since April on Friday on reports of possible strikes on Iran.
- **A three-central-bank week:** The Fed decides Wednesday, the European Central Bank Thursday and the Bank of Japan Friday, so currency and bond moves can push stocks around even on quiet data days.

The Engine List

Today's Engine List: ADBE, NVDA, ENB, AMZN, AAPL, PANW and NET.

NAME	FRIDAY'S CHANGE
Adobe (ADBE)	−2.49%
Nvidia (NVDA)	−0.59%
Enbridge (ENB)	+0.29%
Amazon (AMZN)	−0.95%
Apple (AAPL)	−0.14%
Palo Alto Networks (PANW)	+7.22%
Cloudflare (NET)	+7.29%

These are the names our process flagged for research this morning, not recommendations.

What Pro members see

- A full page for every Engine List name, with charts and setups.
- The names we keep an eye on this week, with what would change our view on each.
- The full earnings radar for the week's biggest reports.

The Daily Question

YESTERDAY'S ANSWER: No. Friday's question was whether the S&P 500 would close higher, and it fell 0.52%.

QUESTION INTO THE CLOSE: Does the Nasdaq close higher today than it did on Friday?

YES IF: The Nasdaq's official 4:00 PM ET close is above Friday's close, by any amount.

NO IF: The Nasdaq closes flat or lower than Friday; futures are up 0.20% (4:57 AM ET), so the day starts close to even.

EITHER WAY: A yes says investors are willing to hold tech into the big reports; a no says they would rather wait on the sidelines.

Print quote of the day

“Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally.”

— John Maynard Keynes, The General Theory of Employment, Interest and Money (1936), ch. 12

WHY IT FITS: In a week packed with big events, the crowd tends to wait and do what everyone else does.

LEAPS

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