Third Quarter Market & Economic Update

Counting Our Blessings (and Our Basis Points)

Fall has arrived in Minnesota. The leaves are turning, the furnace is back on, and somewhere a neighbor is already testing the snowblower "just in case." It's the season for taking stock and giving thanks.

Market Summary
As of 9/30/2026

S&P 500:	**7,651.54**
Dow Ind.:	**50,906.05**
Nasdaq:	**26,861.06**
10 YR Treas.:	**5.29**

The third quarter gave investors plenty to take stock of, too. Here's what happened, what it may mean for your plan, and a few ways our community is giving back this season.

Stock Market – *New Highs, Then a Reality Check*

The major indexes hit record highs in August and early September, then gave some back as interest rates climbed. The S&P 500 finished the quarter up about 2% and the Nasdaq up about 2.5%, while the Dow slipped roughly 2.7%. Large technology and energy stocks did most of the heavy lifting. Think of it as a potluck where a few dishes carried the whole table.

Interest Rates – *The Fed Changes Direction*

In July we wondered whether rates would stay "higher for longer." The Federal Reserve answered in September, raising its benchmark rate a quarter point to 3.75%–4.00%, its first increase since 2023. Most Fed officials currently project one more increase this year, with inflation still above their 2% target.

Borrowing stays expensive, while savers continue to earn yields on cash that we went years without seeing.

Bond Market – *A Rough Quarter, With a Silver Lining*

The 10-year Treasury yield climbed from 4.44% to 5.29% during the quarter, reaching levels not seen in more than two decades. Because bond prices fall when yields rise, many existing bonds lost value, and the broad bond market had its most difficult quarter since 2022.

The other side of the coin: new money going into bonds may earn more income than it has in a long time. How this affects you depends on what you own and when you'll need the money, so it's a great conversation to have with your advisor.

The Economy – *Still Standing, But Feeling the Pinch*

The economy has kept growing and the job market has held steady. But oil prices rose sharply as the conflict involving Iran weighed on energy markets, inflation remains stubborn, and consumer confidence fell in September to its lowest reading in years. The numbers say the economy is fine; many households would say it doesn't quite feel that way. Both can be true.

Looking Ahead

The rest of the year brings two more Fed meetings, the midterm elections, and the holiday shopping season. We won't pretend to know how each will land.

What we do know is that the quarters that test our patience are exactly the ones a financial plan is built for. Our job is to help you stay focused on your goals rather than the headline of the week.

In this season of gratitude, we want to say it plainly: thank you for your trust and for the chance to be part of your family's financial life. If this letter has you wondering about your own plan, please reach out.

Thankful & Giving Back

Markets come and go, but community is what makes Minnesota home. Here's what we're proud to be part of this season.

Toys for Tots – Drop Off at Either NorthStar Office

From **November 6th through December 18th**, both our Rochester and Mendota Heights offices will be Toys for Tots drop-off locations. Bring a new, unwrapped toy to either office to help make a child's holiday bright.

Shout-Out: The Salvation Army's "More Than a Coat" Collection

Minnesota winters don't negotiate. The Rochester Salvation Army is collecting winter outerwear at all Rochester Hy-Vee stores from **October 5th through 10th**. Coats for older children and adult XL sizes are especially needed. If there's a good coat in your closet that hasn't seen daylight in a few winters, this is its moment.

More Than a Coat Collection – details and information

Proud Sponsor: Rochester Civic Theatre's 75th Season

NorthStar is a proud sponsor of the Rochester Civic Theatre's 75th season, and the best way to celebrate 75 years of live, local theatre is to go see a show.

As a special treat, Cash Decker, the son of one of our own financial advisors, will perform as William Frankenstein, Victor's younger brother, in *Frankenstein*, running **October 23rd through**

November 1st. Cash shares the role with another young actor on alternating nights. It's the perfect extra-spooky Halloween outing, and we couldn't be prouder.

[Rochester Civic Theatre – season information and tickets]

With gratitude,

The NorthStar Team

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