STRATOS
Investments of OneSeven



Stratos S&P 500

Market Analysis

Year-End Target:
8127

Primary Target:
7792

Today's S&P Level:
7677

Initial Support:
7506

Intermediate Support:
7191

Primary Support:
6881

Base Camp:
6592

Line in the Sand:
6352

October 26th,2026

WEEKEND AT BERNARD'S

Don't Sell a Sleeping Market

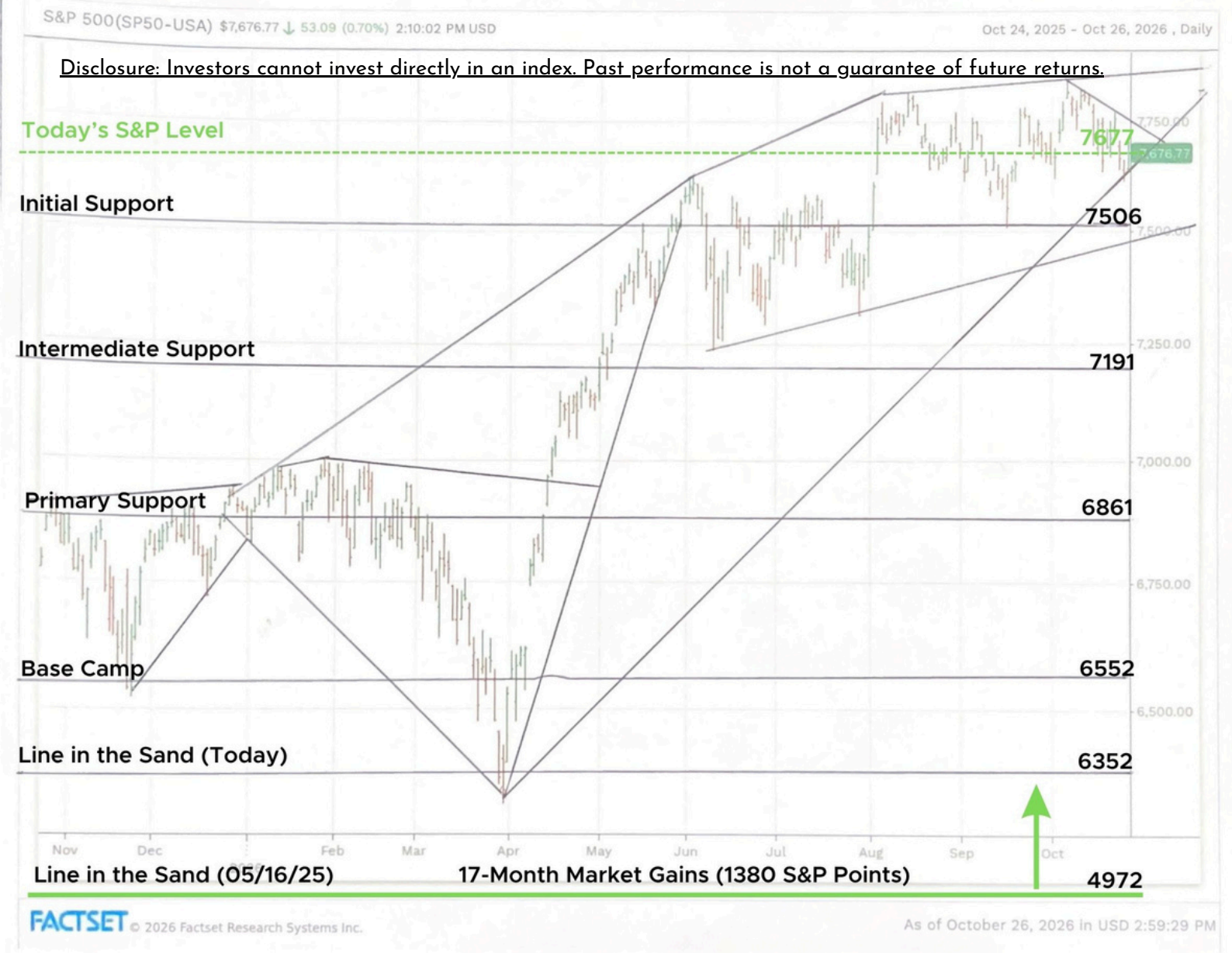
U.S. stocks continue to move sideways since the beginning of June. The S&P 500 (7677) did make new highs in the beginning of October, but recent pullbacks have created a narrow trading range. Stratos Investments continues to expect a positive return for the rest of the year. A sleeping market typically breaks out, especially after so many unpredictable events have failed to cause any type of correction. After a positive start to the year, another step higher, will perhaps test my year-end target and my next level of resistance (8127).

Election concerns usually result in an opportunity to buy U.S. stocks. This is the first time in history, since recording election concerns (1930) where corruption is the #1 issue. Making this election more complicated. Corruption has never been the primary voter issue, although it was 2nd during the Nixon era, when inflation was #1. I expect a democratic win in the House and perhaps the Senate will address the concerns many investors have about corruption. The current system no longer has the guardrails to protect from insider trading and crypto currency fraud. Tariffs and an unpopular war are creating inflation and interest rate concerns that may eventually affect equities. But for now, WallStreet, Silicon Valley, and the current administration together have embraced AI with little restrictions. This helps explain why the U.S. stock market continues to do well, even though inflation and higher interest rates have become a new reality. I believe our markets needs long-term oversight to protect investors from fraud that is already happening, but has yet to have an impact on the U.S. stock market. If left unchecked, the damage may become great. However, the market may view a change in Congress as a form of stability to help avoid a major market downfall.

Stratos is raising my Initial Support Level for the S&P 500 to 7506, and my Intermediate Level to 7191. I do not expect the markets to go much under these levels this year. I am also raising our Line in the Sand to 6352. Since the market has been able to weather the typical correction in Fall, I anticipate a positive ending to U.S. stocks. The last time we've seen any major correction during this cycle of the year was 2018.

Energy prices continue to go higher as crude oil ($102) is now above $100. Stratos continues to expect oil prices to move higher, and if the escalation to the Iranian war increases right after the election, prices could test my Initial Level of Resistance of $164. The possibility of some compromise with Iran into the end of the year will most likely lift U.S. stocks by removing one of the major issues affecting higher food and energy costs.

This year, interest rates have moved significantly higher on concerns of further inflation and global debt. This trend may pause but will continue over the next 3-5 years. Because of higher interest rates and inflation, I am concerned that the momentum trade in U.S. stocks may be coming to an end. Strong earnings may not be enough in these unpredictable cycles that include tariffs. The Federal Reserve will most likely not raise interest rates this month, pretending that inflation is temporary, even though the numbers are consistently getting worse.



Good Trading for the Long Term

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The S&P 500 has benefitted significantly by a narrow number of stocks in the AI space. I expect the index will end near its highs by the end of the year. Although the overall market health is not nearly as strong as the Index indicates. Strong earnings have created the foundation for the market moving higher this year, but, next year these strong earnings will be difficult to top. After three years of extremely good market returns, I believe a good ending for the 4th year is more likely than not. The longer the S&P trades sideways, the more likely that we'll end up higher this year. Don't sell a sleeping market. Good Trading for the Long Term.

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