WELLS FARGO
Investment Institute

FOURTH-QUARTER **2026**

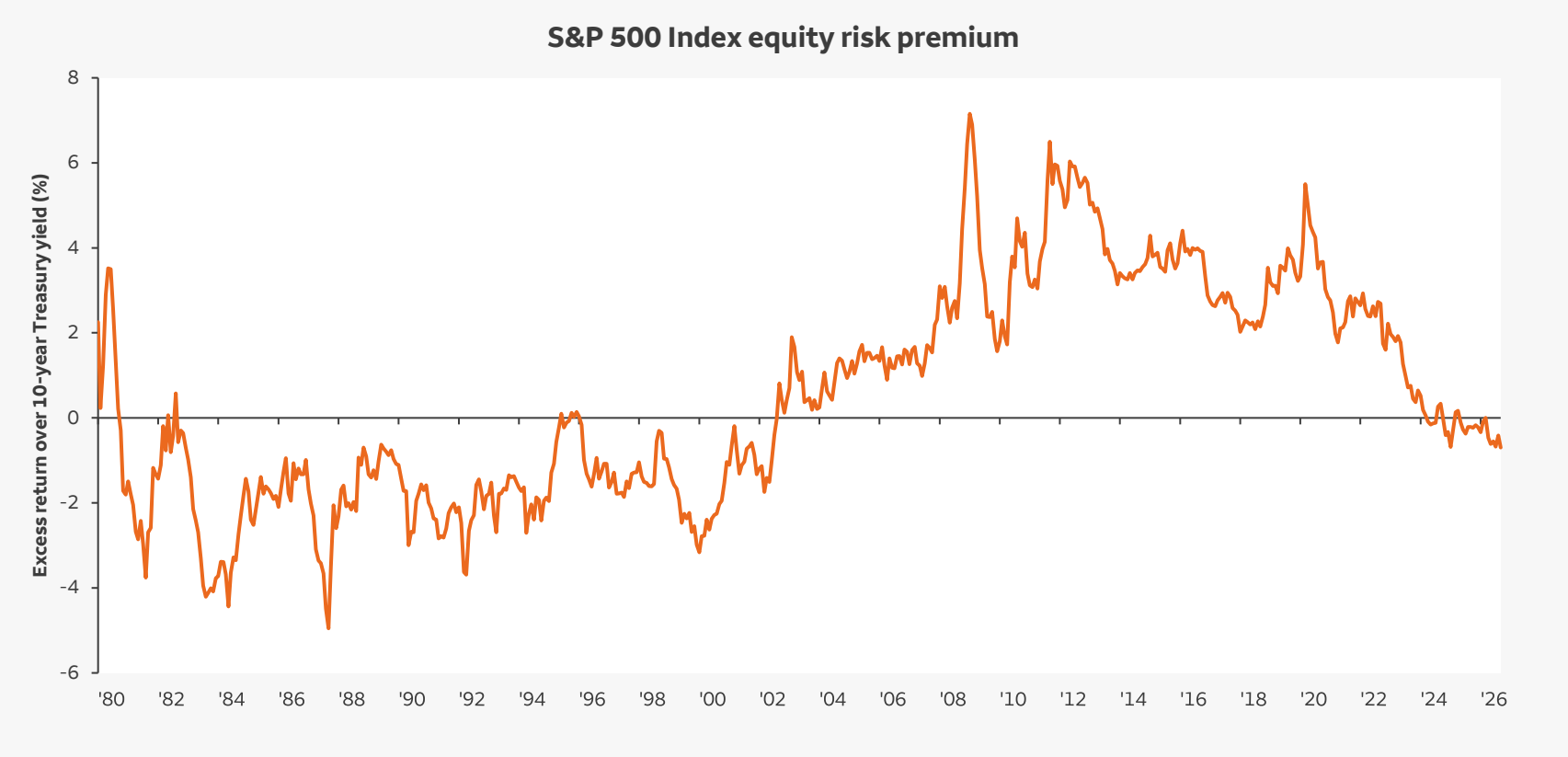
Market Charts Collection

New charts for Q4 2026

All data shown in the charts as of third quarter (Q3) 2026 and reflect the most recent information available. Please see disclosures for the risks associated with the asset classes and for the definitions of market-based and economic indexes.

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

The equity risk premium has moved lower

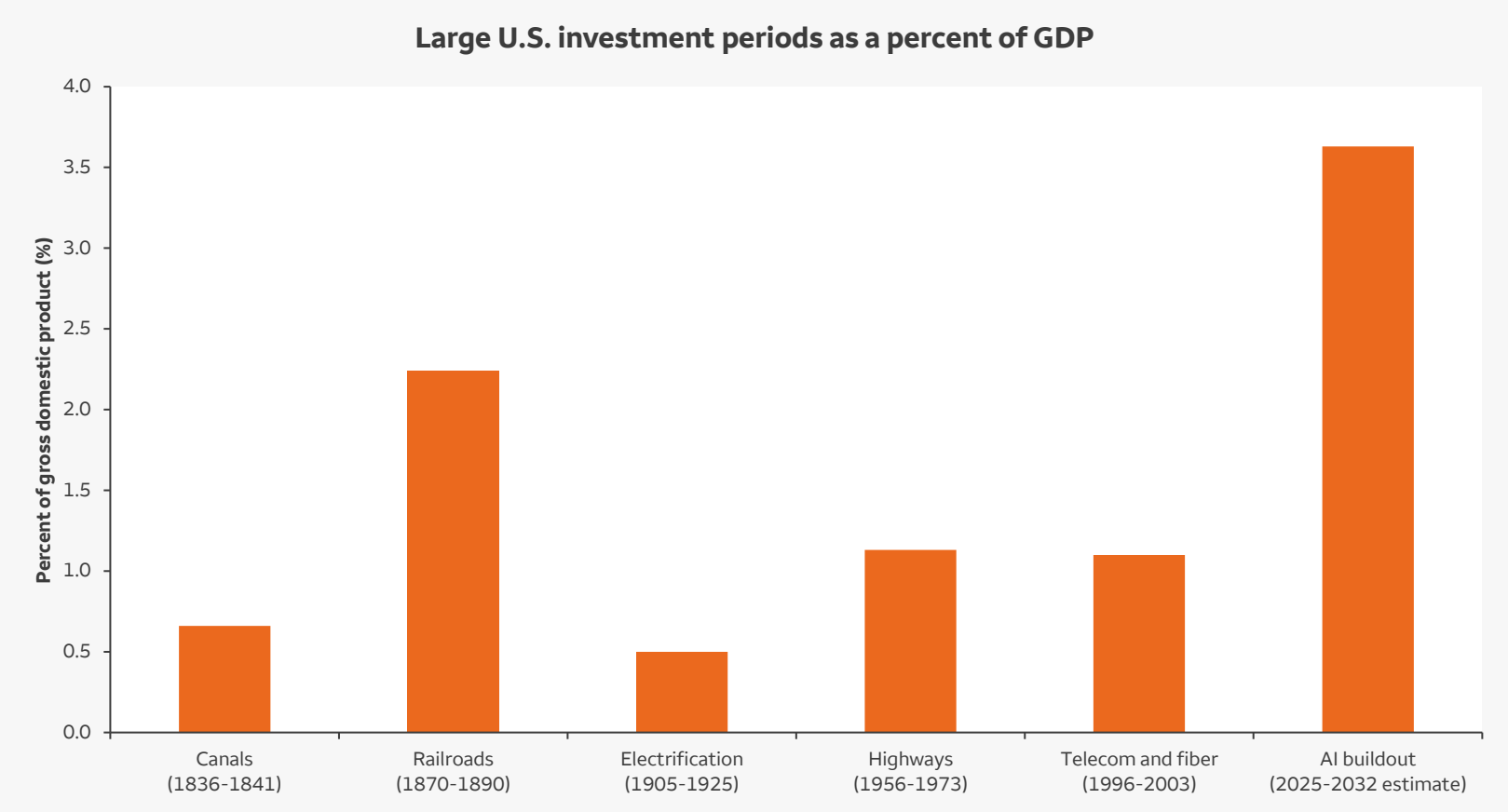


Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 1980, to September 30, 2026. The S&P 500 Index is a market-capitalization-weighted index considered representative of the U.S. stock market. Index returns do not represent investment performance or the results of actual trading. Index returns represent general market results and do not reflect deduction for fees, expenses or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results**. Investing in stocks involves risk and their returns and risk levels can vary depending on prevailing market and economic conditions. All investing involves risk including the possible loss of principal.

Key takeaways

- The equity risk premium is the additional return investors expect to earn from stocks over a risk-free investment as compensation for taking on the greater risk of owning equities.
- A lower equity risk premium does not automatically signal trouble for stocks. Valuations are notoriously poor timing tools, and with the equity risk premium near its long-term average, we believe continued earnings growth can support further gains even if valuation expansion moderates.

Generative artificial intelligence (AI) market



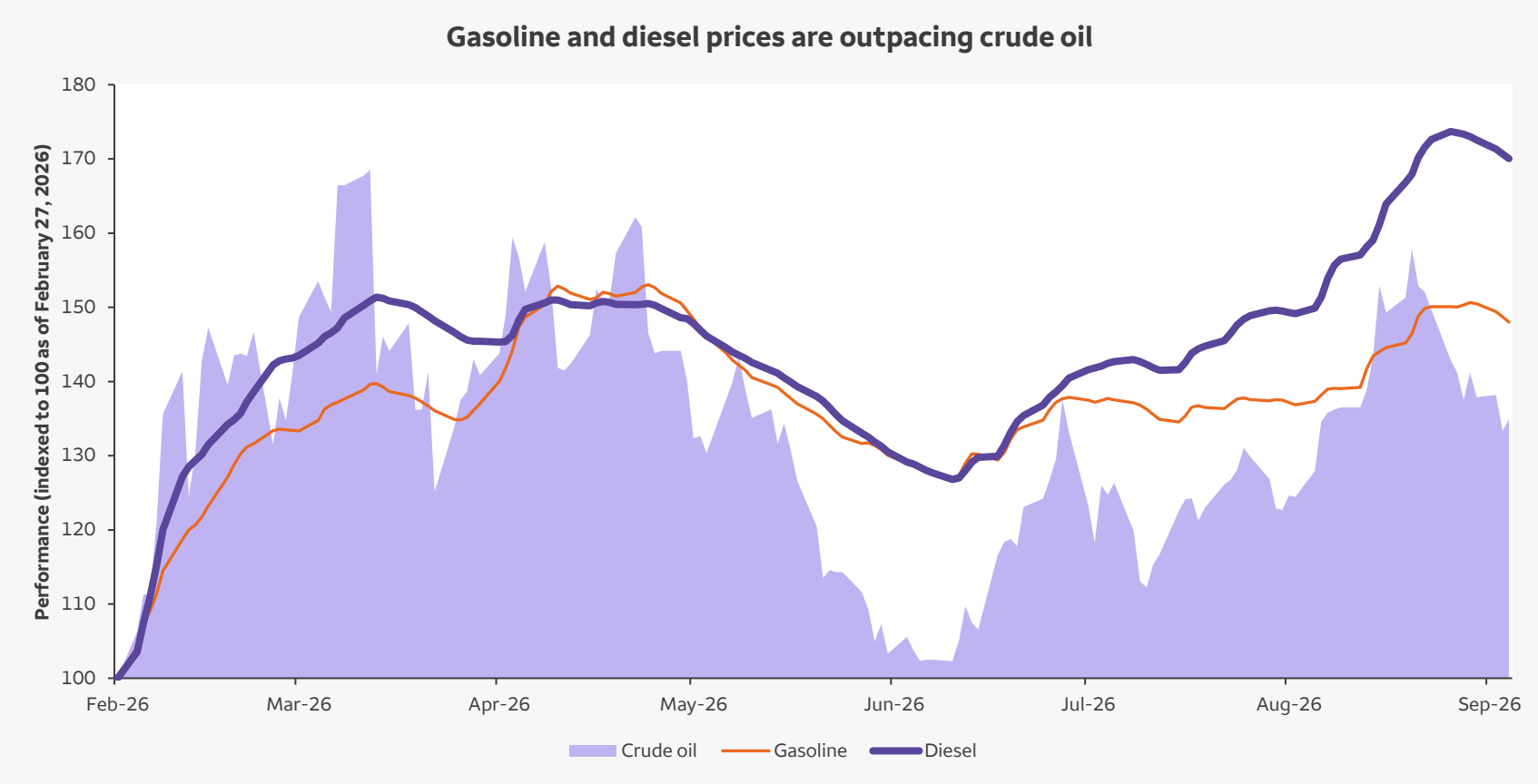
Source: Bloomberg, "AIndicators Hint at Doubts in Credit Markets", August 10, 2026. 2025 to 2032 data are estimates. Estimates are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change. GDP = gross domestic product.

Key takeaways

- Estimates call for the AI buildout to be more than 3% of GDP from 2025 to 2032, exceeding previous periods of large investment based on new technologies.
- Investors looking to gain exposure to the AI theme can consider U.S. Large Cap And Emerging Markets Equities, as well as the Information Technology, Communication Services, Industrials, and Utilities sectors.

Investing in stocks involves risk and their returns and risk levels can vary depending on prevailing market and economic conditions. Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector.

Growing risks in refined product prices

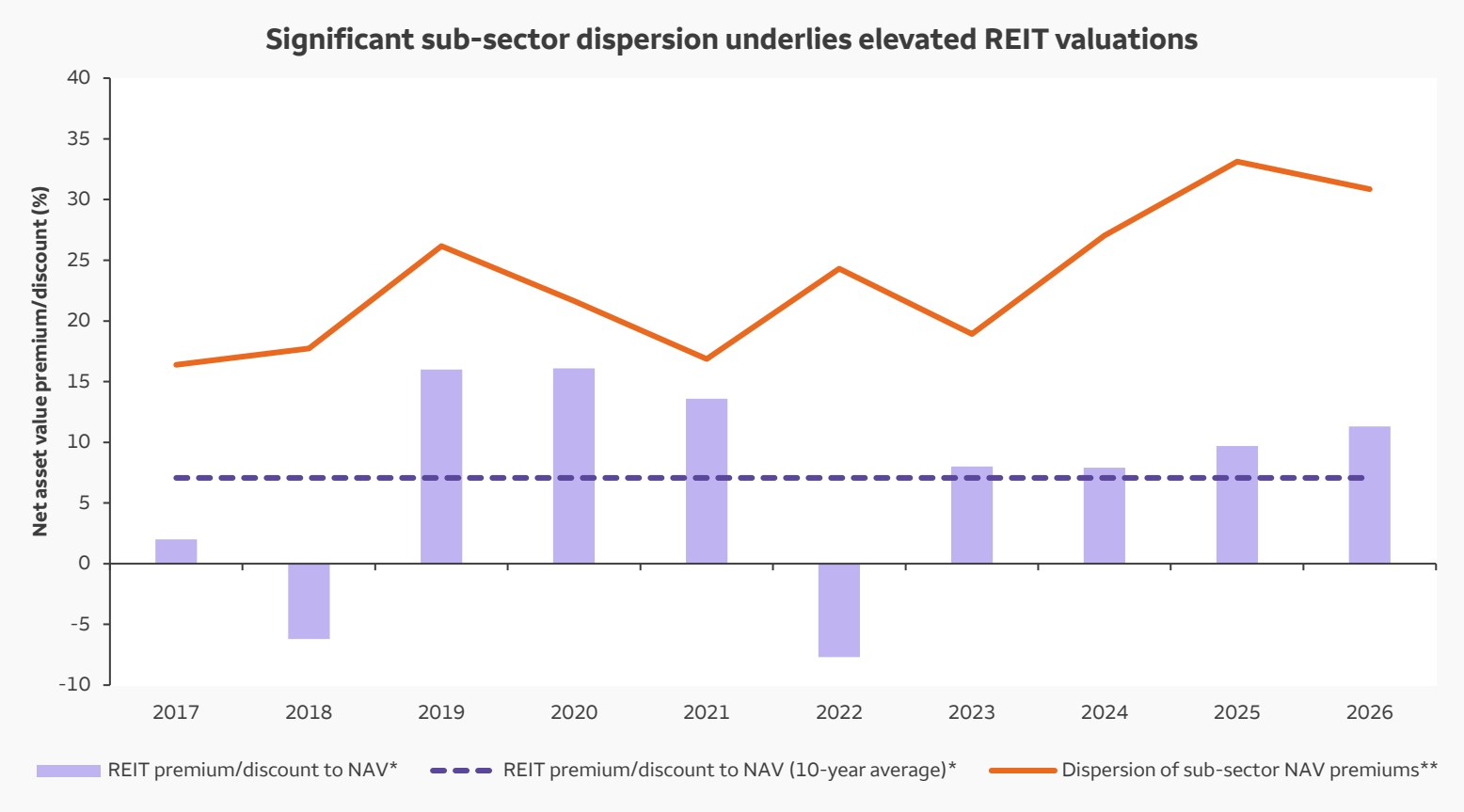


Sources: Bloomberg, and Wells Fargo Investment Institute. Daily data from February 27, 2026, to September 30, 2026. Performance is indexed to 100 as of the start of the Iran war on February 27, 2026. The commodities markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. **Past performance is not a guarantee of future results.**

Key takeaways

- Despite crude oil prices easing from summer highs, prices for refined products continue to climb higher as global refining activity is constrained and refined product inventories are near multi-year lows.
- Rising refined product prices and easing crude oil prices have boosted profits for refiners. However, outside of the U.S., global refining activity remains constrained due to bottlenecks in sourcing the appropriate feedstocks and outages in select regions such as the Middle East and Russia.

REIT valuations — higher, but dispersed



Sources: Green Street and Wells Fargo Investment Institute. Annual data from January 1, 2017, to December 31, 2025. 2026 data is as of August 31, 2026. REIT = real estate investment trust. NAV = net asset value. *REIT premium/discount to NAV reflects market-cap-weighted average of REIT sector based on Green Street classification. **Dispersion represents the standard deviation of constituent REIT sub-sectors' NAV premiums with available data in each period, also based on Green Street classification. Real estate has special risks, including the possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Investing in REITs is not appropriate for all investors.

Key takeaways

- A common valuation metric for REITs is the premium (or discount) to NAV, which reflects how a stock is priced relative to its underlying property portfolio's value. As shown in the chart, REIT valuations are close to the highest levels seen in recent years.
- However, fundamentals vary meaningfully across property types, and these differences are reflected in the elevated dispersion of sub-sector NAV premiums. In our view, this reinforces the importance of selectivity within Real Estate.

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