CBC Weekly Economic Update for the Week Ending October 23rd

Monday Loan & Deposit Pipeline Meeting

October 26, 2026

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EVP & CFO
Commercial Bank of California (CBC)

Discussion Topics

- Stock & Oil Markets
- New Home Starts & Building Permits for September
- Weekly Initial Jobless & Continuing Claims
- Treasury Yields & Rate Expectations
- Key Takeaways



Stock & Oil Markets

Equity Markets

Equities Rotates as AI Concerns Pressure Mega-Cap Tech

- Market rotation: Russell 2000 +2.0% and Dow +0.4%, while Nasdaq -0.7% and S&P 500 -0.5%, signaling rotation away from mega-cap tech rather than broad-based selling.
- Volatility remains elevated: AI investment returns, Brent above $116, Big Tech earnings, and the Oct. 27–28 Fed meeting will be key market drivers.

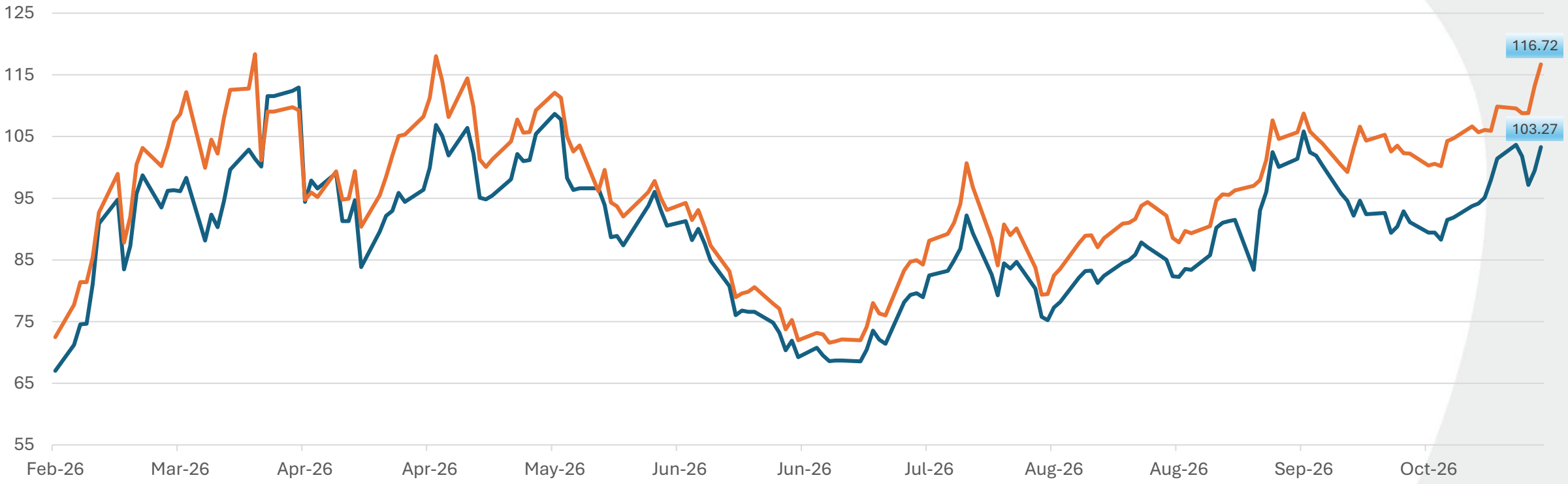


Source: Bloomberg

Brent & WTI Crude Oil Prices

Geopolitical Tensions Send Oil Prices Sharply Higher

- Brent surged 6.2% to $116.72, while WTI rose 1.8% to $103.27, with both benchmarks reaching their highest closing levels in months.
- Middle East tensions and supply concerns drove the rally, compounded by declining U.S. crude inventories.



Source: Bloomberg

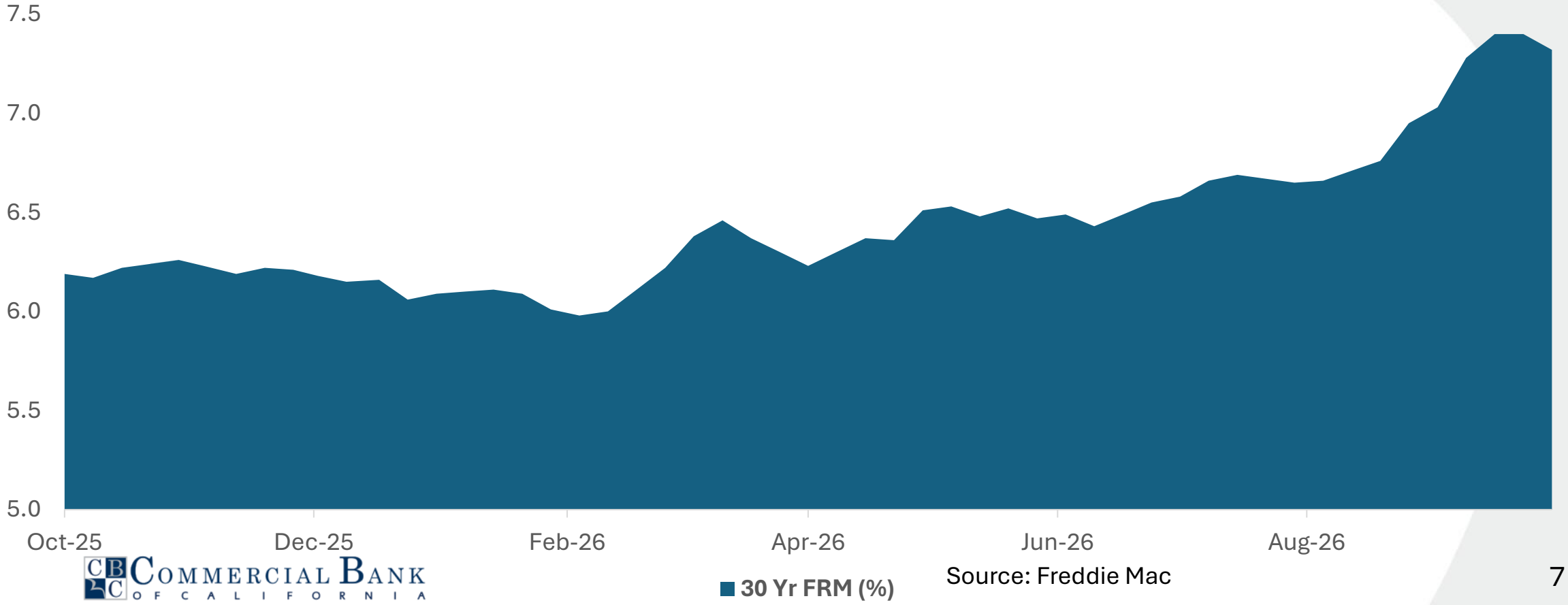


Housing

Mortgage Rates – As of 10/22/26

Mortgage Rates Surge, Adding Pressure to Housing

- 30-year mortgage rates reached 7.40% for the week ending October 15, the highest since November 2023, after seven consecutive weekly increases; rates eased slightly to 7.32% on October 22.
- Higher borrowing costs are changing borrower behavior, with adjustable-rate mortgages rising to 10.5% of applications, the highest share in a year.

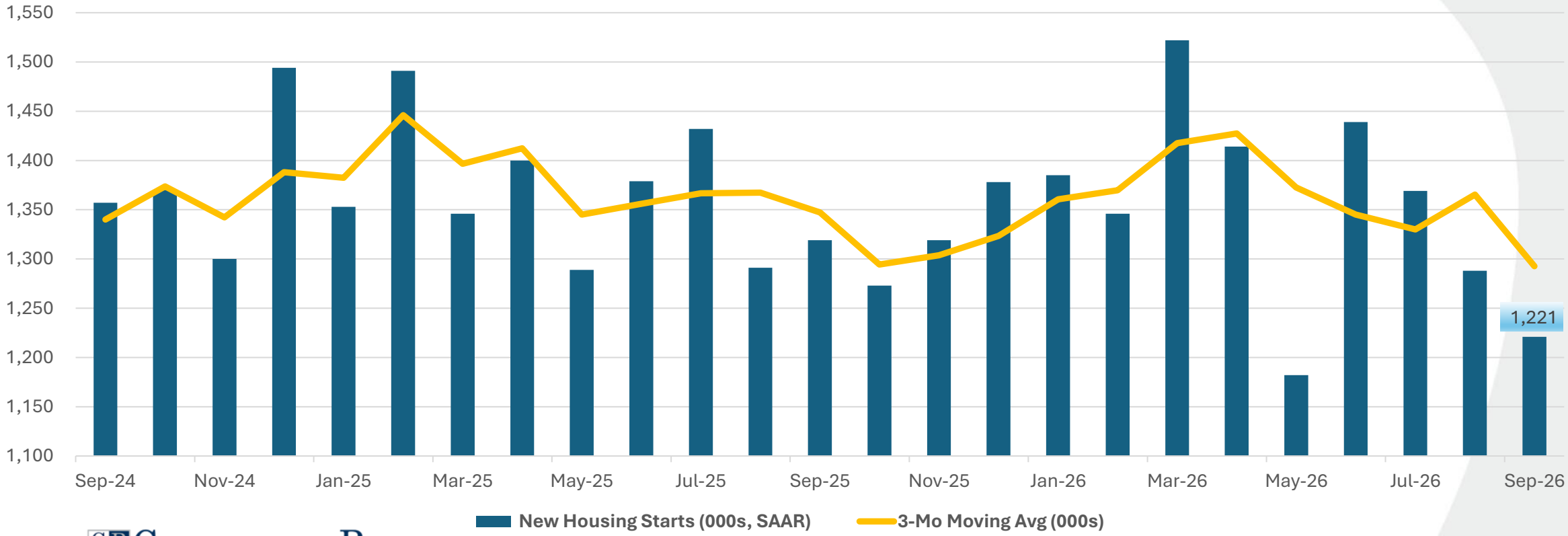


Source: Freddie Mac

New Housing Starts – September

Elevated Mortgage Rates Weight on Housing Starts

- Housing starts fell 5.2% to 1.22 million in September, below expectations of 1.31 million, and were down 7.4% year-over-year.
- Regional weakness was concentrated in the West (-23.2%) and Midwest (-19.0%), while the South increased 6.1%.

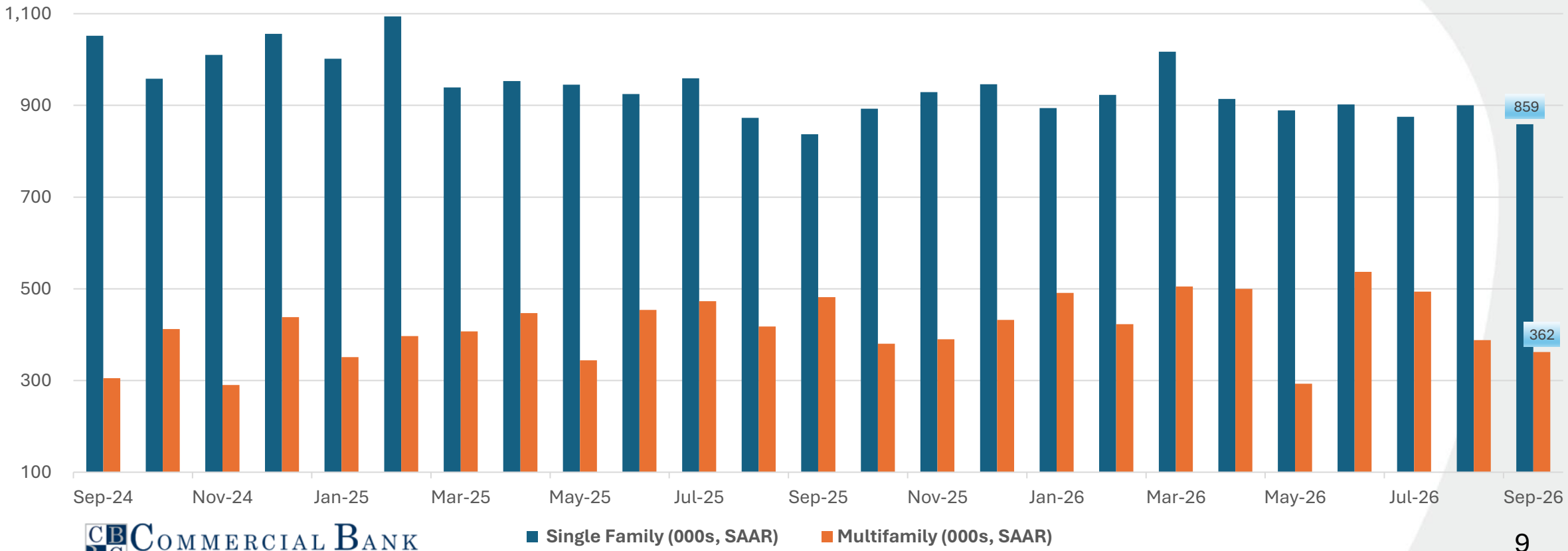


Source: U.S. Census Bureau & Department of HUD

New Housing Starts – Single Family & Multifamily - September

Single-Family Holds Up as Multifamily Construction Slumps

- Single-family starts fell 4.6% to 859K in September but remained 2.6% above year-ago levels.
- Multifamily starts declined 6.7% to 361K and were down a sharp 24.9% year-over-year, driving much of the weakness in housing construction.



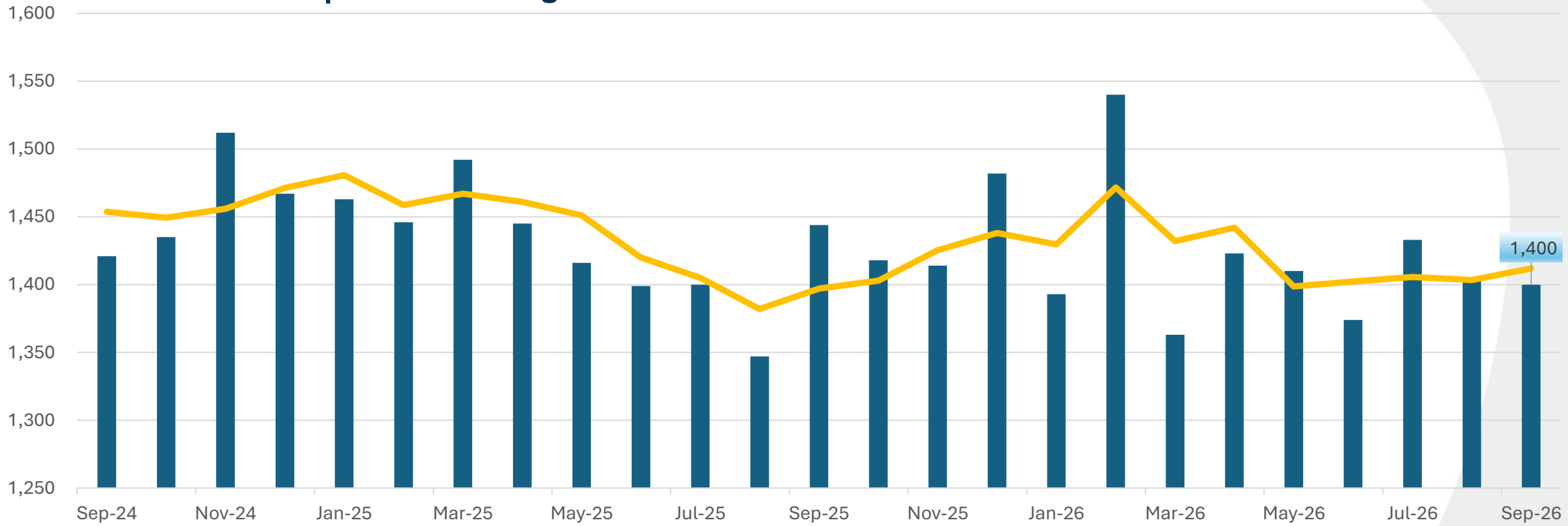
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Source: U.S. Census Bureau & Department of HUD

New Housing Building Permits - September

Building Permits Edge Lower as Housing Caution Persists

- Building permits slipped 0.2% to 1.40 million but came in slightly above expectations of 1.39 million; permits were down 3.0% year-over-year.
- Regional performance was mixed, with the West down 10.2%, while the Northeast jumped 13.3% and the South and Midwest posted modest gains.



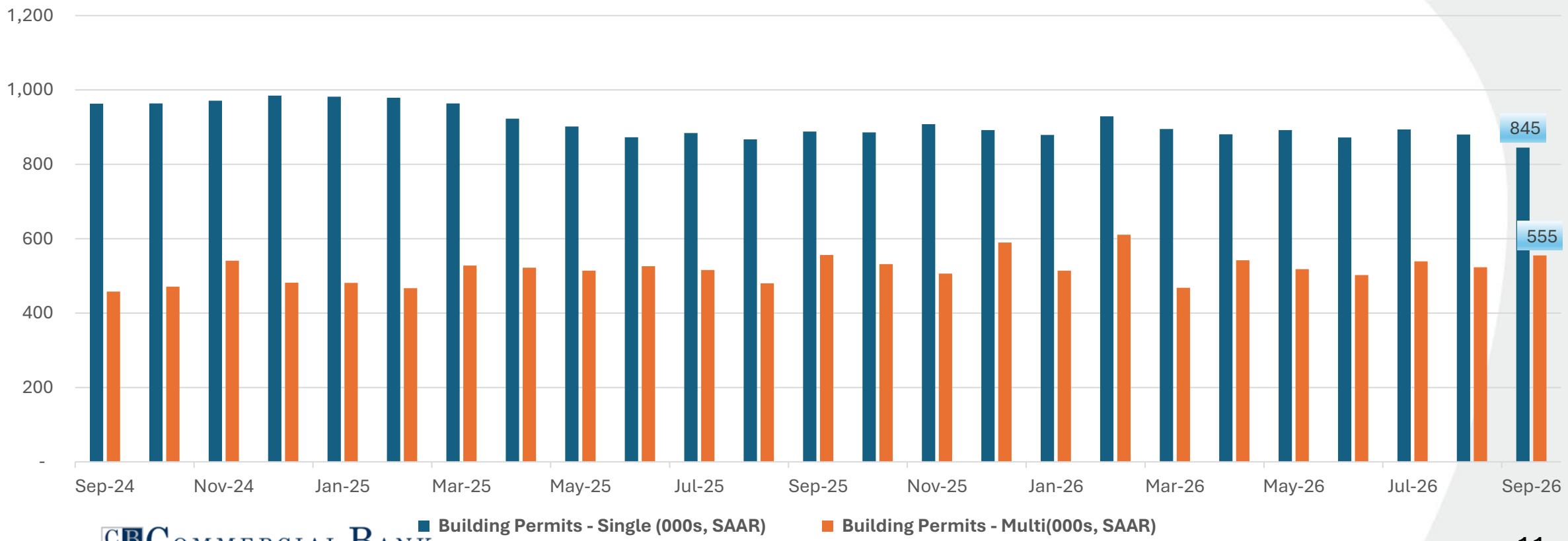
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Source: U.S. Census Bureau & Department of HUD

New Housing Building Permits – Single-Family & Multifamily - September

Single-Family Permits Slide as Multifamily Rebounds

- Single-family permits fell 4.0% to 845K, the lowest since March 2023, and declined 4.8% year-over-year.
- Multifamily permits jumped 6.1% to 555K, the highest since February, but remained 0.2% below year-ago levels.



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Source: U.S. Census Bureau & Department of HUD

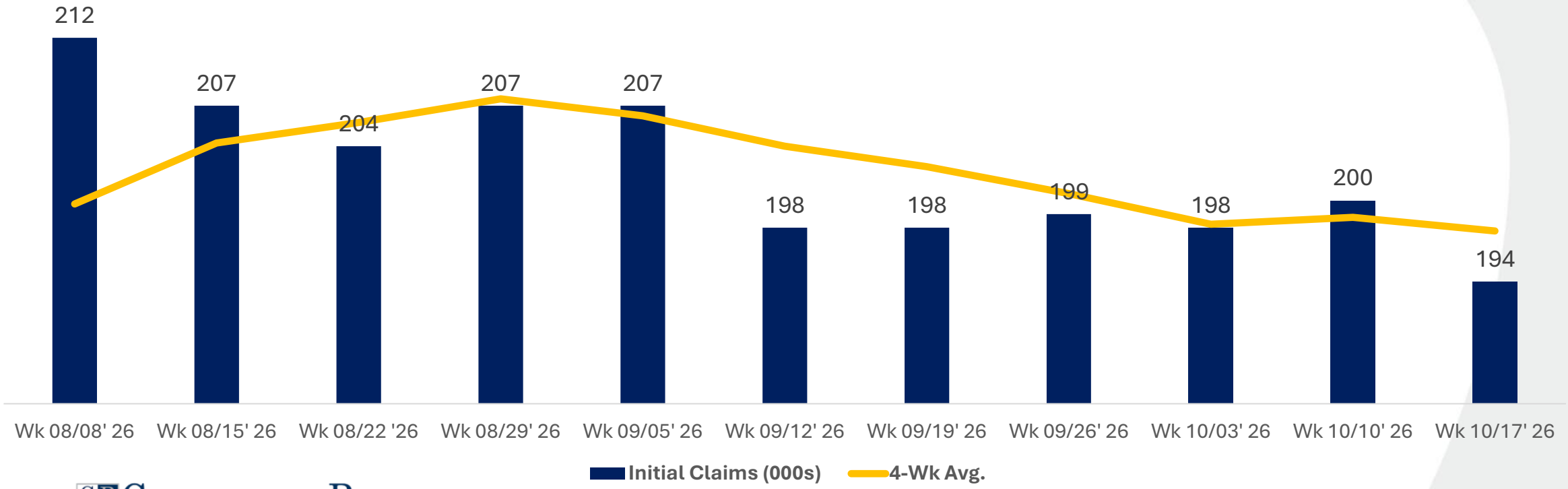


Employment - Weekly

Weekly Initial Jobless Claims – Week Ending 10/17/26

Jobless Claims Hit a Three-Month Low

- Initial claims fell 6K to 194K, below the 200K forecast and the lowest level since July.
- Claims have remained below year-ago levels for 36 straight weeks, signaling that layoffs remain limited.

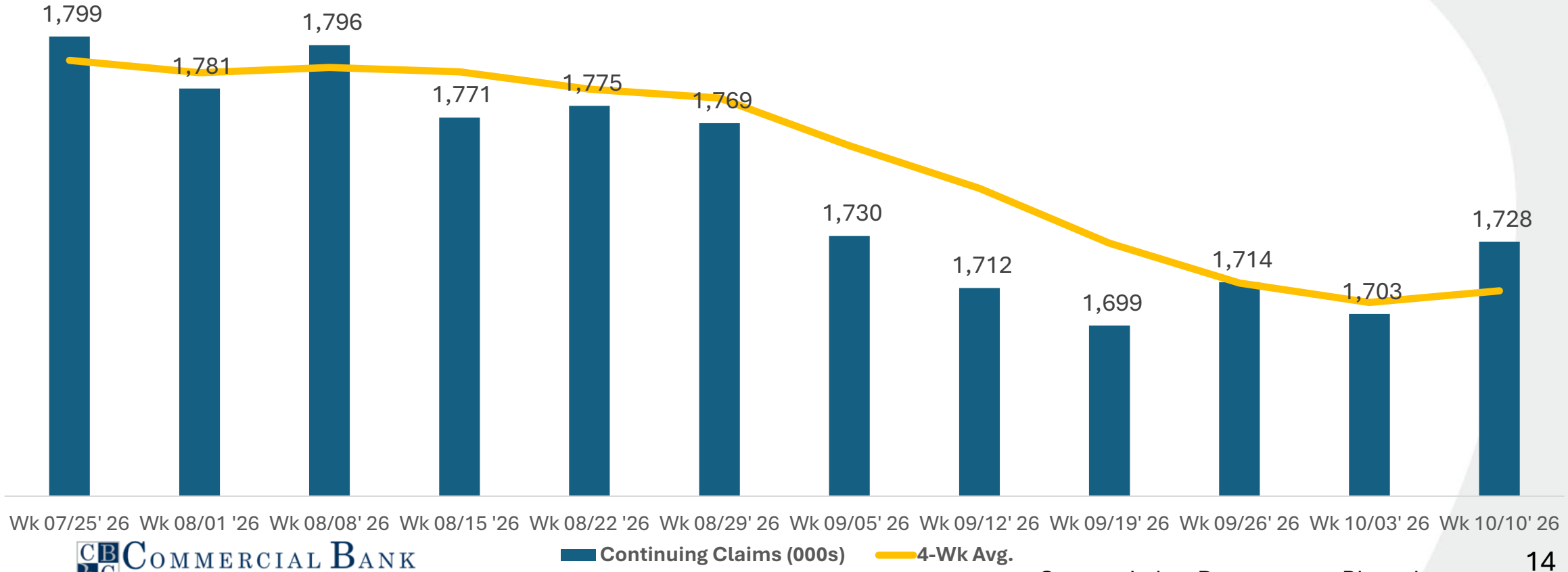


Source: Labor Department, Bloomberg

Weekly Continuing Jobless Claims – Week Ending 10/10/26

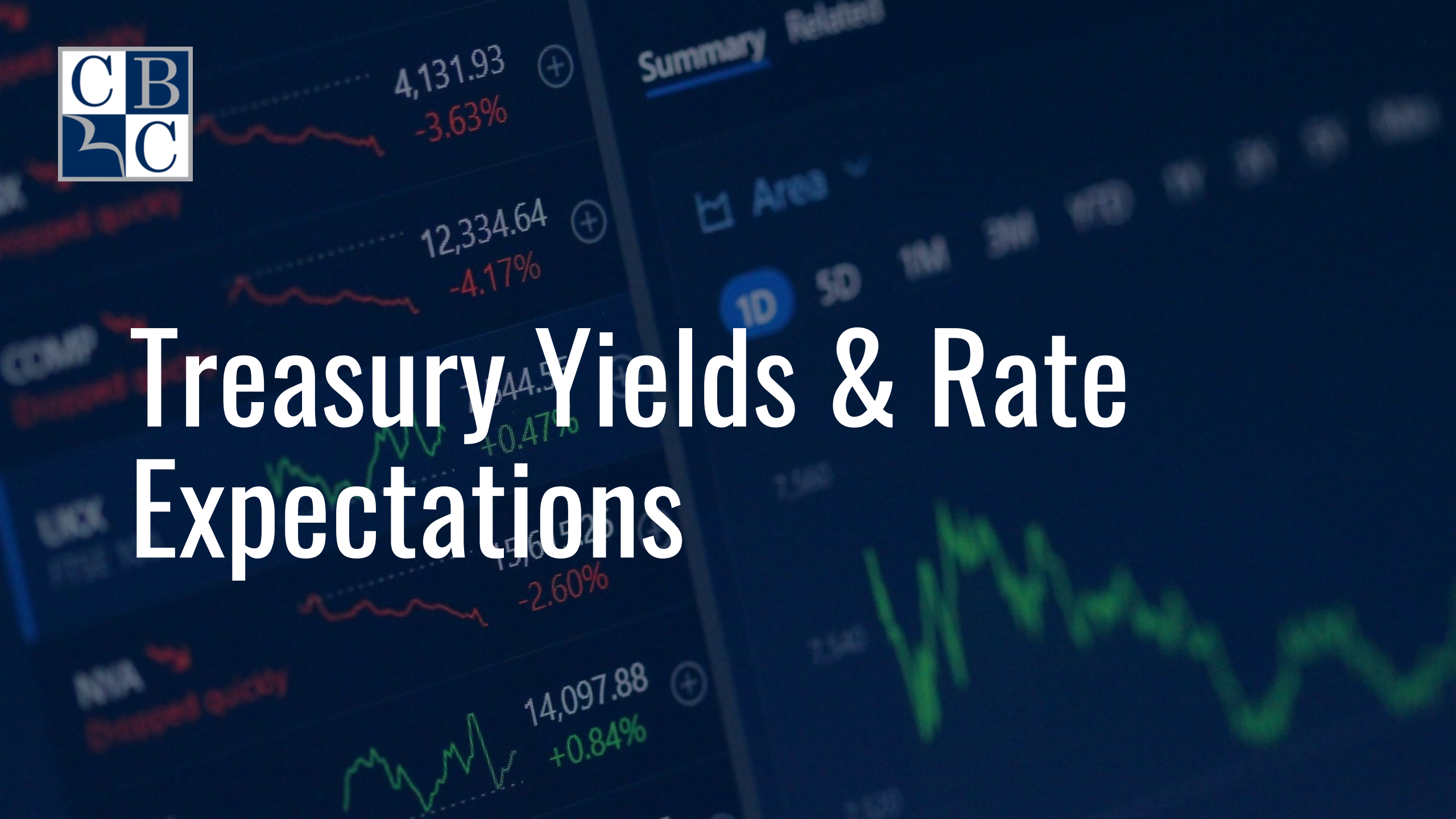
Continuing Claims Rise as Reemployment Slows

- Continuing claims increased 25K to 1.728 million, above expectations, while the insured unemployment rate held steady at 1.1%.
- Rising continuing claims suggest unemployed workers are taking longer to find new jobs, even as layoffs remain low and the labor market stays resilient.



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Source: Labor Department, Bloomberg

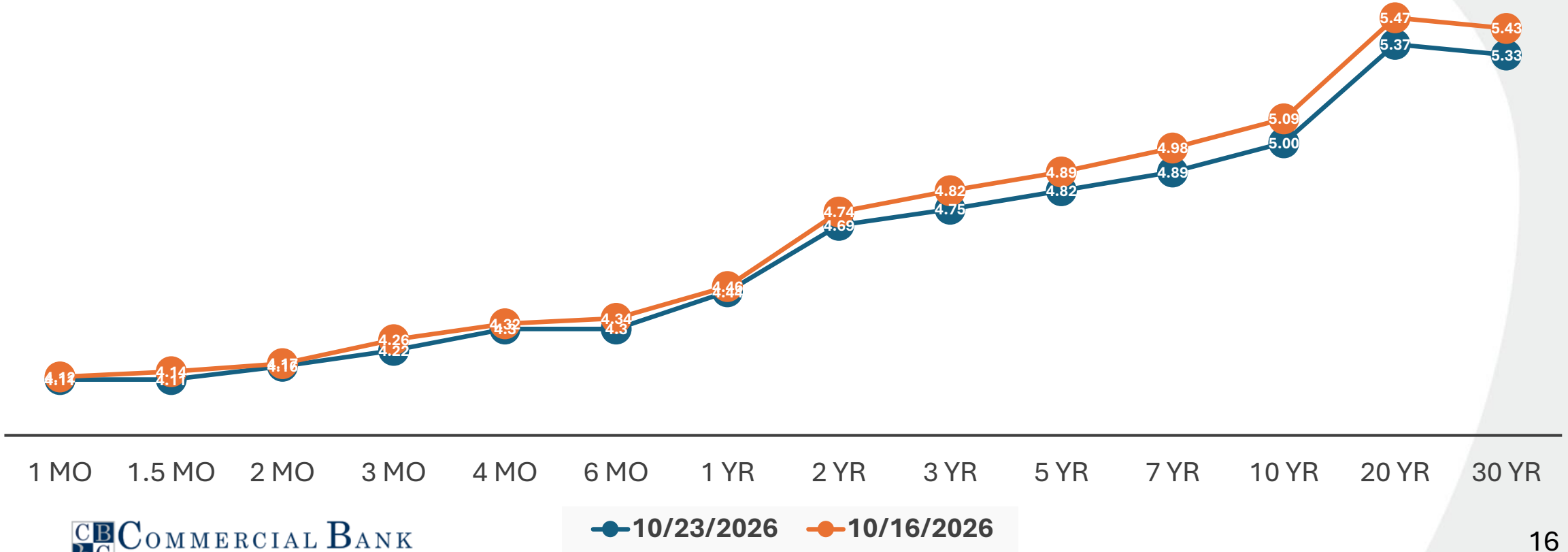


Treasury Yields & Rate Expectations

Treasury Market – Week Ending 10/23/2026

Fight to Safety Pushes Treasury Yields Lower

- Yields declined across the curve: 10-year fell 9 bps to 5.00%, while the 2-year declined 5 bps to 4.69%, driven by safe-haven demand.
- Competing forces remain: Market volatility is supporting Treasuries, while higher oil prices, inflation concerns, the Fed meeting, and $183 billion of Treasury auctions could pressure yields higher.

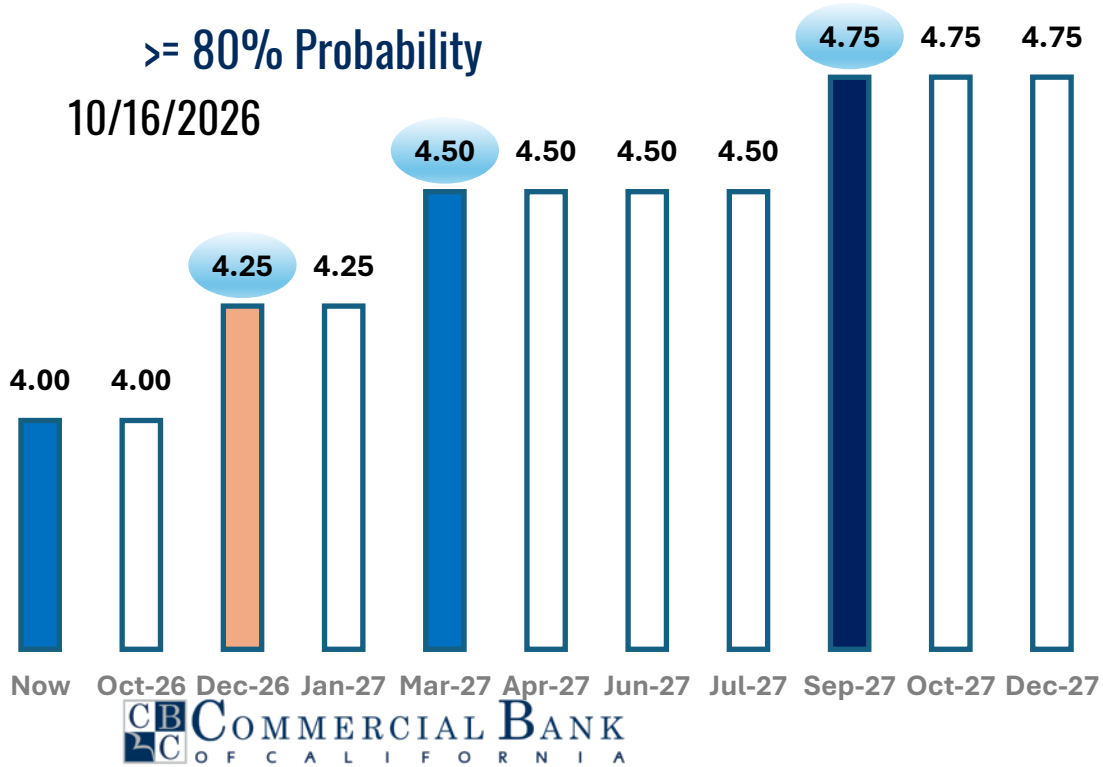


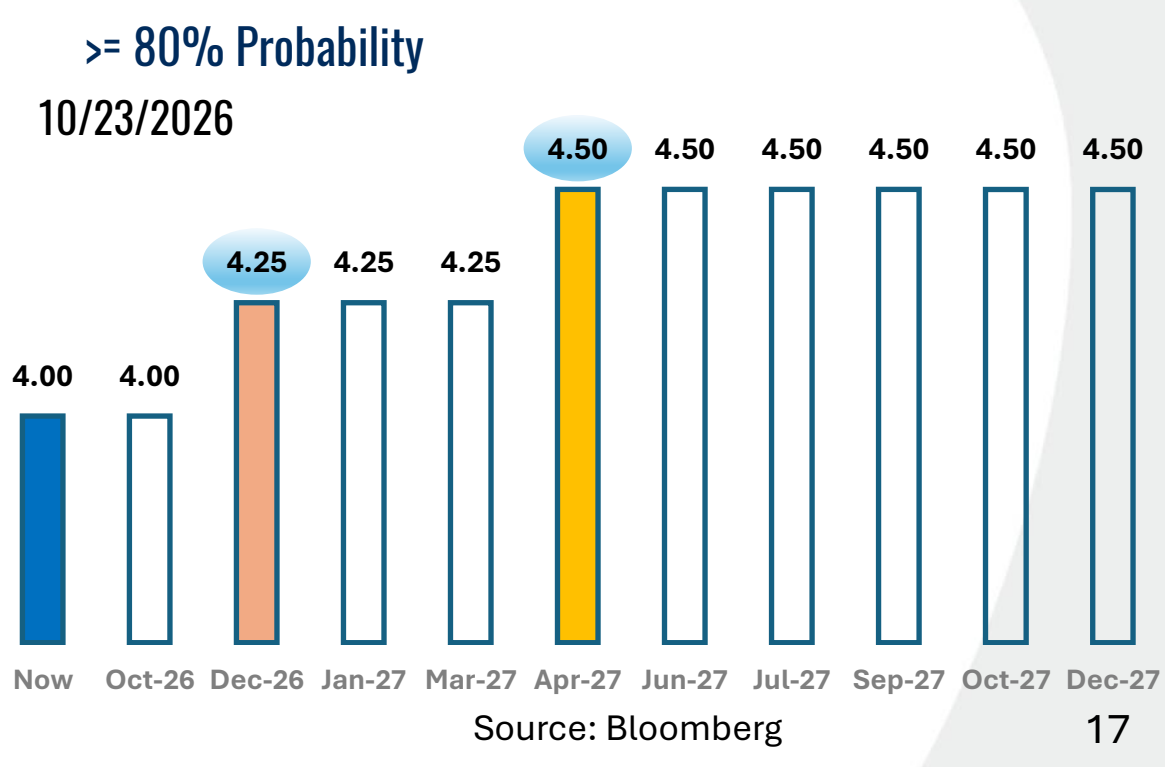
Source: Department of Treasury

Interest Rate Expectations – 10/23/2026

Rate Outlook Turns Slightly Less Hawkish

- Markets still price in two 25-bp hikes, with the first expected in December 2026 and the second shifting from March to April 2027.
- The probability of a third hike by September 2027 fell from 84% to 72%, signaling less conviction around further tightening.





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Source: Bloomberg



Next Week's Economic Calendar

NEXT WEEK'S ECONOMIC CALENDAR

Key economic releases and consensus expectations

TUESDAY 10/27

Release	Expected	Prior
Durable Goods Orders (Sep)	1.9%	-0.1%
Nondefense Cap Goods Ex Aircraft (Sep)	0.8%	1.6%
Conference Board Consumer Conf (Oct)	80.9	81.9

WEDNESDAY 10/28

Release	Expected	Prior
MBA Mortgage Applications (Oct 23)	—	-5.3%
FOMC Rate Decision (Upper bound)	4.00%	4.00%

THURSDAY 10/29

Release	Expected	Prior
Personal Income (Sep)	0.3%	0.2%
Personal Spending (Sep)	0.6%	0.9%
PCE Price Index MoM (Sep)	0.5%	0.3%
Core PCE Price Index MoM (Sep)	0.3%	0.2%
Core PCE Price Index YoY (Sep)	3.1%	3.0%
Initial Jobless Claims (Oct 24)	198K	194K
Continuing Claims (Oct 17)	1,723K	1,728K
GDP QoQ (Q3)	3.2%	2.2%

FRIDAY 10/30

Release	Expected	Prior
Employment Cost Index (Q3)	0.8%	0.9%

K = Thousand

Source: Bloomberg



Key Takeaways

ECONOMIC SNAPSHOT

Status and near-term outlook | Week ending October 23, 2026

Housing Starts
September

STATUS

Starts Fell 5.2%

NEAR-TERM OUTLOOK

Rates Constrain Activity

Building Permits
September

STATUS

Permits Nearly Flat

NEAR-TERM OUTLOOK

Multifamily Improving

Labor Market
Weekly

STATUS

Claims at Three-Month Low

NEAR-TERM OUTLOOK

Low Layoffs, Slower Hiring

Equity Market
Weekly

STATUS

Rotation, Not Broad Sell-Off

NEAR-TERM OUTLOOK

Volatility Elevated

Oil Market
Weekly

STATUS

Brent Above $116

NEAR-TERM OUTLOOK

Supply Risks Elevated

Fed Rate Expectations
Weekly

STATUS

Two Hikes Priced In

NEAR-TERM OUTLOOK

Less Hawkish Beyond April

Treasury Yields
Weekly

STATUS

Yields Moved Lower

NEAR-TERM OUTLOOK

Oil vs. Safe-Haven Demand

Week Ahead
Oct. 27-30

STATUS

FOMC, PCE and GDP

NEAR-TERM OUTLOOK

Major Market Catalysts

Key Takeaway: Housing weakened under elevated borrowing costs, but labor remained resilient; meanwhile, oil above $116, AI-driven equity rotation, and safe-haven Treasury demand set up a pivotal week for the FOMC, PCE inflation, and GDP.

Questions?

