MORNING BRIEF · MONDAY · OCTOBER 26, 2026 · FOMC WEEK, OIL EASING · PUBLISHED 7:02 AM ET

/ESZ26 + /NQZ26 MORNING BRIEFING

DECEMBER ES + NQ FUTURES · PINNED UNDER RESISTANCE

⚠ SITUATION — OIL RELIEF, AI WORRIES

NQ is pinned under 29,226 because cheaper oil isn't buying enough relief against a fresh AI-funding scare, with the Fed and Big Tech earnings both landing Wednesday. Oil is giving back a large part of Friday's spike even as the Houthis claim new strikes on Saudi pumping stations, which eases one source of pressure on long-dated tech. But neocloud stocks are sliding premarket after an Elon Musk post predicting a shakeout, and that hits the AI-spending trade NQ is built on.

PRIOR CALL · SUNDAY SUN OCT 25 **NQ 29,226 resistance** ✓ HELD tested 7:15 PM ET · now 29,125.25 (-101)

✓ ✓ ○ ○ ○ ✗ ✓ ✓ ○ ✓ 5 of 10 held

CHECKED FROM 5-MINUTE BARS SINCE THAT BRIEF WAS PUBLISHED; FUTURES DATA IS DELAYED ABOUT 10 MINUTES.

/ESZ26	/NQZ26	VIX	WTI OIL	10Y YIELD
7,670.25	29,125.25	19.62	$101.02	4.99%
▲ +10.50 (+0.14%)	▲ +7.50 (+0.03%)	▲ +0.17 (+0.87%)	▼ -2.25 (-2.18%)	▲ +0.03

QUOTES AS OF MON OCT 26, 6:50 AM ET · /ESZ26 & /NQZ26 DECEMBER CONTRACTS

BASE CASE

Base case: NQ stays capped under 29,226 through the opening hours, because the overnight push above that line found no follow-through and cheaper oil isn't enough to offset the AI-funding worry. While that ceiling holds, the 29,000 round number is the likeliest magnet, and a clean break of the 28,987 week low reopens the 28,750 area. With the Fed in blackout, the tape is likely to trade on oil headlines and the neocloud move until Wednesday's decision and the hyperscaler earnings behind it. A hold above 29,226 would open 29,326 and then 29,500. The read changes if NQ accepts above 29,226 and holds it through the first hour.

WHAT HAPPENED

What moved since Sunday's brief?

Friday: Houthi attacks on Saudi Arabia revived supply fears and oil rallied sharply, per CNBC. Over the weekend tensions stayed high and the Houthis claimed further targets. Early Monday, oil reversed — CNBC had crude falling at 1:18 AM ET as traders weighed more attacks on Saudi infrastructure against demand destruction from high prices — even as the Houthis said they hit the East-West crude pumping stations and Riyadh airport, per Reuters. At about 5:31 AM ET neocloud stocks slid premarket after the Musk post, and by 6:02 AM Reuters had index futures edging higher on the crude retreat. Overnight NQ ranged from 29,024 to 29,345, a pop above 29,226 that faded back to near Friday's 29,118 close.

Sources: CNBC (Oct 26, 2026) · Reuters (via Investing.com) (Oct 26, 2026) · Reuters (via Investing.com) (Oct 26, 2026) · TipRanks (Oct 26, 2026)

WHY IT MATTERS

Why isn't cheaper oil lifting NQ?

Two signals are pulling against each other, and the one tied to NQ's own holdings is winning. Cheaper oil is the relief: Brent is still above $100 but off Friday's surge, and with the 10-year sitting just under 5%, any drop in crude eases pressure on long-dated tech valuations. That relief is conditional, though, because the Houthis are still claiming strikes and one headline can reverse it. Against that, CoreWeave, Nebius and Iren are lower premarket after Musk posted that '200+ neoclouds are going to see guppy-level death and consolidation,' and Mohamed El-Erian says markets are reassessing the return on tech spending and its funding needs, which he links to wider credit spreads. Credit hasn't confirmed that yet — high-yield held up better than investment-grade on Friday — so this reads as a sentiment wobble in AI names, not a funding squeeze, which is why NQ is pinned rather than breaking.

Sources: CNBC (Oct 26, 2026) · TipRanks (Oct 26, 2026) · Benzinga (Oct 26, 2026)

WHAT'S NEXT

What's on the clock today and this week?

Today is light on data: the Chicago Fed National Activity Index at 8:30 AM ET, Dallas Fed manufacturing at 10:30 AM ET (one calendar lists it Tuesday), and $69 billion of 2-year notes at 1:00 PM ET, with no consensus figures reported and no Fed speakers found because the pre-meeting blackout is on. Verizon reports before the open with a webcast at 8:30 AM ET, consensus EPS near $1.27 to $1.28 on revenue around $34.8 billion, and Cadence reports after the close with a 5:00 PM ET call. Tuesday brings consumer confidence and durable goods, Seagate after the close, and the Israeli Knesset election. Wednesday is the pivot: trade balance at 8:30 AM ET, the FOMC decision at 2:00 PM ET with Chair Kevin Warsh's press conference at 2:30 PM ET and no new projections, a hold priced at about 90%, then Alphabet's call at 4:30 PM ET and Microsoft's at 5:30 PM ET. Thursday adds Q3 GDP, September PCE, the ECB decision, Intel before the open and Amazon after the close, while Friday brings the Employment Cost Index at 8:30 AM ET, Exxon Mobil's call at 9:30 AM ET, the Bank of Japan, and Fed speakers Daly at noon and Musalem at 12:30 PM ET.

Sources: Kiplinger (Oct 24, 2026) · Crypto Times (Oct 26, 2026) · Investrade (Oct 24, 2026) · StockTitan (Oct 23, 2026)

SCENARIOS

HOW THE SESSION OPENS

NQ opens roughly flat to Friday's close, so there is no real gap to fade or chase; it sits about 100 points under the 29,226 lid and inside the overnight 29,024 to 29,345 range. The first 30 minutes is likely to define the opening range, and the 29,226 edge and the 29,000 round number are the boundaries that matter. With a light data slate, the 10:30 AM Dallas Fed print is a minor tell and clarity is most likely to arrive after that, once oil headlines and the neocloud move have been priced. Volume tends to run thin ahead of the FOMC decision and hyperscaler earnings, which makes headline-driven spikes easier to reverse. Technically, 29,226 has capped bounces, while the 29,000 and 28,987 cluster is the floor beneath.

A

FAILED BOUNCE UNDER 29,226 (~45%, UNCHANGED)

If NQ rejects at 29,226 in the first hour, with ES stalling below 7,700, a retest of 29,000 is likely to follow. The target zone is 29,000 to the 28,987 week low, and the owning catalyst is the AI-funding worry, with oil headlines as the swing factor.

ASSUMES oil headlines stay two-sided and AI-funding worries linger

INVALIDATION The thesis is invalidated on NQ accepting above 29,226 and holding it through the first hour.

B

RECLAIM SQUEEZE (~35%, UP FROM 30%)

If NQ accepts above 29,226 in the first hour, with VIX sliding back under 19, a push to 29,326 is likely to follow, with 29,500 as the extension. The catalyst is oil continuing to ease into Wednesday's Fed decision, which would let the neocloud selloff fade.

ASSUMES oil keeps easing and the neocloud selling stays contained

INVALIDATION The thesis is invalidated on a close back below 29,118.

C

OIL-DRIVEN BREAKDOWN (~20%, DOWN FROM 25%)

If NQ breaks and holds below 28,987 in the morning session, with high-yield credit slipping alongside, a move to 28,750 is likely to follow. The catalyst is a fresh Houthi strike headline sending crude back up, which would push yields higher and amplify the AI-funding worry.

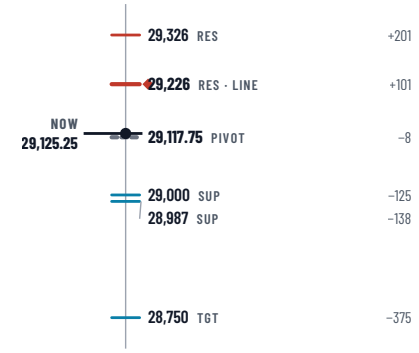
ASSUMES crude reverses higher and credit starts to confirm the AI-funding worry

INVALIDATION The thesis is invalidated on a reclaim of 29,000 that holds.

Scenario probabilities are subjective: the analyst's judgment from the evidence in this brief, not calibrated forecasts. Each scenario shows what it assumes and what would invalidate it.

KEY /NQZ26 LEVELS

LEVEL	TYPE	CONTEXT
29,326.00	RESISTANCE	Prior-day high; the first stop if a reclaim of 29,226 sticks.
29,226.00	RESISTANCE	Prior line in the sand; the lid the base case rests on.
29,117.75	CURRENT	Prior-day close; NQ is trading right on it.
29,000.00	SUPPORT	Round number, the likeliest magnet while the lid holds.
28,987.00	SUPPORT	Prior-week low and prior-day low; a clean break opens the downside.
28,750.00	TARGET	Round number; the breakdown target if 28,987 gives way.



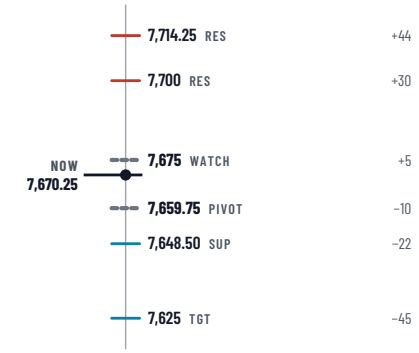
as of Mon 6:50 AM ET

ES CHECK · /ESZ26

ES is simply tracking NQ, with a slight edge: it's a touch firmer, which says the AI-funding wobble is weighing on the Nasdaq more than on the broad market. ES has the same pattern of an overnight push toward 7,700 that faded back to its prior close. A move through 7,700 that NQ doesn't match under 29,226 would be the first sign of rotation away from tech.

KEY /ESZ26 LEVELS

LEVEL	TYPE	CONTEXT
7,714.25	RESISTANCE	Prior-day high; the ES equivalent of NQ's 29,326 ceiling.
7,700.00	RESISTANCE	Round number just above the 7,697.75 overnight high.
7,675.00	WATCH	Round number just above the current price.
7,659.75	CURRENT	Prior-day close; the opening reference.
7,648.50	SUPPORT	Prior-week low and prior-day low; the floor matching NQ's 28,987.
7,625.00	TARGET	Round number; the downside target if 7,648.50 breaks.



as of Mon 6:50 AM ET

SOURCES & DATA

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Market data: futures and index quotes via Yahoo Finance, delayed about 10 minutes, as of Mon 6:50 AM ET. News: the publicly available sources above, found by web search when this brief was written.

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