What's on Our Minds

November 9, 2026

MARKET HIGHLIGHTS

- **A Democratic sweep in last week's midterm elections roiled markets,** sparking concerns about a voter backlash against AI infrastructure and data center construction, which could slow capital expenditures, gross domestic product growth, and earnings. The equal-weight S&P 500 again outperformed amid sector rotation.
- **October nonfarm payrolls rose 165,000,** well above the 65,000 estimate, with the unemployment rate falling to 4.1% and wage growth rising to 3.1% year over year—a notably strong labor market report from the Bureau of Labor Statistics.
- **Strong economic data pushed December rate-cut odds back up to 77%** after they initially fell to 70% on election-driven AI slowdown concerns, as the Federal Reserve continues weighing current economic strength against inflation risk.
- **Third-quarter productivity grew 3.6%,** well above the 2.8% estimate, helping unit labor costs decline 0.7%—a favorable combination suggesting continued noninflationary growth.

MARKET PERFORMANCE

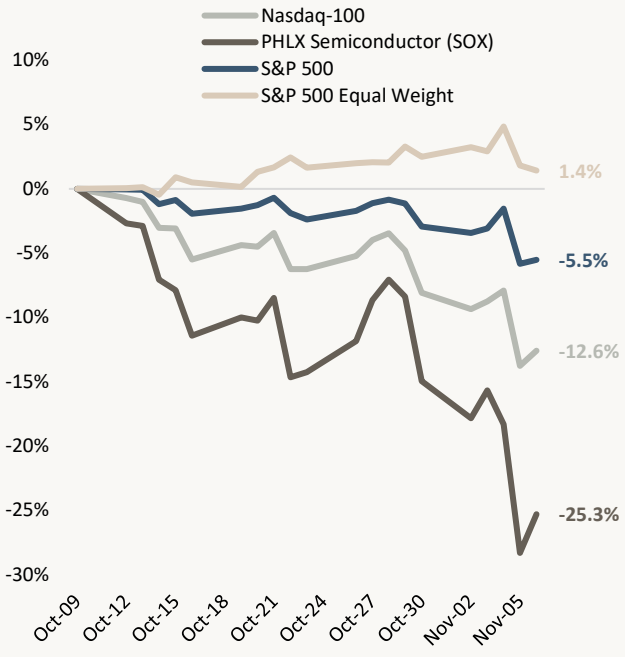
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.40%	-0.15%
Municipal Bonds 1-10Y	0.72%	0.94%
U.S. High Yield	0.42%	0.75%
S&P 500	-2.67%	8.78%
Russell 2500 (SMID cap)	-1.48%	14.60%
MSCI EAFE (International)	-1.84%	7.50%
MSCI Emerging Markets	-4.08%	8.83%
MSCI ACWI (Global)	-2.68%	8.20%
Crude Oil (NYMEX WTI)	-9.17%	58.71%
Gold LBMA PM	2.39%	-7.29%
60/40 ACWI/Agg Portfolio	-1.45%	4.86%

WHAT CAUGHT OUR EYES THIS WEEK

The Latest Tremor in the AI Trade

Seismic shifts in Washington, DC, gave way to seismic shifts on Wall Street last week, with the S&P 500 falling 4.4% on Thursday for its worst day since April 2025. The primary link between midterms and markets is AI. Curtailing data center development was a key speaking point for many races, including data center hotbeds like Texas, Georgia, and Ohio. The PHLX Semiconductor index, which had already been taking it on the chin, fell another 12% last week. Moves like this convey sentiment that the AI infrastructure build-out is about to grind to a halt. We think the path forward is a bit more nuanced. It appears development will proceed as expected for the nearly 600 data center campuses already under construction nationwide, which alone will represent a 40% increase from the existing base in operation. For the 2,600 more in the planning stage, permitting may indeed be slower, more difficult, and more expensive. Or it may just move to where it's more welcome. Details are scarce, and likely will be for a while as politicians who seized the opportunity for a good sound bite will now grapple with the economic and tax revenue trade-offs of data centers in their jurisdictions. Overall, a supply-constrained market may get more constrained at the margin, but that hardly feels like the death knell for the AI ecosystem.

One-Month Total Returns



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OUR KEY THEMES FOR 2026 (updated as of September)

1) Monetary policy moves to neutral or slightly restrictive, fiscal policy moves to neutral or slightly positive, and the AI infrastructure buildout remains a key structural tailwind.
2) OBBBA corporate tax changes are spurring a reacceleration in non-AI business investment.
3) Global growth on net remains positive as trend-or-better US growth offsets supply shocks overseas.
4) Broader economic activity lifts employment, while labor force growth remains sluggish.
5) Inflation remains above the Fed target, but progress should resume when the current supply shock fades.
6) We see a handful of rate hikes at the most, not another full-scale hiking cycle.
7) We see stability or slight upward pressure for long-term rates based on strong economic activity.
8) We believe it's hard to fight strong fundamentals for equity markets, with double-digit profit growth balancing high earnings multiples.
9) Better earnings breadth was delayed, not canceled.
10) International stocks still offer diversification benefits and an impressive fundamental outlook considering geopolitical headwinds.

IN CASE YOU MISSED IT

INSIGHTS

2026 Year-End Opportunities Guide

Potential Economic and Market Implications of the Midterm Elections

Video: November 2026 Economic and Market Outlook

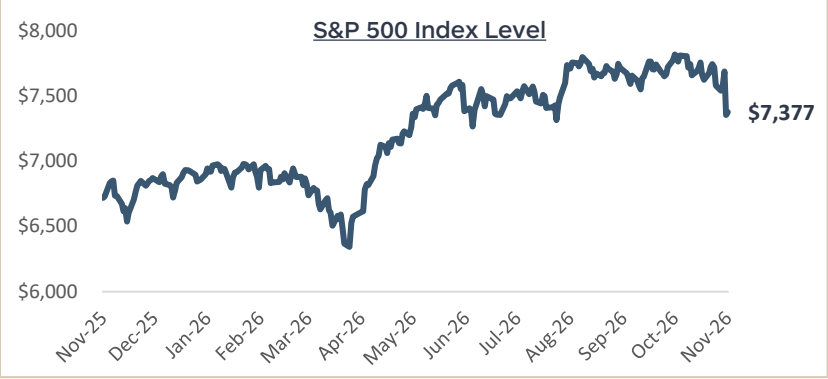
ARCHIVE

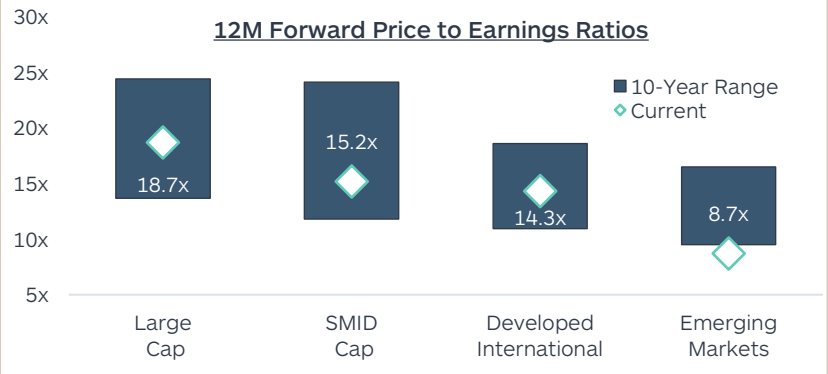
Historical Economic and Market Outlooks Insights

WEBINARS

Recording: Q4 2026 Market & Economic Outlook

EQUITIES





S&P 500 SECTOR	1-WEEK	YTD
Consumer Discretionary	2.7%	0.5%
Comm. Services	2.3%	-9.3%
Real Estate	1.9%	12.7%
Financials	1.1%	5.7%
Consumer Staples	1.0%	19.4%
Health Care	-0.1%	20.9%
Materials	-0.4%	15.5%
Utilities	-0.7%	3.2%
Industrials	-2.8%	5.8%
Information Technology	-6.9%	11.4%
Energy	-11.9%	40.9%

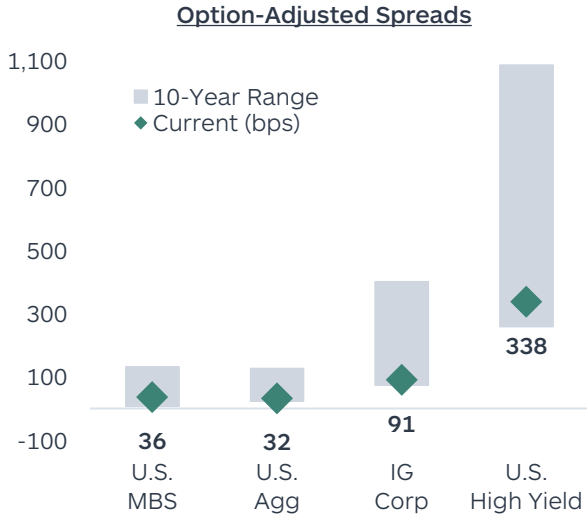
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FIXED INCOME

KEY INTEREST RATES	11/6/2026	Δ YTD
Municipal Bonds 1-10Y	3.48%	0.51%
Effective Federal Funds Rate	3.88%	0.24%
3M T-Bill	4.10%	0.47%
10Y Treasury Yield	4.86%	0.69%
U.S. Aggregate	5.19%	0.87%
Prime Rate	7.00%	0.25%
30Y Mortgage Rate	7.28%	1.02%
U.S. High Yield	8.40%	1.33%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	11/6/2026
Crude Oil	$90.88
Gold	$4,049.60
U.S. Dollar Index	$102.30
Bitcoin	$75,955.00

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THE WEEK AHEAD

Nov. 9 (Mon.)

Nov. 10 (Tue.)

Oct. CPI

Oct. NFIB Small Business Index

Nov. 11 (Wed.)

Nov. 12 (Thu.)

Weekly Initial Claims

Oct. Treasury Budget

Oct. Existing Home Sales

Nov. 13 (Fri.)

Oct. PPI

Coming Up

Oct. Retail Sales (11/17)

FOMC Minutes (11/18)

Oct. PCE (11/25)

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ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, Cleanview, YCharts, 10/9/2026–11/6/2026

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 11/06/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 11/06/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 11/06/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 11/06/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 11/06/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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