Monthly Market Analysis

November 2026

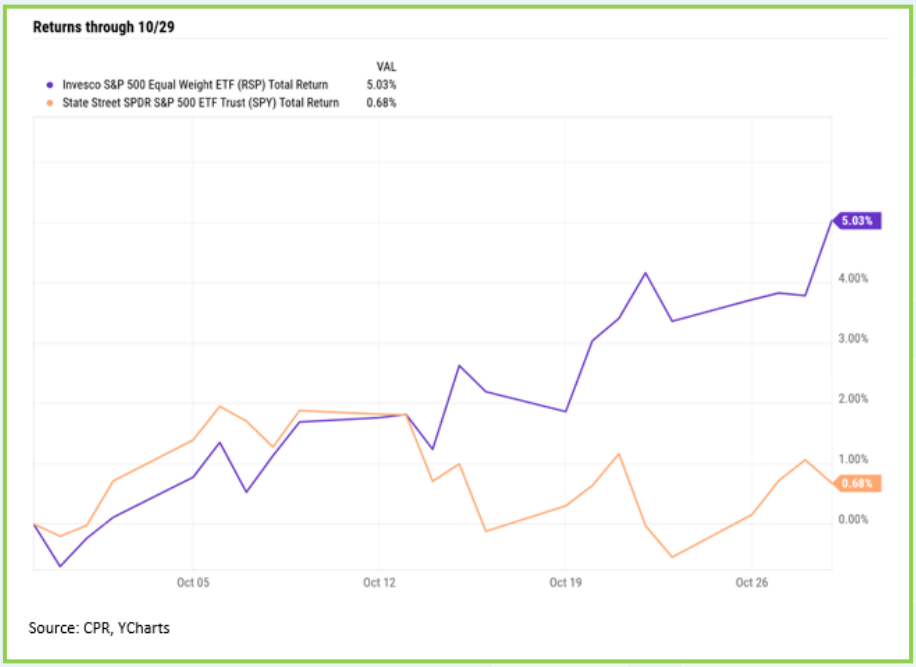
The Quick Read

- Tech shares were dragged lower by renewed capital spending and debt concerns, while the broader market continued to make headway.
- International markets were roiled by government spending concerns as riots flared in multiple European countries, while emerging markets were hit by the AI pullback.
- The US elections will be in the rearview mirror for most of November and history shows that stock performance post midterm elections has been quite positive.

October

Scary AI Spending Spooks Investors

After a brief reprieve to end September, investor concern over the level of spending by AI companies roared back in October, pushing the tech-heavy Nasdaq lower for the month. Investors are growing concerned that the capital needed to finance the proposed spending may not be as easy to come by as previously thought. Additionally, restrictions on AI agents, consumer pushback against data centers, and potential regulation have all contributed to at least a pause in the runaway AI train. While some of the money went to fixed income instruments pushing 10-year Treasury yields back below 5%, investors haven't pulled money out of stocks altogether. Instead, investors have rotated into other areas as seen in the chart below with the equal weight S&P outperforming the market weighted index. We believe this is a healthy development that will help the bull market continue in the coming months.



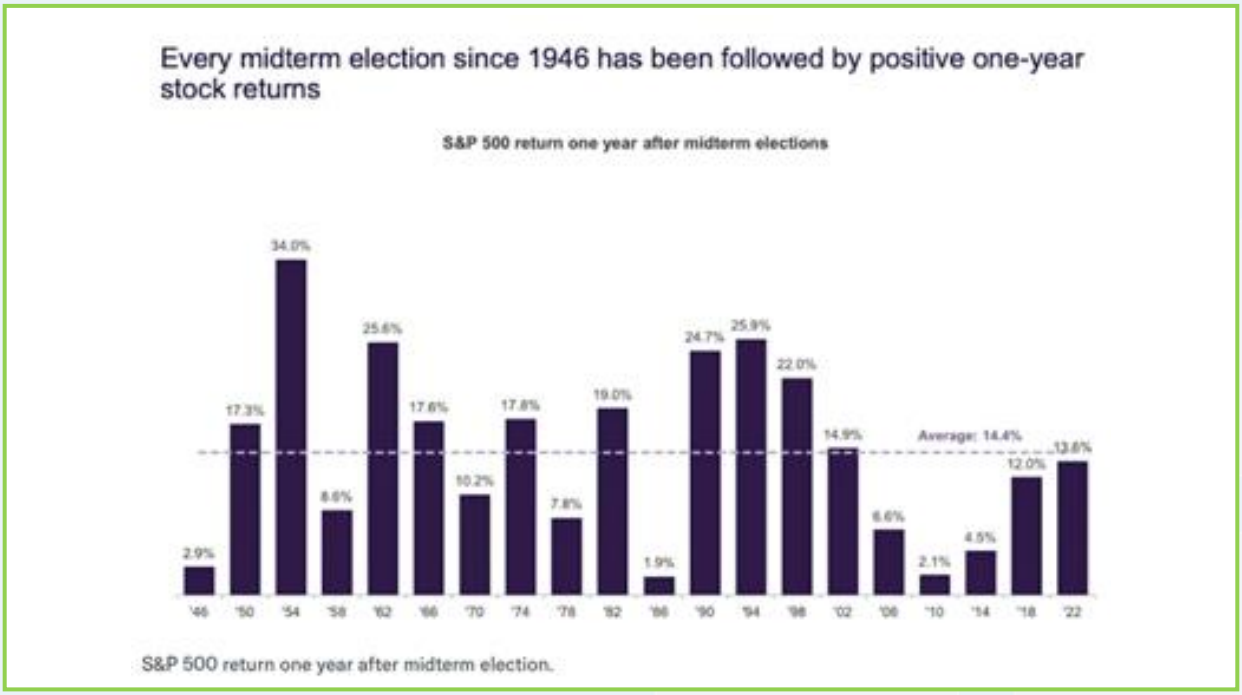
Source: CPR, YCharts

The AI concern also impacted international markets. The emerging markets area, which has been dominated by the rally semiconductor stocks pulled back. Adding to the troubles internationally was the surge in protests and rioting by citizens in many locations in Europe, with participants largely demanding more spending from governments that already have debt at investor concerning levels. We believe this is a temporary pullback and don't believe investors should overreact to a temporary pause from the recent run international stocks have had.

November

The End of Political Commercials = The Start of a New Bull Run??

Speaking of political issues, US midterm elections will be over early in November and regardless of the outcome, history has shown that the year following midterms has been a good one for equities. History doesn't always repeat, but there are reasons to believe it will. It's highly likely the US ends up with a divided government, which means that the prospect of much getting done in the next two years dims, making investors generally happy. American companies can make money in a lot of environments, as long as the rules don't change.



Investor attention will also turn increasingly to the Middle East, with expectations building for an escalation in attacks after the midterms, as evidenced by the rise in oil prices over the past month. However, we believe there will be increased pressure on the Administration to end the conflict and bring down gas prices. Despite the higher prices, the consumer has continued to look healthy, which bodes well for the US economy. Consumer sentiment is near all-time lows, but we've warned investors not to pay too much attention to sentiment, watch what the consumer does, and it appears for now that they are continuing to spend heading into the holiday shopping season. As a result, we believe the end of the year will be a positive one for the market, and the bulls will regain control over recent the tug-of-war.