WEEKLY MARKET COMMENTS – NOVEMBER 9, 2026 - EXTERNAL

Investors faced a whipsaw week in which stocks jumped after Democrats swept the midterm elections, then fell on renewed concerns over the artificial intelligence industry, and ended on Friday somewhere in between.

The S&P 500 index slumped to its fourth-straight weekly loss, of 2.7 percent, on Friday, its worst slide since the unveiling of the tariffs last year. The index had gained as much as 1.8 percent and fallen as far as 3 percent for the week, the biggest range of movement in a single week since April.

Many investors said the market moves were extreme — both up and down. By Friday, some equilibrium appeared to emerge: The S&P 500 rose 0.3 percent, and the tech-heavy Nasdaq, which was at the forefront of a rout the day before, gained even more.

Investors have had a lot of information to process, seemingly all at once. Pre-election jitters gave way to a landslide victory for Democrats on a scale not seen in decades. The relief at a clear result quickly gave way to worries of tighter AI regulation in addition to underwhelming earnings reports by stocks like VSAT, KOP, FIVN, DKNG, AXON, TEAM, GMED and FIVN and finally, on Friday, a better than expected jobs report showed the economy remained in good shape.

Investors and analysts said they expected the market to rally into the end of the year, with bouts of volatility along the way, as plans for how newly elected Democrats will oversee the A.I. build-out take shape. The current Republican-led Congress and White House have adopted a largely hands-off approach to the A.I. industry over the past two years.

Investors were already on edge before the event-filled week, with periodic sell-offs reflecting concerns about the A.I. industry's performance, despite bumper profit reports from many of the companies at the forefront of the technology.

> A rush to build data centers had led companies to borrow enormous sums in debt markets, with no promise that returns would later justify the expenditure. And with companies all trying to grow at the same time, supply chain bottlenecks had put real-world constraints on those aggressive business plans.

Then there were the midterms, with the potential for a contested result and legal challenges, and the outlook for other important market factors, like the war with Iran and the path of interest rates, hanging in the balance.

As the voting result became clear, stocks rose on Wednesday in a so- called relief rally, helped by a surge of buying from investors who had been waiting on the sidelines until the campaign was over.

A day later, that exuberance began to fade. Two chipmakers, QCOM and ARM, had reported earnings that fell short of expectations, dragging down others in the industry, including heavyweights like NVDA, which have a heavy influence on market indexes.

Analysts assessing the financial impact of the Democrats' electoral sweep pointed to a fundamental, though still modest, reassessment of the growth prospects for A.I. businesses. The shift in power at statehouses around the country led many to suggest that tighter regulation of data centers could slow plans in places like Texas, where the world's largest tech companies are rapidly building out computing capacity.

The S&P 500 opened slightly lower on Thursday, but the sell-off quickly gathered speed, extending into more panicked trading that fed off investors' long-held concerns about the assumptions underlying the lofty valuations of some A.I. companies. The S&P 500 ended the day with its largest decline in nearly two years. The fallout reverberated around the world.

Markets across Asia, which were closed during the worst of the selling on Wall Street, had a chaotic open to trading on Friday. The severity set off a 20-minute trading halt at the tech-heavy KOSPI, which plunged 6 percent by the end of the session, pulled down by the memory-chip makers SKYX and Samsung Electronics. Japan's benchmark Nikkei 225 sank about 6 percent, dropping the index into a bear market, a 20 percent fall from its recent peak.

But as trading got underway in Europe the tide began to turn, with some semiconductor companies in the region posting gains.

Earnings this week include: today – CEG, SKYD, TTWO; Thursday – CSCO, AMAT.

Economic reports will see: Tuesday – October CPI, forecast to rise 0.3% and the core rate up 0.2%; Friday – October PPI.

Meanwhile, 3Q earnings for S&P came in at 29%, which is down from 2Q 33% increase.

The latest non-farm payroll report, released before U.S. markets opened on Friday, also eased investors' worries. Employers added 165,000 jobs in October, more than analysts were expecting, and the unemployment rate dropped to 4.1 percent.

When trading began, the markets stabilized. The Nasdaq rose more than 1 percent, driven by a rebound in chipmakers. Nivida advanced about 3 percent, reversing some of the previous day's loss.

Businesses added workers at a vigorous clip in October, continuing a string of healthy hiring that underscored the job market's stability even as inflation and concerns about investments in artificial intelligence pressure other aspects of the economy.

The report affirmed that the labor market remained solid and even showed some glimmers of momentum that could begin to relieve persistent anxiety among workers about their ability to find work. Employers added 165,000 jobs on a seasonally adjusted basis last month, the Bureau of Labor Statistics reported on Friday, and the unemployment rate edged down to 4.1 percent.

Job gains for August and September were revised upward by a total of 84,000, bringing the average increase per month over the past three months to 137,000. The labor force participation rate ticked up for the third month in a row.

Workers are still nervous about the current state of the job market but at the very least, the report is a step in the right direction towards building up that worker confidence again.

A big question hanging over the labor market, and the economy more broadly, is the impact of AI on jobs. Investors' concerns about the trajectory of investments in the technology sent most tech stocks collapsing on Thursday.

So far, A.I. does not appear to be leading to widespread job losses and gains last month were relatively widespread, with a range of sectors adding positions. Even some white-collar industries thought to be heavily exposed to technological disruption added jobs. Professional and business services, which include accountants, lawyers and other office work, gained 70,000 positions and financial activities sector tacked on 7,000 jobs.

But there are some indications that the rise of AI is one factor depressing hiring, particularly for entry-level positions. One

reason may be companies are choosing to invest in the technology rather than adding workers. Employers may also be holding off on hiring as they assess AI capabilities.

Even people who do have jobs have been losing leverage, as wage growth has slowed and inflation has eroded their spending power. Average hourly earnings rose 3.1 percent compared with the same time last year, well below the rate of price increases.

The glacial wage growth is likely to keep the Federal Reserve squarely focused on tamping down inflation. The central bank held rates steady at its meeting last month and will convene again to consider rates in December.

On the flip side, AI is fueling a surge in demand for workers in construction, manufacturing and other industries tied to the data center build-out. Manufacturing added 19,000 jobs in October. Nonresidential specialty trade contractors added 8,000 jobs.

But finding enough skilled labor has become more challenging now that electricians, welders and workers with similar technical experience are in such high demand.

It's definitely been more difficult as of late as that in the salaries and the wages for the skilled technicians; it's gone up dramatically.

In addition to the October jobs report, there have been some other tentative signs that the labor market may be perking up. The Job Openings and Labor Turnover Survey last week showed that the quits rate rose in September, a sign that workers may feel more confident in their ability to get new jobs. Job openings also rose.

Yet the remarkable stretch of labor market stability and low unemployment has not felt favorable for many Americans, especially those without jobs. The average duration of

unemployment rose to 27 weeks in October, the highest level since the end of 2021.

The job market has been especially depressed for certain groups. The unemployment rate for recent college graduates, for instance, stood at about 5.2 percent in the third quarter of the year, according to the Federal Reserve Bank of New York, well above the overall unemployment rate.

After jumping in September, the unemployment rate for black workers fell back a bit to 6.6 percent, a level that far exceeds the unemployment rate for white workers.

“I still don’t think we can pull out the champagne and start the party,” said an observer. “If you are looking for a job in this economy, I don’t think it’s easy.”

The overall labor market sluggishness, alongside frustration with rising prices, is one reason that many Americans are downbeat about the economy, a sentiment that powered the blue wave in last week’s midterm elections.

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