Richard Rose Wealth Management November 9, 2026

WEEKLY COMMENTARY **Richard Rose AIF®**

Good morning,

What's in this week's Report:

- What Can Stabilize Tech? Three Events to Watch
- Weekly Market Preview: AI Still in Focus (CRWV Earnings and Anthropic IPO Progress)
- Weekly Economic Cheat Sheet: Inflation in Focus (CPI Tomorrow the Key Report)
- Why Did Stocks Drop Thursday?
- Election Results: What It Means for Markets

Futures are higher as oil prices dropped on comments from President Trump that further reduced expectations for a resumption of attacks on Iran.

Oil prices are down 3% on Trump comments to CNN that he's "very unlikely" to resume large-scale attacks on Iran.

The AI/tech sector got more dramatic over the weekend as NVDA CEO Jensen Huang admitted to having an affair with an apparent Chinese spy. NVDA is down 5% pre-market, although the rest of tech is holding up, so far.

Today all eyes will remain on the tech sector/AI names for signs of continued stabilization. Away from tech, this week is economically focused on inflation, starting today with the New York Fed 1-Year Inflation Expectations (E: 3.9%); the lower, the better.

Turning to the Fed, three speakers are speaking today: Goolsbee (10:00 a.m. ET) and Bowman & Barkin (12:15 p.m. ET), but they shouldn't move markets.

Market	Level	Change	% Change
S&P 500 Futures	7,457.75	55.75	0.75%
U.S. Dollar (DXY)	101.74	-0.43	-0.43%
Gold	4,135.00	60.10	1.47%
WTI	87.28	-3.55	-3.91%
10 Year	4.837%	-0.019	-0.39%

Stocks

Last Week (Needed Context as We Start a New Week)

Stocks fell sharply last week after a plunge in tech stocks amid growing concerns about continued AI data center investment and credit availability for AI companies. The S&P 500 fell 2.67% for the week.

Tech stocks drove the S&P 500's performance all week, starting Monday, as they continued the selling from two Fridays ago. Weakness in the Nasdaq dragged the S&P 500 lower on Monday afternoon (mostly on selling momentum) while the rest of the market logged a solid rally. The S&P 500 fell 0.5%.

Stocks rebounded Tuesday on pre-election positioning as dip buyers stepped into the tech sector. A sharp drop in oil prices also helped push stocks higher as hopes for diplomatic progress between Iran and the U.S. pressured oil prices. The S&P 500 finished up 0.30%.

Stocks surged on Wednesday after the midterm elections largely met expectations. The Democratic "blue wave" materialized and Democrats seized sizable majorities in the House and Senate, although they did not secure two-thirds majorities, meaning they can't override a presidential veto. The election results pointed strongly to legislative gridlock for the next two years, and the removal of election uncertainty prompted investors to come off the sidelines as the market broadly rallied. The S&P 500 gained 1.6%.

Those gains were erased on Thursday, however, as the Nasdaq plunged from the outset and dropped 5.5%, its biggest one-day decline since "Liberation Day" in April 2025. The drop was led by AI infrastructure stocks (semiconductors, memory, neoclouds) as investors worried that delayed data center buildout could 1) reduce earnings and economic growth, and 2) further exacerbate concerns about AI companies securing capital to continue the infrastructure buildout. The declines fed on themselves throughout the morning, and unlike the previous week, pulled the entire market lower. The S&P 500 closed near session lows, down 4.36%.

Stocks managed an oversold bounce on Friday led by tech, but the Nasdaq rally was only about 1%, which isn't a strong response after the 5% decline on Thursday (and the Nasdaq faded from the highs). The S&P 500 closed with a modest gain helped by tech, while the rest of the market extended the declines, as RSP fell 0.38%, underscoring that while tech bounced, the rest of the market did not.

What Can Stabilize Tech? Three Events to Watch

Weeks of rising AI spending and capex anxiety bubbled over on Thursday, as investors aggressively sold anything tech-related amid fears that AI capex would dry up, endangering earnings and economic growth.

The declines from last week have now made this correction in AI/tech, which has been ongoing for several weeks, quite painful. Since Oct. 6, the most recent all-time high in the Nasdaq, the index has declined 14%! That's an enormous move for an index that big in just one month.

To be certain, real damage has been done to the AI space; it's erased a lot of profits and turned sentiment toward AI more negative. But while these declines don't match the actual fundamentals (they haven't deteriorated this much), declines of this magnitude don't end in a day. They require an event (or a few events) that push back on the root causes of the decline to trigger dip buying, which usually ends these types of corrections.

So, I want to identify a few looming tech events that could help start that process, because we will need some good news on tech to help this market stabilize.

Stabilization Catalyst 1: Anthropic IPO. What makes it positive for markets? First, the IPO occurs before Thanksgiving (meaning it's not delayed), and second, it creates an Anthropic valuation of over $1 trillion (ideally as close to $1.5 trillion as possible).

Stabilization Catalyst 2: Positive Data Center Comments from Governor-Elects in Texas, Georgia and Ohio, in That Order. There's no specific date now that the elections are over, but markets will want to hear a softening of the "anti-data center" rhetoric from governor-elect Hinojosa (TX), Bottoms (GA), and Acton (OH). This isn't an unreasonable

expectation, as data centers bring significant revenue to state and local governments (so some sort of compromise is likely).

Stabilization Catalyst 3: Strong Nvidia and CoreWeave Earnings. CoreWeave (CRWV) reports earnings on Nov. 10, and since it's the most well-known neocloud, and neoclouds are at the epicenter of AI funding and revenue concerns, a strong report that details growing order demand will help ease concerns. Next week, Nvidia (NVDA) reports quarterly earnings, and as the bellwether AI company, strong results will also push back on concerns that AI spending is drying up.

Bottom line, tech remains the epicenter of this market volatility. Until it stabilizes, the market will struggle to rebound (concerns in tech are spreading to broader economic concerns if AI capex dries up, which is why the rest of the market dropped last week).

The aforementioned events will help tech stabilize in the near term, and the sooner that happens, the better for this market because, as we saw at the end of this week, AI funding and capex concerns are now a direct headwind for the entire market. We need positive tech events to help this market stabilize and rebound into year-end. These three events would be a good start!

Economic Data (What You Need to Know in Plain English)

Last Week

Economic data last week reinforced that U.S. economic growth is strong, which is important support for the market amid this AI-related turmoil.

Last week brought the "Big Three" monthly economic reports (Jobs Report, ISM Manufacturing PMI, and ISM Services PMI), and each showed strong activity and firm inflation pressures (though not as bad as feared). Overall, the data was generally neutral (it confirmed a strong economy and elevated inflation pressures), but it didn't point to "Too Hot" growth or accelerating inflation pressures.

Starting with the jobs report, it was at the higher end of our "Just Right" preview. Job adds rose 165k vs. (E) 70k, and another 85K jobs were added in revisions for September and August. The unemployment rate declined to 4.1% vs. (E) 4.2% and wage growth rose to 3.1% vs. (E) 2.9%. All of those numbers are slightly hot, but none of them are enough to warrant the Fed getting more aggressive on rate hikes. So, the biggest takeaways from the jobs report are that 1) the labor market remains in great shape and that's very positive for consumer spending and broader economic growth (a good thing) and 2) the Fed is still on track to hike rates in December and March (which is OK, because that's every other meeting and the market has that priced in).

Looking at the other two of the "Big three" monthly economic reports, the ISM Manufacturing PMI and Services PMI, they both gave the same message: Strong growth and elevated inflation (but inflation didn't get worse).

The October ISM Manufacturing PMI slipped to 54.6 vs. (E) 55.5, while the Services PMI declined to 54.4 vs. (E) 54.7. Both readings are comfortably above 50 (signaling expansion), but neither jumped higher (implying the economy isn't starting to run hot).

Almost as important as the headline index, the Prices indices in both declined slightly. For the Manufacturing PMI, Prices fell to 75.2 from 77.2, and in the Services PMI they slipped to 73.0 from 74.0. Neither move is big, and both Price Indices are still near YTD highs, but they didn't jump higher or imply accelerating inflation pressures, so they weren't a negative for markets.

Bottom line, the most important monthly economic reports showed us what we already knew for the economy in October, namely that growth is strong (which is a positive for markets). Inflation is high but not getting materially worse (now we need to see those inflation metrics begin to recede, hopefully starting tomorrow).

Important Economic Data This Week

There aren't many economic reports this week, but the ones we get are potentially important, and the focus this week will be inflation. Tomorrow's CPI and Friday's PPI are the key reports.

Given that Fed Chair Warsh (and other members of Fed leadership) have pushed back on aggressive rate hikes, and considering the drop in oil prices, investors have pushed inflation concerns to the back burner. However, inflation still matters, a lot, and if CPI runs hot or further implies that inflation pressures are building, that will be an additional negative on this market (and that's not needed right now).

Headline CPI rose 3.7% in September, and Core CPI rose 2.6%, and markets will want to see, at a minimum, stability in that data and ideally a decline (even a small one) back towards the Fed's 2.0% target. If we don't get that progress, expect Treasury yields to rise, which will put additional pressure on stocks.

The other notable report this week is Friday's PPI report. While it's not as important as tomorrow's CPI, it still matters because it's loosely viewed as a leading indicator of CPI and inflation trends more generally. PPI in September was 6.3% y/y and Core PPI rose 5.0% y/y. And like CPI, markets will want to see those numbers recede, and the larger the fall, the better.

Special Reports and Editorial

Why Did Stocks Drop Thursday?

Stocks dropped sharply on Thursday as the tech sector collapsed amid a surge in AI skepticism, and that finally pulled down the "rest of the market," as the S&P 500 and Nasdaq posted their worst single-day declines since last year's tariff tantrum selling.

What Caused the Decline in Tech: If there was a singular "event" that caused yesterday's collapse in tech (which again pulled the entire market lower), it was Democrats winning the governors races in Ohio, Texas, and Georgia. Now, to be crystal clear, it's not that the market doesn't "like" Democrat governors. Democrat governors in those states could be fantastic.

Instead, the market reacted to each governor-elect's campaign promises to block or dramatically slow data center construction in those states. Those states are viewed as the leaders in AI data center construction. Texas is projected to hold 30% of the national data center capacity by 2028. Georgia was the fastest-growing data center state, with Metro Atlanta leading the nation in data center space under construction in 2026. And Ohio is a major Midwest data center hub. Each Democratic governor-elect campaigned on a promise to pause or reduce data centers in their state, opening up the potential for a delay or drop in AI infrastructure demand.

Why Did Markets React So Negatively on Thursday? It's all about the flow of money (or keeping the money flowing). The data center concerns were the proverbial straw that broke the camel's back. At the heart of the months-long tech correction is the fear that money flowing into AI data center buildout will slow or stop, and since that flow drives S&P 500 earnings growth and the resilient economy, the entire bull market is at risk if it slows or stops.

Over the past month, all of the tech weakness can be traced back to that one, singular fear/risk. If the money stops flowing (or slows), then hyperscalers (GOOGL/AMZN/MSFT/META) won't need to 1) buy as many chips or memory, 2) require as much network capacity, and 3) need neoclouds to lease computing power. Those fears, in turn, have hammered neoclouds (CoreWeave is the obvious poster child), and the semiconductor, memory, and AI infrastructure names. If data center buildout is delayed in Texas, Georgia, Ohio, and other states, then that reduces demand for chips, memory, computing power, cloud space, power, water, building materials, etc., even further, and that's negative for earnings and the broader market. That is why tech plunged this past Thursday, and it yanked the entire market down with it. So, it's not that things *actually* got worse (they didn't). Instead, fear of reduced AI infrastructure demand hammered tech, and the declines got bad enough to pull the entire market down with it.

Election Results: What It Means for Markets

The midterm elections largely met expectations, with Democrats winning the House by a comfortable margin and taking the Senate with a bigger-than-expected margin, resulting in a Democratic Congress and Republican presidency. Put simply, a divided government.

The net result of that mixed government should be general gridlock, which is positive given the current macroeconomic setup of strong consumer spending, low unemployment, and AI data center spending.

While there will be articles focusing on potential actions of the new divided government, including potentially capping credit card rates, data center moratoriums, and other measures, the reality is that the chances of industry-shaking legislation emanating from Washington will remain very low.

What won't remain low is the likelihood of government shutdowns and debt-ceiling dramas. However, market history has clearly shown that shutdowns and debt-ceiling dramas don't have a lasting impact on markets. Bottom line: Since Democrats did not secure a veto-proof majority in either the House or Senate, we now have legislative gridlock, which historically is positive for stocks.

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Richard Rose AIF®
917-597-7432
rrose@nationwideplanning.com