

Charlotte, North Carolina

WEEK OF NOVEMBER 9, 2026

Market Navigator

Stocks were lower across the board because of a significant sell-off focused on companies benefiting from the AI buildout. Other areas of the market fared better, with five sectors posting positive returns. The yield on the 10-year Treasury declined to 4.87 percent.

Quick Hits

1. **Beyond the headlines:** What is the Federal Reserve (Fed) thinking after seeing employment data?

2. **Report releases:** Job creation surged to 165,000 last month, and the data was revised higher for August and September.

3. **Financial market data**: Stocks were down as investors tried to interpret how election results may affect policy changes.

4. **Looking ahead:** Consumer and producer price inflation data for last month will highlight this week's economic reports.

Beyond the Headlines: What Is the Fed Thinking After Seeing Employment Data?

The market spent last week parsing midterm election results and what they mean for future policy. Most of the debate was focused on AI beneficiaries and whether the data center buildout would slow or face higher costs due to increased regulation. Understandably, economic data took a back seat.

When the Fed chose to leave interest rates unchanged last month, Chair Kevin Warsh said the period between that meeting and the December meeting was "information rich." Any data that offers insight into inflation or jobs remains important as the market looks forward to the central bank's December 8–9 meeting. Consensus expectations are that the committee will raise interest rates 25 basis points (bps) after the meeting, though multiple factors will be considered in making that decision.

Job Creation Is Well Above Expectations

Last month's nonfarm payroll report showed that 165,000 jobs were created, well above consensus expectations for 70,000 new jobs. Further illustrating the strength of the report, the previous two months were revised higher by a combined total of 84,000 jobs. Continued job creation strength was seen in the health care sector, continuing a multiyear trend.

The unemployment rate declined slightly to 4.1 percent. This is a sign that the employment market remains tight, even if it isn't as robust as it has been in previous years. Wage growth continues to run below inflation, at 3.1 percent year-over-year. If the employment market remains tight, wage growth should improve.

> The combination of a strong employment market and inflation exceeding 3 percent argues for a rate increase. But have market signals changed in the past few weeks?

Inflation Data Is Up Next

This week, we'll see updates on consumer and producer price inflation for last month. Inflation is expected to remain well above the Fed's 2 percent target, which hasn't been reached in more than five years, so work remains for the central bank.

The combination of a strong employment market and inflation exceeding 3 percent argues for a rate increase. But have market signals changed in the past few weeks?

How Do Election Results Affect the Fed?

In the past, Warsh has said the Fed should take cues from the market as it deliberates interest rate policy. Leading up to the election and in the days after, the market seemed to be discounting slower growth and a settlement in the Middle East. Oil prices have declined from more than $100 at various points in the fall to less than $90. Some areas have begun to see relief in gasoline prices. At the same time, the 10-year Treasury yield has declined from 5.36 percent to less than 4.9 percent.

The market seems to be sending the message that it expects a slowdown in economic growth. AI infrastructure buildout, which has been a key driver of U.S. economic growth, isn't expected to slow over the next year. If data center construction draws more scrutiny given the change in governors in critical states such as Texas, however, a slowdown could follow down the road.

If the Fed agrees, it might decide that despite strong employment data, volatility throughout the year gives it cover to leave rates unchanged next month and wait for more data.



Report Releases: November 2–6, 2026

ISM Manufacturing Index
October (Monday)

Manufacturer confidence improved more than expected last month, bringing the index to its highest level in three months. Faster hiring and new order growth supported manufacturers' views.

- Expected/prior ISM Manufacturing index: 54.5/54.5
- Actual ISM Manufacturing index: 55.5



ISM Services Index
October (Wednesday)

Although service sector confidence dropped last month due in part to slower new order growth, the index remains in healthy expansionary territory.

- Expected/prior ISM Services index: 54.8/54.9
- Actual ISM Services index: 54.5



Employment Report
October (Friday)

Hiring accelerated last month, with the economy adding 165,000 jobs versus expectations for 70,000. The unemployment rate fell to 4.1 percent, signaling continued labor market strength.

- Expected/prior change in nonfarm payrolls: +70,000/+60,000
- Actual change in nonfarm payrolls: +165,000



Preliminary University of Michigan Consumer Sentiment Survey
November (Friday)

Consumer sentiment improved more than expected in November, bringing the index to a three-month high. Improvement was driven by rosier consumer views on current and future economic conditions.

- Expected/prior month consumer sentiment index: 48.0/48.0
- Actual consumer sentiment index: 51.0



>> The Takeaway

- The employment market rebounded strongly, and data from August and September was revised upward.
- That strengthens the case for the Fed to increase rates, pending this week's inflation data.

Financial Market Data

Equity

Equities were lower across the board, in large part because of a late-week selloff that followed a post-election rally. Thursday was the worst day for the Nasdaq Composite (down 3.37 percent) and S&P 500 (down 2.67 percent) since April 2025. The Dow Jones Industrial Average declined 0.94 percent. The equal-weight S&P 500 again outperformed, declining just 1 percent. Crude oil prices fell nearly 13 percent, causing the energy sector to decline 12 percent. The technology sector dropped nearly 7 percent. Five sectors had positive returns, led by consumer discretionary and communication services, which rallied more than 2 percent.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	–2.67%	–2.67%	8.77%	11.03%
Nasdaq Composite	–3.37%	–3.37%	6.26%	7.26%
DJIA	–0.94%	–0.94%	8.06%	11.09%
MSCI EAFE	–1.84%	–1.84%	8.09%	12.55%
MSCI Emerging Markets	–4.08%	–4.08%	9.12%	10.35%
Russell 2000	–2.04%	–2.04%	12.20%	15.42%

Source: Bloomberg, as of November 6, 2026

Fixed Income

The Treasury market once again rallied on a continued flight to quality and concerns about economic growth if the data center buildout were to face increased scrutiny. The 10-year Treasury yield declined 6 bps to 4.87 percent. This led to modest gains in fixed income markets. Core bonds, Treasuries, and mortgages each moved up around 0.5 percent, and the municipal market rose roughly 1 percent.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.40%	0.40%	–0.15%	0.27%
U.S. Treasury	0.31%	0.31%	–0.16%	0.05%
U.S. Mortgages	0.57%	0.57%	0.23%	0.93%
Municipal Bond	0.92%	0.92%	0.43%	0.68%

Source: Bloomberg, as of November 6, 2026

>> The Takeaway

- Indices were lower as markets reacted to midterm election results. Rallies on Wednesday and Friday weren’t enough to offset a sell-off on Thursday.
- It was relatively quiet in the bond market, with Treasury yields declining just a few basis points.

Looking Ahead

Inflation will take center stage this week, with updates to consumer and producer price indices for last month expected.

- The week kicks off on Tuesday with the **Consumer Price Index** for October. After accelerating in September, consumer inflation is expected to moderate. Year-over-year figures won't be reported because last year's government shutdown limited data collection.
- On Thursday, we'll see data on **existing home sales** for October. The pace is expected to fall more than 3 percent, reflecting headwinds created by rising mortgage rates and high home prices.
- Finally, on Friday, we'll see the **Producer Price Index** for October. Economists expect to see continued producer inflation pressure, with year-over-year increases expected to exceed 6.5 percent.



Outer Banks, North Carolina



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