The Weekly Market Update - 11/09/26: Tech Dominance Drives Index Weakness Despite Strong Jobs

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	LTM	All-Time High	% from High
S&P 500	7,376.86	-2.68%	-3.59%	7.76%	7.85%	7,818.93	6.0%
Dow Jones Industrial Average	51,285.73	-0.94%	0.75%	6.70%	7.83%	54,349.12	6.0%
NASDAQ Composite	24,579.43	-3.37%	-8.49%	5.75%	3.60%	27,599.79	12.3%
Russell 2000	2,754.11	-2.05%	-1.53%	10.97%	11.08%	3,068.42	11.4%
MSCI EAFE (USD)	3,042.60	-1.87%	-2.66%	5.18%	8.76%	3,262.58	7.2%
MSCI Emerging Markets (USD)	1,502.29	-4.11%	-11.88%	6.97%	7.19%	1,802.77	20.0%
Bloomberg Commodity Index	134.79	-4.54%	-4.93%	22.88%	25.62%	237.95	76.5%
Barclays U.S. Aggregate Bond	91.18	0.30%	2.49%	-3.08%	-3.18%	112.07	22.9%

Source: FactSet

Post-election weakness in Technology and data center stocks created a drag on index performance that is likely to linger. The S&P 500 equity index gained +1.6% on the first day following the 11/3/26 U.S. midterm elections, but gains quickly reversed on day two following the election as the index decreased -4.4% on 11/5/26, its worst single day of 2026. For a more detailed discussion of early post-election financial market action, see our 11/6/26 report, "Post-Election Rally Quickly Reverses." For the week ended 11/6/26, the S&P 500 declined -2.7%, led by a -6.7% decrease in Technology (Tech), the index's largest sector (by equity market capitalization). Based upon the sector's 38.4% weight in the index to start the week (as of 10/31), we estimate that Technology detracted 260 basis points from the S&P 500's weekly performance. Excluding Tech, the index was close to unchanged for the week with 5 of the other 10 sectors positive and 5 negative (using MSCI's Global Industry Classifications Standards, or GICS). Technology stocks and other companies tied to the build out of artificial intelligence (AI) data centers were lower following the early November election results after many winning candidates supported broad data center control and oversight. But Tech sector weakness was building prior to the election as well. From 9/30/26 to 11/6/26 (fourth quarter, 4Q26-to-date), the S&P declined -3.6%, but 8 of the 11 sectors were higher. Both Technology and Communications Services were each -13.3% lower 4Q-to-date, and Industrials fell -2.6%. We attribute those 4Q26-to-date sector gains to solid economic data and earnings growth. Capital spending on AI data centers is robust, but investor sentiment for the group has eroded due to concerns that data center investment could slow. In the short term, the Tech sector weakness appears extreme, given high levels of capital spending and demand for AI compute, but volatility is likely to continue as investors assess political pushback. For active portfolio managers, we advocate for broad diversification across sectors.

The U.S. labor market appears healthy as October jobs growth exceeded estimates and the unemployment rate decreased. Data from the Bureau of Labor Statistics (BLS) showed an increase of +165 thousand (K) nonfarm payrolls (jobs) in October, and the prior two reported months were adjusted up by +84K. In addition, the unemployment rate was 4.1% in October, down from 4.2% in the prior month and 4.4% at the end of 2025. New jobs were created across multiple categories including professional and business services +70K, health care +42K, transportation and warehousing +25K, and manufacturing +19K. Wage growth, as measured by average hourly earnings (AHE), increased +3.1% year-over-year in October, but its month-to-month increase of +0.37% was the biggest jump of the year. In our view, the jobs report suggested healthy trends in the U.S. economy but added to the expectation that the Federal Reserve Bank (Fed) will increase short-term interest rates when it next meets in early December to set Fed monetary policy. The Fed must now balance economic questions about data center uncertainty and consumer spending with inflation trends that remain elevated.

S&P 500 earnings reports continue this week, and investors await key inflation data for October. As of 11/6/26, 88% of the S&P 500 companies had reported 3Q26 financial results with earnings growth of +28.4% matching expectations. Just 13 constituents are scheduled to report this week, but in November several leading companies using October fiscal quarters will report. This will give an early look at business trends in the fourth calendar quarter. The BLS consumer inflation data (consumer price index, CPI) is expected to show Y/Y inflation up +4.0% in October, the highest since May. Core CPI (excludes food and energy) is estimated to rise +2.8%.

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Market Indices: The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees, or other expenses. You may not invest directly in an index. Past performance is not an indicator of future results. The S&P 500 Index is a market cap weighted index that is designed to measure the US large-cap equity performance. The index is composed of the 500 leading publicly traded US companies based on size, liquidity, industry, and profitability criteria. The Dow Jones Industrial Average is a price weighted index that tracks 30 large, exchange-traded companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. Today, the NASDAQ Composite includes over 3,000 companies. The Russell 2000® Index is a market cap weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The S&P 500 Equal Weight Index is compiled by S&P Dow Jones. It is an equal-weight version of the widely used S&P 500. The index includes the same constituents as the capitalization-weighted S&P 500, but each company is allocated a fixed weight, or 0.2%, of the index total at each quarterly rebalance.

The Russell 1000 index includes the largest 1000 companies (by market capitalization in the Russell 3000 index. The Russell 1000® Growth Index is a market cap weighted index that measures the performance of the large-cap growth segment of the U.S. equity market. It includes those Russell 1000 companies with relatively higher price-to-book ratios and higher expected earnings growth rates. The Russell 1000® Value Index includes those Russell 1000 companies with relatively lower price-to-book ratios and lower expected earnings growth rates.

The Global Industry Classification Standard (GICS) is a four-tiered, hierarchical industry classification system. Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. The 11 sectors are: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities. Each of the GICS sectors has multiple sub-industry groups, allowing further categorization of S&P 500 constituents. The Information Technology sector has six sub-industry groups. Software, Semiconductors/Semiconductor Equipment, Communications Equipment, Electronic Equipment, Instruments and Components, IT Services, and Technology Hardware, Storage & Peripherals.

FactSet is a data aggregation software utilized by D.A. Davidson's Wealth Management Research. The FactSet consensus refers to the aggregate of all analysts estimates from firms that submit estimates to FactSet for a given financial metric.

The Treasury yield curve displays the market interest rate across different contract lengths for U.S. Treasury securities, indicating the relationship between the interest rate and the time ("term") to maturity. The yields of the 2-year and 10-year U.S. Treasury notes are widely followed barometers of the current U.S. interest rate environment. Treasury security data used in calculating interest rate spreads is obtained directly from the U.S. Treasury Department, through FactSet.

The consumer price index (CPI) is a measure of average change, over time, in the prices paid by urban consumers for a market basket of goods and services. It is reported monthly by the U.S. Bureau of Labor Statistics. The U.S. Personal Consumption Expenditures (PCE) Price Index is an indicator of the growth in consumer spending and measures the value of goods and services purchased by persons who reside in the U.S. It is reported monthly by the Bureau of Economic Analysis. PCE inflation is the percentage rate of change in the price index for personal consumption expenditures (PCE).

Gross domestic product (GDP) refers to the monetary measure of the market value of all final goods and services produced within a country's borders within a specific time period. Real GDP is adjusted for the impact of inflation. GDP numbers are compiled by the Bureau of Economic Analysis (BEA), a division within the U.S. Department of Commerce. Quarterly GDP is reported as a percentage change from the prior quarter, annualized. The BEA also reports data as a year-over-year percentage change from the same period one year prior. The most recent GDP report can be found at www.bea.gov. Major components of GDP include personal consumption expenditures, non-residential fixed investment, residential investment, government expenditures and adjustments for inventories and net exports (imports). Non-Residential Fixed Investment includes several subcategories including software and information processing equipment that measure investment in technology. Imports of goods and services are subtracted from GDP data (products are not produced or performed in the U.S) while exports are added to GDP. Gross domestic final purchases measures the market value of goods and services purchased by U.S. residents, regardless of where the goods and services were produced. It excludes the GDP net exports adjustment. The most recent GDP report, for the third quarter of 2026, was released of 10/29/26 and can be found at bea.gov.

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The 2026 U.S. national mid-term election was held on 11/3/26. While this is the middle of the presidential four-year term, all of the U.S. House of Representatives were on the ballot (two-year terms) and about 1/3 of the U.S. Senate (six-year terms). In recent mid-term elections (since 2000), political party control of one or both houses of Congress have flipped to the opposing party. The unofficial results as of 11/6/26 saw the Democratic party take back control of the House and Senate and also win several governor seats that were previously held by Republicans. Real Clear Politics (RCP) is a U.S. political news, analysis, and polling website. One of its best-known products is the RCP Poll Average, which aggregates polling results from multiple polling organizations for elections. Instead of deciding which individual poll is "right," RCP combines a group of recent polls to produce an average.

Generative artificial intelligence (GenAI): a subset of artificial intelligence and machine learning that can produce new text, images, video, or audio clips from users' prompts. GenAI is trained on large datasets of training data, called a large language model (LLM), to find statistical patterns in the LLM. The GenAI uses those statistical relationships to generate unique responses to prompts. AI infrastructure refers to spending on data centers, graphic processors (GPUs), networking, power, and cloud computing capacity.

S&P 500 earnings growth reflects the year-over-year change in operating earnings on a per share basis. Earnings data are aggregated for all S&P 500 constituents and are measured according to the relative market capitalization weights for each company. Estimated earnings are the combined FactSet estimates of analysts covering each company included in the index. As of data reported through 11/6/26, third quarter S&P 500 year-over year earnings growth (with 88% of S&P 500 companies reported) was up +28.4% year-over-year.

Volatility looks at to what degree and how quickly prices move over a given span of time. In the stock market, increased volatility, in the form of rapidly falling prices, is often a sign of rising uncertainty.

The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics, while the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey is drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work.

We track a measure of wages, average hourly earnings, or AHE, of all private employees, which is calculated and reported on a monthly basis by the U.S. Bureau of Labor Statistics. The data measures average hourly earnings of all private employees on a "gross" basis (includes overtime and late shift work but excludes benefits).

The Federal Reserve Bank's Open Market Committee (FOMC) consists of twelve members – the seven members of the Board of Governors of the Federal Reserve System, the president of the Federal Reserve Bank of New York, and four of the remaining eleven Federal Reserve Bank presidents, who serve one-year terms on a rotating basis. The FOMC holds eight regularly scheduled meetings per year. At these meetings, the Committee reviews economic and financial conditions, determines the appropriate stance of monetary policy, and assesses the risks to its long-run goals of price stability and sustainable economic growth.

The term "monetary policy" refers to the actions undertaken by a central bank, such as the Federal Reserve, to influence the availability and cost of money and credit to help promote national economic goals. The Board of Governors of the Federal Reserve System is responsible for the discount rate and reserve requirements, and the Federal Open Market Committee is responsible for open market operations. The Federal Reserve influences the demand for, and supply of, balances that depository institutions hold at Federal Reserve Banks and, in this way, alters the federal funds rate. The federal funds rate is the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight.