The Weekly Market Update - 11/16/26: Scandal Hits Market Leader as Equities Rise

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	LTM	All-Time High	% from High
S&P 500	7,561.67	2.51%	-1.17%	10.46%	10.55%	7,818.93	3.4%
Dow Jones Industrial Average	52,347.55	2.07%	2.83%	8.91%	10.06%	54,349.12	3.8%
NASDAQ Composite	25,136.27	2.27%	-6.42%	8.15%	5.95%	27,599.79	9.8%
Russell 2000	2,790.49	1.32%	-0.23%	12.43%	12.55%	3,068.42	10.0%
MSCI EAFE (USD)	3,103.64	2.01%	-0.71%	7.29%	10.94%	3,262.58	5.1%
MSCI Emerging Markets (USD)	1,550.18	3.19%	-9.07%	10.38%	10.60%	1,802.77	16.3%
Bloomberg Commodity Index	133.48	-0.97%	-5.86%	21.69%	24.40%	237.95	78.3%
Barclays U.S. Aggregate Bond	89.74	-1.57%	0.88%	-4.60%	-4.70%	112.07	24.9%

Source: FactSet

The S&P 500 equity index had its best week in more than three months despite a substantial drag from its second-largest constituent. The S&P 500 equity index increased +2.5% for the week ended 11/13/26, the index's best weekly performance since early August. Market strength was surprising given a -12.7% weekly drop in Nvidia (NVDA), which we estimate subtracted 88 basis points (bp) itself from the index performance (in other words, excluding NVDA, the S&P 500's weekly increase was +3.4%). NVDA weakness was caused by the relatively sudden resignation of CEO Jensen Huang, sparking a scandal that we view as the biggest corporate story of 2026-to-date. While Mr. Huang resigned after admitting to an affair with an executive at an Nvidia customer, deeper layers of the story remain unknown and are being investigated. Of interest to investors, in our view, was whether the woman in Mr. Huang's affair was a Chinese spy; whether NVDA semiconductors were diverted to China in violation of U.S. chip export rules; and what the U.S. government knew about potential violations. For the week, these questions remained mostly isolated to NVDA as the broader market gained and all 11 S&P 500 macro sectors (MSCI's Global Industry Classification Standards, or GICS) traded higher. As of 9/30/26 (final day of the third quarter, 3Q26), NVDA was the largest company in the S&P 500 index by market capitalization, comprising an estimated 8.4% of the total index (Apple was the second largest at an estimated 7.4%). From 9/30/26 to 11/13/26, NVDA's share price dropped -28.7%, taking -240 bp away from the S&P 500 price performance. Including the NVDA drag, the S&P 500 declined -1.2% in 4Q26-to-date (through 11/13/26). This suggests the index, without the NVDA drag, was positive in the quarter. Investors now question the potential fallout from the NVDA weakness: does it remain company-specific, or are there broader implications for the market? We suspect some of both for now, as a distracted NVDA (even temporarily) creates uncertainty for customers and suppliers, and the U.S. government is likely to strengthen limitations on semiconductor exports. Better-than-expected U.S. economic growth in 2026 has been partially driven by artificial intelligence (AI) and data center investment, which remains important for 2027 as well. Despite recent developments discussed above, we expect solid investment growth to continue, but increased market volatility reinforces the discipline of sector diversification.

Consumer inflation remained elevated in October. Consumer inflation (consumer price index, CPI, from the Bureau of Labor Statistics) increased +0.4% month-to-month (M/M, from September), and core CPI (excludes food and energy) increased +0.3%. The October annual year-over-year (Y/Y) data was unavailable due to the government shutdown last year in October 2025, but using the M/M data over the past three months, CPI surged +5.6% annually and core CPI increased +3.6%. While lower oil prices in recent weeks can lead to better headline CPI in November, core CPI remains well above the Federal Reserve Bank's (Fed) +2.0% target. This will pressure the Fed to raise its fed funds interest rate range when it meets on 12/9/26, and now it must also consider the impact of higher rates on data center investment growth.

A big week for economic data and a technology initial public offering (IPO). Economic data this week includes October retail sales (from the U.S. Census), which will provide a look at consumer spending trends for the first month of 4Q26 after strong trends in 3Q26. Anthropic, the maker of Claude and a leading competitor to OpenAI, is expected to price its IPO this week and begin trading. It is the first of the two leading stand-alone frontier AI companies to go public. The expected valuation will make it one of the largest IPOs ever, and it will be a test of ongoing investor enthusiasm in the AI space.

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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. The market capitalization weightings of sectors and individual companies change daily along with market prices. Data on the 9/30/26 weightings of individual companies were from FactSet and S&P Global. Specific weightings were also compared to the iShares S&P 500 index fund Factsheet from BlackRock as of 9/30/26.

Nvidia (NVDA) is followed by D.A. Davidson Institutional Research. The analyst currently has a Buy rating with a $200 price target. The most recent report is dated 11/12/26 and is available upon request.

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

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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.

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.

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.

The U.S. Census Bureau conducts the Advance Monthly Sales for Retail and Food Services Survey (MARTS) to produce early national estimates of total and month-to-month change in sales for retail and food service establishments located in the United States. A retail establishment is one that sells merchandise to the general public (final consumers). The estimates from MARTS are released approximately ten business days after the end of the reference month and are revised one month later by estimates from the Monthly Retail Trade and Food Services Survey (MRTS). Estimates are summarized by industry classification based on the North American Industry Classification System (NAICS).