November 2026

MONTHLY MARKET INSIGHTS

Key takeaways:

- Equity markets saw extreme dispersion in October. The S&P 500 fell 0.93% while its equal-weight counterpart gained 4.95%, a 5.88-percentage-point gap, the widest monthly margin in favor of equal weight since 2009.[1]
- A late-month selloff in technology, triggered by disappointing earnings from several of the largest names, renewed questions about whether AI spending will deliver the returns investors expect.
- Political unrest in France brought European sovereign risk back into focus, with the yield on France's 10-year government bond briefly rising above 5% for the first time since 2002.[2]

October was a month of major index dispersion, with a violent reversal in market leadership. The S&P 500 finished the month down 0.93%, while the equal-weight version of the index gained 4.90%. The resulting outperformance of nearly 5.83% was the largest monthly gap in favor of equal weight since 2009, following the Global Financial Crisis.[3] The same theme played out across sectors. While the S&P 500 declined, nine of its eleven sectors posted gains, while communication services fell more than 15% and technology declined 6.82%. The Nasdaq fell 5.30%, its worst month of the year.[4]

The month's equity performance was dominated by price action in the final week, when concerns about the profitability of AI and disappointing earnings from the technology complex pushed the indexes lower. Alphabet fell more than 10% after missing estimates for its core advertising sales and reporting negative cash flow. Amazon's results missed analyst expectations on both sales and profit while pointing to further increases in AI spending. Intel dropped nearly 29% after issuing a weak fourth-quarter outlook. The recurring story was a shift in sentiment with investors increasingly scrutinizing capex announcements and cash flow projections. The return of weakness in the software complex added further pressure on the technology sector. ServiceNow fell 27% on October 29, after profits missed expectations, a sharp reversal for a stock that had outperformed throughout the second half of the year. For most of 2026, software and the AI hardware complex traded as opposite sides of the same bet, with one rallying whenever the other sold off. In October that offset broke down: both groups fell, leaving the S&P 500 with little cushion against a loss.

November brings the next major catalyst for the AI trade; Anthropic, the frontier lab behind Claude, is expected to IPO before Thanksgiving. The company filed its S-1 with the SEC and plans to begin trading under the ticker "ANT". An amended filing disclosed third-quarter revenue of $17 billion and $895.4 billion in aggregate spending commitments, almost entirely tied to compute and infrastructure.[5] Anthropic is yet to release a set date for the IPO or a valuation, but media expectations point to the week of November 16th and an initial valuation between $1.5 trillion and $2.0 trillion. At that scale, the offering is shaping up to be one of the most highly anticipated IPOs of all time, and its timing makes it something of a referendum on the sector. Investors will be asked to price the most closely watched frontier lab at the same moment they are questioning whether the companies funding AI infrastructure will earn an adequate return.

1. Bloomberg.
2. Id.
3. Id.
4. Id.
5. Capoot, Ashley. "Anthropic Reports $17 Billion in Q3 Revenue, Purchase Commitments of $895.4 Billion in Revised S-1." CNBC, 2 Nov. 2026, www.cnbc.com/2026/11/02/anthropic-ant-s-1-quarter-financials.html.

Defensive sectors took a leadership role while the AI trade came under pressure. Consumer staples gained 11.35%, utilities 10.11%, and health care 9.75%, as investors showed a clear preference for defensive exposure heading into the end of the year. Energy was the other standout, rising 13.96% to lead all sectors as oil marched higher with no near-term resolution to the conflict with Iran.[6] Brent settled at $117.64 per barrel on the final trading day of the month, its highest level since the end of April, after an attack on a tanker in the Strait of Hormuz reinforced supply concerns.[7] With the conflict now in its eighth month, traders are bracing for a potential escalation following the US midterm elections.

Rates offered some reprieve in the US. The 10-year Treasury yield closed October at 4.94%, well below the 5.35% it reached on October 7th, its highest level since 2002.[8] The Federal Reserve held its October meeting and kept the federal funds target range at 3.75% to 4.00%. Once again, the Fed failed to reach a unanimous agreement with Governor Cook and Cleveland Fed President Hammack dissenting, both preferring an immediate 25-basis-point hike. While the committee declined to offer a clear forecast for December, an additional hike this year remains possible given all inflation measures are still above the Fed's 2% target.

Internationally, the focal point was Europe, where protests in France escalated over the month. The unrest began as a student movement in September and turned increasingly violent. French CDS rose to their highest level in over a decade as investors began to price in risk of serious economic harm.[9] Contagion is the biggest concern, as widespread political unrest across Europe would likely become a drag on a continent that has been dealing with an underperforming economy.

Heading into year-end, we are taking a more cautious stance. Equity markets are approaching a fourth consecutive year of gains, and the conditions that supported that run are less favorable today. Rates remain elevated, inflation has proven sticky, and valuations are still high, leaving markets with little cushion if earnings or the AI investment cycle disappoint. As a result, we believe the balance of risks going into next year has shifted to the downside. Long-term discipline remains central to how we build portfolios, and in the current environment that means relying on broad diversification and modest tilts toward defensive positioning.

6. Bloomberg.
7. Clark, Helen. "Oil Rises on Supply Concerns as Houthis Attack Saudi Arabia." CNBC, 30 Oct. 2026, www.cnbc.com/2026/10/30/oil-rises-on-supply-concerns-as-houthis-attack-saudi-arabia.html..
8. Bloomberg.
9. Kashyap, Pranav. "French Bond Sell-Off Accelerates on Unrest, CDS Nears 2013 Highs." Yahoo Finance, 20 Oct. 2026, au.finance.yahoo.com/news/french-bond-sell-off-accelerates-082209899.html.

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