VIEWS I NOVEMBER 6, 2026

Weekly market update: Stocks sell off amid a clouded outlook for AI.

The market and economy

- Major U.S. equity market indexes declined during the week ending November 6, due to investors' concerns regarding artificial intelligence (AI)-related companies' stretched valuations and spending, as well as the potential for tighter AI regulation following Democratic Party victories in the 2026 U.S. midterm elections. A sharp downturn on Thursday offset a rally on Wednesday spurred by initial optimism in response to the election results.
- The midterm elections delivered substantial gains for the Democratic Party, which won control of both chambers of Congress, reversing the Republican majorities. Democrats secured the Senate majority after flipping Republican-held seats in several states, including Texas, Kansas, Iowa, Ohio, North Carolina, and South Carolina. As of the end of this week, results showed Democrats with at least 54 Senate seats, with two races still unresolved. The Democrats also captured the House of Representatives, where they had won or were leading in substantially more than the 218 districts required for a majority, although numerous races remained undecided.
- There was significant economic news this week. The Department of Labor announced that U.S. nonfarm payrolls expanded by 165,000 jobs in October—well above expectations and an increase from the 60,000 positions added in September, which was revised upward by 31,000 from the government's initial estimate of 29,000 jobs added. The unemployment rate inched down 0.1 percentage point to 4.1%. The professional and business services, healthcare, and transportation and warehousing sectors posted job gains of 70,000, 42,000, and 25,000, respectively, in October. Average hourly earnings rose 0.4% in October, up from the 0.1% increase in September, and rose 3.1% year-over-year, marginally higher than the 3.0% annual rise in September.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), open positions in the U.S. increased by 333,000 (+4.6%) month-over-month in September (the most recent reporting period) to 7,523,000, exceeding expectations. Job openings rose by 354,000 (+4.9%) from the 7,169,000 open positions a year earlier. There were sizable month-over-month upturns in open positions in professional and business services, and state and local government (excluding education). Conversely, there were notable downturns in job openings in the healthcare and social assistance, and finance and insurance. The number of hires rose by 131,000 (+2.5%) month-over-month to 5,402,000.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) rose 1.0 percentage point in October to 55.5%, indicating expansion in the U.S. manufacturing sector for the 10th consecutive month. (A PMI reading above 50% denotes an increase in manufacturing activity.) The Employment Index dipped 0.3 percentage point to 52.4% but remained in expansion territory for the fourth month in a row. The New Orders Index edged up 0.2 percentage point to 55.5% in October, extending its expansion streak to 10 months. The ISM Services PMI decreased 0.4 percentage point to 54.5% in October but signified growth in the U.S. services sector for the 28th consecutive month. (A PMI reading above 50% indicates expansion in services-sector activity.) The Business Activity/Production Index fell 2.7 percentage points to 53.8% in October, while the Employment Index gained 1.3 percentage points to 51.4%, finishing in expansion territory for the second straight month.
- In the Middle East, tensions remained elevated as U.S. forces conducted limited strikes against Iranian military targets even as diplomatic efforts to end the conflict continued. The U.S. struck Iran's Qeshm Island following threats to commercial shipping in the Strait of Hormuz, while Gulf nations prepared for the possibility of broader U.S. military action and Iranian retaliation against regional infrastructure. Despite the military activity, U.S. and Iranian officials continued to signal a willingness to negotiate.
- Brent crude and West Texas Intermediate (WTI) crude oil prices declined sharply during the week as hopes for a diplomatic agreement outweighed persistent concerns about supply disruptions. Oil prices initially fell more than 7% on Monday as negotiations raised expectations for de-escalation, before partially rebounding following the U.S. strike on Qeshm Island. Continued attacks on shipping in the Strait of Hormuz and uncertainty surrounding the conflict kept geopolitical risks elevated.

Stocks

- Global equities declined for the week. Developed markets outperformed emerging markets.
- U.S. stocks lost ground during the week. Consumer discretionary and communication services were the top-performing sectors within the broad-market S&P 500 Index, while energy and information technology were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps outpaced large caps.

Bonds

- The U.S. bond market posted a gain for the week.
- The 10-year U.S. Treasury note yield fell to 4.86% during the week.
- Investment-grade corporate bonds led the market, followed by government bonds and high-yield bonds.

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As of November 6, 2026	1 Week	YTD	1 Year	Friday's close
Global Equity Indexes				
MSCI ACWI ($)	-2.0%	7.7%	10.2%	1092.9
MSCI EAFE ($)	0.8%	8.1%	12.3%	3126.0
MSCI Emerging Mkts ($)	-1.5%	9.9%	10.8%	1543.8
US & Canadian Equities				
Dow Jones Industrials ($)	-0.9%	6.7%	9.3%	51285.7
S&P 500 ($)	-2.4%	8.0%	10.0%	7394.7
NASDAQ ($)	-3.4%	5.8%	6.6%	24579.4
S&P/ TSX Composite (C$)	0.5%	12.9%	19.9%	35814.8
UK & European Equities				
FTSE All-Share (£)	-0.4%	7.6%	9.9%	5759.0
MSCI Europe ex UK (€)	1.4%	9.5%	14.2%	2249.8
Asian Equities				
Topix (¥)	-6.5%	8.8%	11.9%	3708.0
Hong Kong Hang Seng ($)	5.1%	-4.5%	-7.6%	24481.9
MSCI Asia Pac. Ex-Japan ($)	-1.7%	11.4%	11.6%	804.6
Latin American Equities				
MSCI EMF Latin America ($)	-0.7%	2.8%	6.5%	2785.5
Mexican Bolsa (peso)	2.4%	11.1%	13.2%	71448.3
Brazilian Bovespa (real)	0.2%	4.5%	9.8%	168331.2
Commodities ($)				
West Texas Intermediate Spot	-13.1%	57.6%	52.3%	90.5
Gold Spot Price	4.5%	-6.1%	1.9%	4060.2
Bond Indices ($)				
Bloomberg U.S. Aggregate	0.5%	-0.1%	0.4%	2347.5
Bloomberg Global Aggregate	0.6%	-0.7%	-0.1%	497.8
JPMorgan Emerging Mkt Bond	0.2%	0.4%	1.6%	1022.1
10-Year Yield Change (basis points*)				
US Treasury	-7	70	78	4.86%
UK Gilt	-13	68	72	5.15%
German Bund	-7	40	60	3.25%
Japan Govt Bond	-13	59	97	2.65%
Canada Govt Bond	-14	22	55	3.66%
Currency Returns**				
US$ per euro	-0.2%	-5.1%	-3.5%	1.114
Yen per US$	0.6%	1.1%	3.5%	158.49
US$ per £	-0.3%	-0.9%	1.6%	1.335
C$ per US$	1.1%	2.9%	0.0%	1.412

Source: Bloomberg. Equity index returns are price only; others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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