VIEWS I NOVEMBER 20, 2026

Weekly market update: Investors' AI balks and Fed hawks weigh on stocks.

The market and economy

- Major U.S. equity market indexes moved sharply lower during the week ending November 20. Concerns about the sustainability of investment in artificial intelligence (AI) and ongoing uncertainty surrounding Nvidia Corp., the world's largest semiconductor company by market capitalization, hampered technology and semiconductor stocks; weakness in the healthcare and energy sectors extended the selloff to the broader market. On Thursday, an initial public offering (IPO) from Anthropic, the developer of the Claude chatbot, opened trading at 34% above the $83 IPO share price. The rally soon gave way to profit-taking in AI-related stocks, and Anthropic's share price fell further on Friday. The hawkish tone of Federal Reserve (Fed) in its October meeting raised expectations for more interest-rate hikes.
- According to minutes from the Federal Open Market Committee's (FOMC) October 27-28 meeting, 10 of the 12 members supported maintaining the federal-funds rate in a range of 3.75%-4.00% to assess incoming economic data, while two members favored a 25 basis-point increase. The FOMC noted that inflation has remained elevated amid higher energy prices and AI-related demand, while economic growth is robust and the labor market is near maximum employment. Nearly all Committee members anticipated rate increases in the near term; several stressed upside inflation risks and the possibility of stronger monetary policy tightening if price pressures persist.
- During an appearance on CNBC on Wednesday, Fed Governor Christopher Waller said the central bank probably needs to raise the federal-funds rate by 50 basis points (0.50%) at its December 8-9 meeting in an effort to "shock" inflation expectations given spreading price pressures that are moving in the wrong direction. Waller noted that a 25 basis-point hike might suffice if the Fed also clearly signals a January increase—yet cautioned that it may be necessary to hike rates above 2025 levels to move inflation toward the Fed's 2% target.
- There was notable economic news during the week. The Census Bureau reported that retail and food services sales—a gauge of consumer spending, which broadly accounts for more than two-thirds of the nation's gross domestic product—edged up 0.2% in October, in line with expectations, but represented a modest downturn from the 0.8% gain in September. Sales for miscellaneous store retailers climbed 4.7% for the month, while gasoline station sales rose 1.5% due to higher fuel prices. Prices declined for furniture and home furnishing stores (-2.3%) as well as motor vehicle and parts dealers (-1.6%). Retail and food services sales posted an annual increase of 6.8% in October given corresponding annual gains for gasoline stations (+30.3%), miscellaneous store retailers (+13.3%), and nonstore retailers (+11.8%). In contrast, department store sales fell 1.6% year over year.
- According to the University of Michigan's monthly survey, consumer sentiment for November rose 3.5 points (+7.3%) to 51.5. The survey's current economic conditions index advanced 2.7 points (+5.8%) to 49.4, while its index of consumer expectations increased 4.1 points (+8.4%) to 52.9. Consumer sentiment ticked up 0.5 point (+1.0%) from November 2025. Consumers' expectations for inflation over the next 12 months plunged 1.0 percentage point to 3.7% in November, while long-run inflation expectations dipped 0.2 percentage point to 3.3%. Survey director Joanne Hsu said, "Sentiment remains subdued at 9% below February, prior to the start of the Iran conflict, reflecting continued uncertainty regarding the cost-of-living factors that dominate consumers' perspectives."
- The Conference Board Leading Economic Index® (LEI), designed to signal peaks and troughs in the U.S. business cycle, dipped 0.3% to 99.3% in October. The LEI inched up 0.1% for the six-month period ending October 2026, a significant improvement from the 0.6% decline over the previous six months (October 2025 to April 2026). Five of the 10 leading indicators within the LEI moved higher in October, led by an increase in the interest-rate spread between the 10-year U.S. Treasury note and the federal-funds rate. (This index tracks the shape of the yield curve, which reflects investors' expectations for future growth, inflation, and Fed monetary policy.) The Leading Credit Index also moved higher during the month. Conversely, there were declines in private-housing building permits and average consumer expectations for business conditions.

Stocks

- Global equities recorded negative returns for the week. Developed markets outperformed emerging markets.
- U.S. stocks posted notable losses during the week. Consumer staples and utilities were the top-performing sectors within the broad-market S&P 500 Index, while information technology and communication services were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps topped large caps.

Bonds

- The U.S. bond market gained ground for the week.
- The 10-year U.S. Treasury note yield declined to 4.93% during the week.
- Government bonds led the market, followed by investment-grade corporate bonds and high-yield bonds.

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As of November 20, 2026	1 Week	YTD	1 Year	Friday's close
Global Equity Indexes				
MSCI ACWI ($)	-5.0%	4.2%	9.1%	1056.8
MSCI EAFE ($)	-4.1%	2.9%	8.8%	2977.1
MSCI Emerging Mkts ($)	-5.5%	4.4%	6.8%	1465.5
US & Canadian Equities				
Dow Jones Industrials ($)	-8.0%	0.2%	5.2%	48147.0
S&P 500 ($)	-8.1%	1.6%	6.3%	6951.7
NASDAQ ($)	-10.0%	-2.7%	2.4%	22617.7
S&P/ TSX Composite (C$)	-7.8%	4.9%	11.3%	33278.7
UK & European Equities				
FTSE All-Share (£)	-5.0%	4.3%	8.8%	5579.8
MSCI Europe ex UK (€)	-3.7%	7.5%	12.5%	2207.4
Asian Equities				
Topix (¥)	-6.8%	7.8%	11.4%	3674.2
Hong Kong Hang Seng ($)	-5.2%	-12.6%	-13.3%	22410.8
MSCI Asia Pac. Ex-Japan ($)	-5.3%	5.4%	8.0%	761.1
Latin American Equities				
MSCI EMF Latin America ($)	-7.7%	-4.0%	-1.1%	2601.4
Mexican Bolsa (peso)	-3.6%	6.7%	11.2%	68609.9
Brazilian Bovespa (real)	-3.5%	3.3%	7.1%	166376.4
Commodities ($)				
West Texas Intermediate Spot	-6.0%	44.9%	40.7%	83.2
Gold Spot Price	-9.1%	-18.3%	-13.2%	3530.8
Bond Indices ($)				
Bloomberg U.S. Aggregate	0.6%	-1.1%	-0.6%	2323.8
Bloomberg Global Aggregate	0.1%	-2.3%	-1.2%	489.8
JPMorgan Emerging Mkt Bond	-0.7%	-1.1%	-0.1%	1006.8
10-Year Yield Change (basis points*)				
US Treasury	-21	76	85	4.93%
UK Gilt	-10	76	65	5.24%
German Bund	-7	45	59	3.30%
Japan Govt Bond	-7	73	98	2.80%
Canada Govt Bond	-15	27	48	3.71%
Currency Returns**				
US$ per euro	-0.5%	-6.6%	-4.9%	1.097
Yen per US$	-0.8%	1.1%	0.7%	158.51
US$ per £	-1.0%	-2.9%	0.1%	1.308
C$ per US$	0.6%	4.6%	1.8%	1.435

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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