REGIONS ASSET MANAGEMENT

Weekly Market Commentary

NOVEMBER 9, 2026

MARKET UPDATES

November 6, 2026:
Recorded Leadership Discussion Featuring: Regions Chief Economist, Head of Government Affairs, and Multi-Asset Solutions Director of Portfolio Strategy.

November 20, 2026:
For access to this call please contact your Regions Wealth Advisor or Portfolio Manager.

WHAT WE'RE WATCHING

The National Federation of Independent Business (NFIB) Small Business optimism survey for October is released Tuesday following a 97.9 reading in September.

The October Consumer Price Index (CPI) is set for release on Tuesday. Headline CPI is expected to rise 0.3% month over month, which would be a notable downshift from a 0.6% reading last month. Core CPI, which is more closely monitored by policymakers, is expected to rise 0.2%, which would fall 0.1% below the September reading.

The October Producer Price Index (PPI) is slated for release on Friday, with Final Demand PPI expected to rise 0.4% month over month, which would be a notable drop from a 1.3% reading in September. Year over year, Final Demand PPI is expected to come in at 6.6%, which compares to a 6.3% reading last month.

KEY OBSERVATIONS

There were few places to hide during the week as continued sector rotation and a mid-week rally following the midterm elections quickly gave way to a cascading selloff. Indiscriminate selling of information technology stocks was the impetus for a sharp move lower in the S&P 500, but the traditionally defensive consumer staples and health care sectors, along with financials, proved to be relative bright spots as all three sectors posted a modest gain on the week.

Abroad, developed markets held up quite well, with indices tied to the Eurozone and the United Kingdom posting gains of more than 1% on the week as energy prices, Treasury yields, and the U.S. dollar fell. Conversely, Japan's Nikkei 225 index didn't perform nearly as well as the country's industrials and information technology-heavy index fell over 2% on the week.

While volatility in equities was elevated on the week, Treasury yields and credit spreads were remarkably calm and well contained. Post-midterms, market participants appeared to price-in the prospect of a speedy end to the conflict in the Middle East, which forced energy prices and yields on short-term Treasuries lower in concert. The move lower in energy prices also spurred investors to ratchet downward their expectations for hikes to the Fed funds in the months to come, with the futures market now pricing in less than two 25-basis point hikes by the end of next year.

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	Price/Yield	Total Return (%)					
	11/6/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,376.86	-2.67	-5.39	8.78	11.05	20.55	11.01
NASDAQ 100	26,989.99	-4.91	-13.37	7.43	8.08	21.72	11.38
S&P Mid Cap 400	3,602.50	-1.61	-0.89	10.17	13.87	15.45	6.02
S&P Small Cap 600	1,673.98	-1.86	0.50	15.52	19.35	16.00	4.45
MSCI World ex US	446.91	-2.48	-4.89	8.25	12.13	18.47	7.63
MSCI EM	1,502.29	-4.08	-12.88	8.83	9.99	18.65	6.04
Bloomberg U.S. Aggregate	5.19	0.40	2.71	-0.15	0.27	4.78	-0.20
Bloomberg Corporate	5.75	0.41	2.34	-0.62	-0.12	5.65	-0.18
Bloomberg U.S.High Yield	8.21	0.40	0.43	0.80	2.20	7.88	3.66
Bloomberg EM USD Aggregate	6.76	0.31	1.58	0.04	0.86	8.38	1.75
Bloomberg Global Agg ex-USD	3.52	0.89	2.35	0.17	-0.50	2.83	-0.39
Bloomberg Municipal Bond	4.09	0.92	4.79	0.43	0.68	4.04	0.70

Source: Bloomberg (3- and 5-Year Returns Annualized)

	Price/Yield						
	11/6/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.92	3.95	3.90	4.49	3.92	5.32	0.05
30 Year Mortgage (average rate)	7.28	7.36	7.38	7.28	6.25	7.85	3.16
2 Year Treasury (yield)	4.51	4.59	4.80	4.24	3.56	4.93	0.40
10 Year Treasury (yield)	4.86	4.93	5.28	4.57	4.08	4.64	1.45
30 Year Treasury (yield)	5.26	5.31	5.66	4.78	4.68	4.81	1.89
WTI Crude (closing price)	90.83	104.12	89.44	71.72	59.43	80.82	81.27
Gold (NYM $/oz)	4074.90	3898.90	4159.20	2641.00	3991.00	1988.60	1816.80

Source: Bloomberg (3- and 5-Year Returns Annualized)

WHAT HAPPENED LAST WEEK?

Stocks

AI Plays Succumb To Selling Pressure Amid Fears Of A Datacenter Slowdown, With Capital Rotating Into Defensives, 'Quality;' Fear Dominating, Driving Price Action In U.S. Tech Stocks; Crude Oil's Drop Boosts The Relative Appeal Of International Developed Market Stocks.

• Hyperscalers, Defensives Lead As The Pace Of The Datacenter Buildout And The U.S. Economic Growth Outlook Is Called Into Question Following Midterm Elections. In the lead-up to last Tuesday's midterm elections, sector rotation remained the name of the game, with defensive sectors favored relative to sectors and industries most levered to the AI infrastructure buildout. That trend continued in the back-half of the week with indiscriminate selling evident across the information technology sector as both hardware and software stocks hit hard as market participants moved to the sidelines on the AI trade, awaiting clarity on what a change in leadership at the state level might portend for the pace of the buildout of datacenters stateside. With AI and datacenter growth concerns top-of-mind for investors, capital flowed into 'quality,' benefitting mega-cap names in the communication services and information technology sectors on a relative basis, along with defensives such as consumer staples and health care, which have been some of the best performing sectors in recent months.

Hyperscalers, namely Alphabet, Amazon, and Microsoft initially rallied as market participants viewed these companies as relative beneficiaries as they have datacenters that are either already operational or under construction and as such are more insulated should pushback and moratoriums at the state level slow the pace of datacenter growth. In essence, the belief is that companies seeking compute in the coming years could be forced to turn to them, and pay-up for capacity, thus boosting sales, while a slowdown in the buildout of datacenters could imply slower and more rational capital spending, which would require less capital raising in the form of debt and/or equity offerings, also a potential tailwind for free cash flow growth and profitability for this group of stocks.

The relative strength displayed by consumer staples and health care stocks since the end of September has been impressive, with the former rising 12.4% and the latter 9.6% in just the last five weeks, compared to a 3.5% drop for the S&P 500 during that time frame. As we've noted previously, these have historically been two of the best performing sectors in the lead-up to midterm elections, and that playbook proved profitable yet again this year; however, we would caution against moving too aggressively into these sectors at this point. The consumer staples sector is trading at 25.5X last twelve months' earnings, and Costco and Walmart, the two largest holdings within the sector, trade at 51X and 46X, respectively, highlighting the premium investors are paying for steady, albeit unspectacular growth at present. We have been relatively constructive on the health care sector for much of this year, but after experiencing a period of such sizable relative outperformance there appears to be quite a bit of good news priced in, and with drug pricing likely to come under scrutiny when the new congress is sworn in next year, we are tempering our expectations on this sector over the near-term.

• Fear Dominating, Driving Price Action In U.S. Tech Stocks. The information technology sector finished the week lower by 6.9%, with the Philadelphia Semiconductor index, or SOX, falling over 12% as the prospect of datacenter projects being delayed or cancelled weighed heavily on AI bottleneck beneficiaries in the semiconductor and memory areas. Semiconductor and memory manufacturers have had the wind at their sails in recent years as demand has been insatiable and buyers have been price inelastic, affording them pricing power, and management teams have remained steadfast in their belief that supply would remain tight until the end of this decade. Last week's midterm elections called into question the durability of tailwinds for these stocks as a slower pace of datacenter development due to more onerous approval and permitting processes, longer lead times to connect power to facilities, and generally higher costs tied to these projects could lead to longer paybacks on these investments and more projects being mothballed as a result.

While this is a valid concern, semiconductor and memory stocks were already discounting this possibility to some degree leading up to the midterms, as the SOX fell by almost 25% from the end of June through the end of October. With the SOX now back to mid-April levels and with a 14-day relative strength index (RSI) reading of 31, placing it on the threshold of oversold territory, a bounce out of this group from currently depressed levels wouldn't be surprising. However, while any signs of stability in semiconductors would be welcome from a market sentiment perspective, we aren't expecting semiconductor stocks, or the information technology sector overall to reclaim the baton of market leadership anytime soon. Investors may want to wait for clarity around the frictions and potential guardrails surrounding new datacenter construction that may not come until 1Q or 2Q of next year, at the earliest, before reallocating to AI-related plays in a bigger way. But, in time, this will likely prove to be an opportunity for investors with a longer-term time horizon to reengage on the AI trade at more attractive valuations and with more reasonable expectations.

• Oil's Drop Contributing To Relative Strength Out Of Developed International Stocks. The sharp decline in risk appetite last week turned out to be a positive development for developed international market stocks as a preference for defensive exposure allowed the MSCI EAFE to fare slightly better, declining by 1.8% while MSCI All Country World Index (ACWI) fell by 2.7%. On the heels of the U.S. mid-term election, market participants pressed macro bets that have been in place since late last month, specifically, lower crude oil prices and a weaker U.S. dollar. Those factors brought the MSCI EAFE up by 1.2% last Wednesday alone and that price movement was supported by the highest trading volume for constituents of that index since mid-September. The uptick in volume at higher prices has us on watch for a further breakout above key moving averages in the coming weeks, but it's too early to suggest a new trend is in place abroad. Foreign developed stocks continued to serve as an AI-offset, drawing investor interest when AI-thematic trades face market headwinds, increasing their correlation with more value-centric pockets of the U.S. equity market including healthcare and industrials. This dynamic has us questioning whether market participants are seeking to buy or rent these developed international names, a question that likely won't be answered until the selling pressure in technology stocks subsides.

Bonds

Treasuries Provide A Ballast As Stocks Face Selling Pressure; Lower Quality Corporate Bonds Holding Up Better Than Feared Amid Equity Market Volatility; December Rate Hike Odds Rise Following October Payrolls Release.

• Rates Move Lower As Market Participants Digest Midterms, Attempt To Handicap The Impact Of Potential Policy Shifts. U.S. Treasury yields trended lower throughout the balance of last week, initially falling alongside energy prices following midterm elections which boosted hopes of a swift resolution to the conflict in the Middle East, with buyers appearing more aggressive late in the week as U.S. equity indices sold off sharply. The move lower in the 10-year yield has been swift, with the yield on that bond tenor closing last week at 4.86%, down from 5.36% just four weeks ago as a confluence of events has boosted the case for bonds. In the lead-up to last week's midterm elections, investors were already growing less concerned about AI-related corporate issuance crowding out Treasury issuance and providing competition for capital, and post-election bond bulls appeared even more resolute. With expectations that the datacenter buildout will face more friction and encounter more hurdles at the state level, investors appear to increasingly be of the view that corporate issuers tied to AI and adjacent beneficiaries will be more measured with regard to debt issuance in the quarters to come, easing one concern for investors looking at buying longer duration Treasuries.

Following the midterm elections, market participants also appear to be making a wager that two additional variables could provide a tailwind for Treasury bonds. First, with the Democrats taking the House and the Senate, there is an expectation that they could push for an end to the conflict in the Middle East in relatively short order and force prices of energy and other commodities coming out of the Strait of Hormuz down in the quarters to come. A sharp drop in the price per barrel of West Texas Intermediate (WTI) and Brent crude oil, as the former fell over $13 last week to $90.83 and the latter dropped over $19 to close the week at $98.32 has contributed in a big way to the drop in yields on shorter dated bonds. Should energy prices trend lower still, this would put downward pressure on headline and some components of core inflation and allow the FOMC to take a more measured approach to rate hikes in the months to come, so it stands to reason that the 2-year yield, which is more directly impacted by the outlook for Fed policy, fell 10-basis points on the week and is now lower by 37-basis points just since the end of September. Secondly, policy shifts at the state level will likely entail more restrictions and guardrails surrounding construction of datacenters, which could act as a headwind for U.S. economic growth in the quarters/years to come, leading investors to demand less term premium for buying longer duration bonds, broadly speaking.

• High Credit Telling A Calmer Story Than Stocks Are At Present. Stock market volatility picked up last week, with the CBOE Volatility Index (VIX) reaching the mid-20s for the first time since April, but the uneasiness in the equity market wasn't enough to derail high yield bonds. The Bloomberg U.S. High Yield Corporate index delivered a 0.4% gain last week even with spreads retesting the year-to-date highs as shorter-term treasury yields continued their descent. The index offers an option-adjusted spread of 340-bps over Treasuries, which still strikes us as closer to fair value than cheap, but the index yield-to-worst declined for the third consecutive week to 8.21% as shorter duration Treasury yields have come in. It's notable that spreads didn't make new highs as the equity sell-off deepened last Thursday, a potential signal credit markets have already done their discounting, reducing the need for prices to move meaningfully lower from here. Bullish price action in credit even carried over to the riskiest bonds in the index as the CCC-rated segment of the universe saw spreads tighten week over week for the first time since August.

• December Rate Hike Odds Rise Following The October Payrolls Release. The October nonfarm payrolls report was released Friday and showed that there were 165k jobs created during the month, well above the estimate of 70k, and the prior two months' payrolls were revised higher by 84k in aggregate. Average hourly earnings rose 0.4% month over month, above the 0.3% estimate, and 3.1% year over year, also above the 2.9% estimate, while the unemployment rate fell to 4.1% from 4.2% in September. With the labor market on firm footing in October, the FOMC will continue to key off of inflation data between now and its early December meeting. As of last Friday, the futures market placed a 77% probability on a 25-basis point rate hike when the FOMC's December meeting concludes on the 9th, a modest uptick from 68% the day before the October payrolls report was released.

Source: Bloomberg

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