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NOVEMBER 20, 2026

WEEKLY UPDATE

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WEEKLY UPDATE

MUSINGS

"You may encounter many defeats, but you must not be defeated"

MAYA ANGELOU

LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	**6,910** ▼	**-8.61%** ▼	0.94% ▲
Nasdaq Composite	**22,617** ▼	**-10.02%** ▼	-2.69% ▼
10Y UST Yield	**4.950** ▼	-3.68% ▼	**18.90%** ▲
Crude oil	**83.61** ▼	**-5.96%** ▼	**45.66%** ▲
Gold	**3,537** ▼	**-8.91%** ▼	**-18.09%** ▼
DXY	103.84 ▲	0.42% ▲	**5.66%** ▲
USD/INR	92.66 ▼	-1.67% ▼	3.15% ▲
Bitcoin	**58,882** ▼	**-13.69%** ▼	**-32.70%** ▼
Euro STOXX 50	**5,951** ▼	**-6.93%** ▼	2.38% ▲
India (Nifty)	**25,800** ▲	**2.61%** ▲	-1.26% ▼
Japan (Nikkei)	**56,436** ▼	**-7.70%** ▼	**12.11%** ▲
China (CSI 300)	3,954 ▼	-1.54% ▼	0.66% ▲
Saudi (TASI)	10,159 ▼	-1.62% ▼	-3.16% ▼
Abu Dhabi (ADX)	9,760 ▲	0.96% ▲	-2.33% ▼
Dubai (DFM)	6,226 ▲	0.47% ▲	2.96% ▲

NEWS FROM THE MARKETS

A Sharp Reminder That Markets Can Turn Quickly

Last week delivered a jolt. After months of AI-fueled gains, US equities corrected sharply. The S&P 500 fell roughly 8.6% for the week ended 20 November - its worst performance since the April 2025 tariff-related turmoil - and closed more than 10% below its 6 October record, officially entering correction territory. The Nasdaq dropped about 10%, its steepest weekly decline since the early-pandemic chaos of March 2020, and erased its year-to-date gains. The Dow joined them in correction. Wall Street's fear gauge, the VIX, climbed toward 36 - 40. Trillions in market value evaporated, with semiconductors and the broader AI complex bearing the brunt.

Three forces collided. First, doubts about the sustainability of the massive AI build-out intensified. Second, company-specific shocks hit the sector's standard-bearer. Third, the Federal Reserve signaled that higher interest rates remain on the table. The result was a broad risk-off move that spread from AI stocks into cyclicals, commodities and even traditional safe-havens for a time.

What Exactly Happened

The selling accelerated through the week and peaked on Friday. **All 11 S&P 500 sectors finished lower by more than 1% - the first such broad decline since April 2025. The semiconductor index plunged more than 10% in a single session.**

Nvidia (NVDA) was at the center. Shares fell around 14% on Friday and roughly 23% for the week after reports that SEC staff are examining the company's accounting practices. This landed on top of the earlier resignation of long-time CEO Jensen Huang amid personal and geopolitical scrutiny. The stock has now given back a large portion of its earlier gains and sits well below its October peak. Micron (MU) and Broadcom (AVGO) suffered comparable double-digit weekly declines as the entire AI hardware complex was re-priced.

Anthropic's highly anticipated IPO provided little relief. After an initial surge, the shares gave back most of the gains, reinforcing a "sell-the-news" mood around AI valuations and spending plans. **Concerns about data-center financing, potential regulatory friction after the midterms, and the sheer scale of capital expenditure required for the next phase of AI development all weighed on sentiment. Fed minutes showing broad expectation of further rate increases, with markets pricing a December hike as highly likely, added another layer of pressure.**

Global markets felt the shock too. Taiwan's stock index recorded one of its steepest weekly drops in decades, copper (an AI-related industrial metal) fell hard, and even gold, normally a beneficiary of equity stress, was sold as investors raised cash.

The AI Trade and Semiconductors: Still the Story, Just No Longer One-Way

The AI investment boom has been the dominant market narrative for two years. Hyperscalers have committed enormous sums to data centers, chips and power infrastructure. That spending has powered extraordinary earnings growth at the leading semiconductor suppliers.

The correction does not erase the underlying demand for computing power, but it does force a re-assessment of pace, profitability and concentration risk. Banks that track the sector closely, including Goldman Sachs, have described parts of the semiconductor complex as oversold. They highlight that even under more conservative growth assumptions for 2028, valuations for names such as Nvidia and Broadcom look more reasonable than they did a few months ago. Morgan Stanley has similarly framed recent weakness as a cyclical adjustment rather than the end of demand, recommending selective accumulation on dips.

Nvidia remains the clear leader in AI accelerators, though leadership transition and regulatory attention create near-term uncertainty. Earnings continue to show strong data-center growth, yet the multiple has compressed sharply. Micron benefits from the memory intensity of AI workloads; high-bandwidth memory demand has been robust, and the stock's valuation reflects both cyclical memory dynamics and AI upside. Broadcom sits at the intersection of custom AI silicon (including work for major cloud providers) and networking. Its AI revenue growth has been rapid, and the company is often viewed as a more diversified way to participate in the same theme.

The central case is that AI capital spending continues at a high level, even if some projects slip from 2027 into 2028. Custom chips and efficiency improvements will matter more, which could shift share within the supply chain, but the overall pie is still expected to grow. The risk is that slower-than-hoped returns on AI investment, tighter financing conditions, or regulatory hurdles cause a more meaningful pause.

Gold's Unexpected Softness

Gold has been one of the standout performers in recent years, supported by central-bank buying, geopolitical uncertainty and earlier expectations of eventual rate cuts. Last week it suffered its worst performance in many months, falling roughly 9% and testing levels around $3,500 - well below earlier 2026 highs.

Two factors explain the move. Higher real yields and a firm dollar raised the opportunity cost of holding a non-yielding asset. At the same time, the equity sell-off triggered forced liquidations as investors and leveraged players raised cash. **Gold acted more like a liquidity source than a pure safe-haven in the acute phase of the risk-off move.**

Bank forecasts still point to higher prices over a longer horizon. Goldman Sachs has an end-2026 target around $4,150, with others higher still - provided the Fed eventually pauses and real yields ease. **Near term, however, gold remains sensitive to rate expectations and any further equity volatility.**

Looking Ahead: Three Months and Twelve Months

Over the next three months, markets are likely to remain volatile. Systematic strategies and remaining crowded positioning could produce further downside if AI-related earnings or guidance disappoint, or if the December Fed meeting proves more hawkish than currently priced. A stabilization in AI sentiment, clearer evidence that spending plans are intact, or any dovish shift in central-bank language could support a relief rally. **History shows that corrections of this magnitude often find a floor within weeks to a few months once the initial panic subsides, though the path is rarely smooth.**

Over a twelve-month horizon the outlook is more constructive, assuming no major recession and that AI demand continues to materialize. Past corrections - whether the rapid 2020 pandemic drop, the 2022 inflation-and-rates bear market, or earlier episodes such as 2018 - have generally been followed by recovery within months to a couple of years for the broad market. **The median recovery time from correction lows has historically been measured in months rather than years.** The AI theme is more fundamental than a pure multiple expansion story; if earnings delivery remains solid, the sector should eventually re-rate. Broader diversification beyond pure AI beneficiaries is likely to be rewarded as the market digests the recent concentration.

Risks to the Central Case

Several things could turn the current correction into something deeper. A sharper-than-expected slowdown in AI capital spending or evidence of disappointing returns on those investments would hit the semiconductor complex hardest. Further Fed rate increases that push real yields meaningfully higher would pressure both equities and gold. A broader growth scare or recession would of course be negative across risk assets. Regulatory or geopolitical developments - export controls, data-center permitting issues, or renewed trade tensions - remain wild cards. Finally, positioning and liquidity dynamics can amplify moves in either direction for longer than fundamentals alone would suggest.

Practical Portfolio Considerations

This is not a time for panic, nor for aggressive doubling-down. A few principles stand out:

- **Maintain diversification.** The recent concentration in a handful of AI names has been extreme; a more balanced equity allocation across quality growth, value and international exposure reduces single-theme risk.
- **Treat high-conviction AI and semiconductor holdings selectively.** Quality names such as NVDA, MU and AVGO may offer attractive longer-term entry points after the sell-off, but size positions carefully and expect continued volatility.
- **Keep some dry powder or higher-quality fixed income.** Bonds have provided a modest ballast and yields are more interesting than they were a few years ago.
- **View gold as a longer-term diversifier rather than a short-term trading vehicle.** Near-term pressure from rates and forced selling does not negate its role in a multi-year portfolio.
- **Rebalance thoughtfully.** Selling strength earlier and buying weakness now is the classic discipline that corrections test.
- **Review liquidity needs and risk tolerance.** Markets can stay uncomfortable longer than expected; ensuring the portfolio matches personal circumstances remains the first priority.

Corrections are an ordinary, if unpleasant, feature of equity markets. The ones that feel most painful are often those that interrupt a strong narrative. **The AI investment cycle has not disappeared; it has simply been reminded that progress is rarely linear and that valuations matter.** Staying disciplined, diversified and focused on fundamentals remains the most reliable way through periods like this.



COMING THIS WEEK

Key Economic Events

November 23rd	• US PMI Data (Nov) • Euro Area PMI Data (Nov) • India PMI Data (Nov) • Hewlett Packard Enterprise earnings
November 24th	• Japan PMI Data (Nov) • Dell, Bilibili, Analog Devices earnings
November 25th	• US GDP Data (Q3) • US Jobless Claims Data • US PCE Price Index Data (Oct) • Deere & Company earnings
November 26th	• –
November 27th	• Euro Area Economic Sentiment (Nov)

CHART OF THE WEEK

WHAT HAPPENED AFTER AN 8% FIVE-DAY DROP, 1950 TO 2025

REAL INVESTMENT ADVICE

EPISODE ENDED	5-DAY DROP	3 MONTHS LATER	12 MONTHS LATER
MAY 28, 1962	−12.7%	+7.3%	+26.1%
MAY 25, 1970	−8.7%	+12.8%	+43.8%
SEP 13, 1974	−8.7%	+3.5%	+27.8%
OCT 16, 1987	−9.1%	−10.9%	−2.5%
OCT 27, 1997	−8.2%	+11.5%	+21.5%
AUG 31, 1998	−12.0%	+21.6%	+37.9%
APR 14, 2000	−10.5%	+11.3%	−12.1%
SEP 17, 2001	−8.3%	+8.1%	−15.9%
JUL 22, 2002	−10.7%	+7.9%	+20.5%
SEP 29, 2008	−8.3%	−21.4%	−4.1%
FEB 17, 2009	−9.3%	+15.3%	+39.3%
AUG 8, 2011	−13.0%	+11.9%	+25.2%
AUG 24, 2015	−10.0%	+10.4%	+15.5%
FEB 8, 2018	−8.5%	+5.5%	+5.0%
FEB 27, 2020	−11.7%	+1.7%	+27.9%
MAY 11, 2022	−8.5%	+6.9%	+4.8%
APR 4, 2025	−9.1%	+22.7%	+33.7%
MEDIAN	**−9.1%**	**+8.1%**	**+21.5%**
SHARE HIGHER	**-**	**88% (15 of 17)**	**76% (13 of 17)**
NOV 20, 2026	−8.6%	-	-

First 8% five-session drop in 40+ sessions. Price returns from the episode's last close.
Source: Yahoo Finance daily closes, Jan 1950 to Nov 20, 2026. Calculations: RIA Advisors.

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