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WEEKLY UPDATE

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WEEKLY UPDATE

MUSINGS

"The secret is not to worry about winning, but rather to focus on growing."

JAMES CLEAR

LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	**7,376** ▼	**-2.69%** ▼	**7.75%** ▲
Nasdaq Composite	**24,579** ▼	**-3.37%** ▼	**5.75%** ▲
10Y UST Yield	**4.859** ▼	-1.50% ▼	**16.72%** ▲
Crude oil	**90.35** ▼	**-12.23%** ▼	**57.40%** ▲
Gold	**4,069** ▲	**5.01%** ▲	**-5.77%** ▼
DXY	102.279 ▲	0.31% ▲	4.07% ▲
USD/INR	**93.895** ▼	-1.10% ▼	**4.52%** ▲
Bitcoin	**75,731** ▼	-1.87% ▼	**-13.45%** ▼
Euro STOXX 50	**6,170** ▲	0.75% ▲	**6.14%** ▲
India (Nifty)	**25,030** ▲	**8.58%** ▲	**-4.21%** ▼
Japan (Nikkei)	**57,434** ▼	**-9.25%** ▼	**14.09%** ▲
China (CSI 300)	4,054 ▲	1.73% ▲	0.66% ▲
Saudi (TASI)	10,095 ▲	1.75% ▲	-3.77% ▼
Abu Dhabi (ADX)	**9,392** ▼	-0.78% ▼	**-6.01%** ▼
Dubai (DFM)	6,025 ▲	4.42% ▲	-0.37% ▼

NEWS FROM THE MARKETS

Blue Wave Hits Wall Street: Democrats Sweep Congress

Democrats delivered a decisive sweep of both the House and Senate in the November 3, 2026 midterm elections, ending unified Republican control under President Trump and producing one of the clearest political shifts in recent cycles, with notable flips even in traditionally Republican strongholds.

Markets responded first with relief and then with a more selective reassessment of winners and losers. On November 4 the major U.S. indexes posted strong gains as investors welcomed the removal of election uncertainty: The Dow Jones Industrial Average surged roughly 1,569 points, or about 3 percent, marking one of its strongest single-day advances after a midterm in decades; the S&P 500 rose 1.6 percent for its best session in three months; and the Nasdaq Composite advanced 1.4 percent.

Bond yields edged lower across the curve, the dollar softened against major currencies, and gold climbed as the prospect of legislative gridlock reduced expectations for aggressive new fiscal stimulus. Healthcare and certain consumer-oriented stocks performed especially well on hopes that planned reductions in programs such as Medicaid and SNAP might be delayed or softened, while energy shares lagged as oil prices tumbled nearly 9 percent, with Brent crude falling toward the mid-$90s amid expectations that a Democratic Congress would constrain further escalation involving Iran.

The initial rally fit a well-established historical pattern in which U.S. equities have tended to rise in the months following midterms regardless of which party prevails, reflecting the simple preference of markets for clarity over prolonged uncertainty.

Within a day or two, however, attention shifted to sector-specific risks. **Technology and semiconductor names came under pressure as investors weighed the possibility of tighter oversight of artificial-intelligence infrastructure and data-center expansion, particularly in states where local opposition had already been growing.** This contributed to a sharp later-week selloff that erased earlier gains for the Nasdaq and pushed chip-related indexes into double-digit declines at points.

Overall market value losses in the subsequent sessions ran into the trillions of dollars, underscoring how concentrated leadership in AI-related capital spending had become.

From a broader perspective, the midterm outcome is expected to limit the scope for large new tax cuts or spending initiatives in the near term while raising the likelihood of congressional hearings and potential friction over the debt ceiling or government funding later in the cycle.

Gridlock of this sort has historically been viewed as market-friendly because it reduces the chance of abrupt policy swings, yet it also leaves open questions about the pace of AI investment, energy policy, and fiscal discipline. Bond markets reflected the more constrained fiscal outlook with lower yields, while the softer dollar and lower oil prices offered secondary support to global risk assets and consumer purchasing power.

Historical data reinforce the longer-term constructive bias: since the early 1980s, large-company U.S. stocks have on average gained roughly 15 to 16 percent in the six months after midterms and more than 20 percent over the following year. At the same time, **the current environment includes elevated valuations in parts of the technology sector, still-elevated interest rates, and lingering geopolitical tension, so the path is unlikely to be smooth.**

Oil Takes a Dive as War Fears Ease

Brent crude fell sharply, dropping nearly 9 percent at one point to around $94–95 a barrel. Traders linked the decline to the election outcome and comments suggesting reduced likelihood of further escalation involving Iran. Lower oil prices supported broader risk appetite in the short term and pressured energy-sector stocks. The move also fed into expectations around inflation and Federal Reserve policy.

Cheaper energy is generally welcome for consumers and many businesses, though energy producers and related equities felt the impact. The speed of the decline highlighted how quickly geopolitical assumptions can reprice in commodity markets.

AI Trade Faces a Reality Check

Fears that a Democratic Congress could slow data-center expansion and increase scrutiny of artificial-intelligence infrastructure triggered a sharp selloff later in the week. Chipmakers and related names led the declines; the Nasdaq suffered its steepest drop in many months on November 5, with semiconductor indexes falling double digits at points. Hyper scaler tech names showed mixed results, and overall market value losses ran into the trillions.

Concerns centered on possible tighter rules or local opposition to large data centers in key states. While big-tech balance sheets remain strong and long-term AI demand is intact, the episode reminded investors that the scale and pace of capital spending are no longer taken for granted.

Looking Ahead: Key Events in the Coming Week

The week of November 9-13 will feature important U.S. inflation data, including the consumer price index. Markets will parse whether cooler energy prices are feeding into broader price trends and what that implies for Federal Reserve policy. Corporate earnings continue, with several large names still reporting. Overseas, attention turns to central-bank commentary in Europe and any developments around the Iran situation that could reverse oil's recent decline. Geopolitical headlines and any early signals from the incoming Democratic congressional leadership on AI, energy, or fiscal priorities will also be closely watched. **Liquidity may thin as the month progresses, so price moves could be amplified.**

Portfolio Implications

The week's events reinforce the value of diversification and disciplined risk management. **Broad equity exposure has historically benefited from the post-midterm period, yet concentration in a single theme such as AI infrastructure can produce sharp drawdowns when policy assumptions shift.** Maintaining balance across sectors, quality balance sheets, and a mix of growth and defensive holdings remains prudent. Lower oil prices, if sustained, could support consumer spending and ease inflation pressures, which is generally constructive for risk assets. At the same time, elevated valuations and policy uncertainty argue against aggressive positioning. **Clients with long-term horizons should view volatility as an opportunity to rebalance rather than a reason to abandon well-constructed plans.**



COMING THIS WEEK

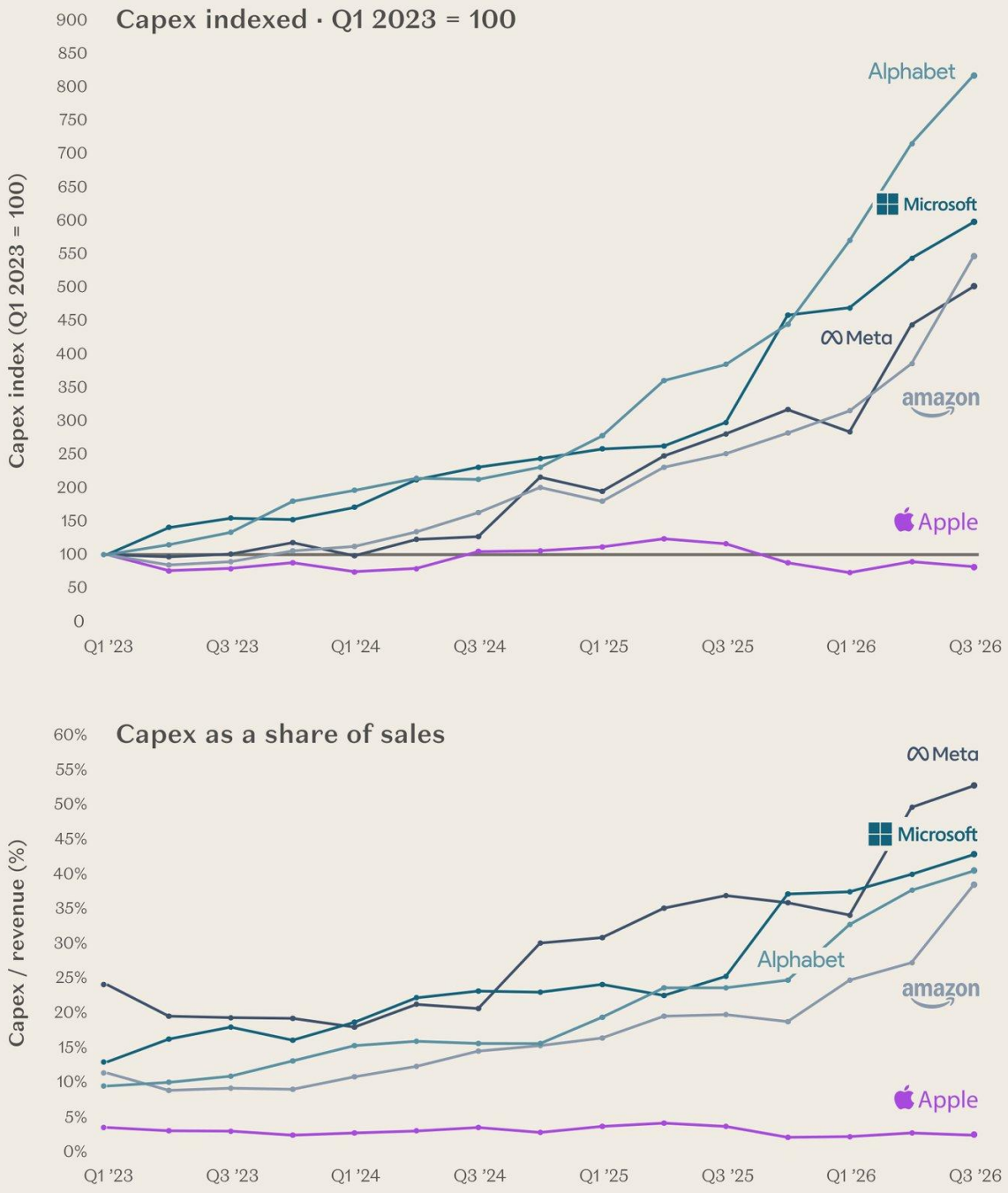
Key Economic Events

November 9th	• China Inflation Data (Oct) • China PPI Data (Oct) • Rocket Lab earnings
November 10th	• US Inflation Data (Oct) • CoreWeave, SoftBank Group earnings
November 11th	• ECB President Lagarde Speech
November 12th	• US Initial Jobless Claims • UK GDP Data (Q3) • India Inflation Data (Oct) • Cisco Systems, Applied Materials earnings
November 13th	• US PPI Data (Oct)

CHART OF THE WEEK

Think Different: Apple Says 'Nah, We're Good' To Capex

Big Tech capex, indexed change (Q1 2023), and capex as a share of sales



Source: Fiscal.ai (11.3.26)

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