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WEEKLY INSIGHT

November 11, 2026

Election Results put the AI Trade on the Backfoot

The S&P 500 was down 0.9% on the week, having clawed back most of the 4% drop that occurred last Thursday. Equity markets have moved lower following election results, led by declines in AI-related names. Several states with heavy dependence on AI had outcomes that raised the possibility of more regulation or a deceleration in the AI buildout.

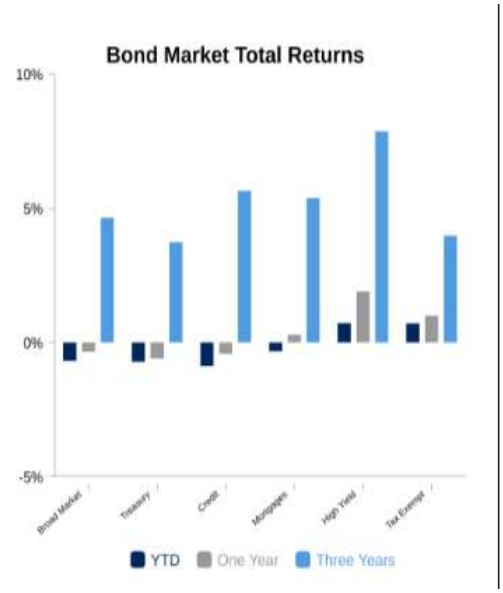
Small caps fared better with more muted declines while foreign equities were outperformers on the week. Emerging markets and small caps separated from the pack mid-year, but recent pullbacks leave major markets more bunched up with a couple weeks remaining in the year. Most major market indices have year-to-date returns in the 10-15% range.

Core bonds were down on the week following strong gains in the month of October. Yields moved higher when the CPI report came in hotter than expected. Several Fed officials have commented this week that more action might be needed when it comes to interest rate increases. The market is currently pricing in more than a 25-bps increase at the December meeting. There is a possibility of a 50-bps increase based on Fed comments.

Economic data comes in strong

Economic data came in better than expected this week. Jobless claims continue to be exceptionally low with numbers down to 189,000 this week. Nonfarm payrolls on Friday came in well above expectations. The consensus was looking for 70,000 net gains and the result was 165,000. Revisions are often scrutinized to throw caution on the headline number. In this case, it added to the strength with net two-month revision of +84,000. The Citi Surprise Index has been making a vertical move over the last three months to now reach a three-year high. It is now poised to set the record for the most consecutive days over zero in the 23-year series history.

Inflation readings tracked the growth readings higher. Both core and headline CPI came in slightly higher than expected. Core CPI was up 0.3% versus the previous month for the third consecutive reading. This annualizes out to 3.6% inflation whereas 0.2% monthly increases yield a 2.4% inflation number. Fed Governor Christopher Waller was vocal that a 50-bps hike is worth consideration, which is a big pivot from the "wait and see" approach he supported heading into the October meeting.





Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper	4.00	4.00	5.50
3-Month T-Bill	4.21	3.87	5.40
10-Year Treasury	4.99	4.07	4.65
30-Year Treasury	5.35	4.66	4.76
10-Year Corporate AA	5.81	4.85	5.72
10-Year High Yield Corp	7.12	6.23	7.51
Commodity Prices ($)	**Current**	**12M Ago**	**3YR Ago**
Gold ($/oz.)	3,988	4,195	1,940
Oil (WTI, $/barrel)	86.53	58.49	77.17
Currencies	**Current**	**12M Ago**	**3YR Ago**
USD (Dollar Index Spot)	102.91	99.50	105.86
USD/EUR	0.90	0.86	0.94
USD/JPY	159.79	154.79	151.52

Sources: BTC Capital Management, Bloomberg

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