MARKET PULSE

November 20, 2026

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- U.S. equities fell today, led lower by information technology and consumer discretionary stocks.
- The S&P 500 fell 3.7%, the Dow Jones Industrial Average (Dow) declined 1.9%, and the Nasdaq lost 5.3%.
- Non-U.S. markets also declined. The DAX (Germany) fell 2.6%, and the Nikkei 225 (Japan) declined 5.1%.
- The 10-year Treasury yield fell to 4.93%, and the two-year yield also declined.
- West Texas Intermediate crude oil rose 0.9% to $83.98 per barrel.

CATALYSTS

- Today's decline extends the pullback in artificial intelligence-related investments that began after late-October technology company earnings and accelerated following the midterm elections. Concerns about data center delays and uncertainty around Nvidia's leadership transition have added to investor unease.
- At the center of the pullback is growing scrutiny of the AI investment cycle. Investors are questioning the scale and sustainability of capital spending, how that investment is being financed, and when it will translate into meaningful profits and returns.
- A higher interest rate backdrop is adding pressure. Higher borrowing costs are weighing on valuations, particularly for growth-oriented companies whose expected profits extend further into the future.
- Together, these concerns have contributed to a broader risk-off environment. The selling pressure has pushed the S&P 500 more than 10% below its October peak during today's session, placing the index in correction territory.
- Market dynamics may also be amplifying the decline. As prices fall and volatility rises, systematic strategies, leveraged investors, and other market participants may be forced to reduce exposure, reinforcing downward momentum.

INVESTMENT STRATEGY OUTLOOK

- We remain constructive on AI's potential to improve productivity and support long-term growth, but valuations, financing needs, and uncertain returns on spending call for selectivity. We favor companies with durable cash flows and a clear path to profitable growth.
- Volatility is a normal part of investing, and corrections are not uncommon. Market declines can offer an opportunity to revisit long-term goals, time horizons, and the reasons for investing, not to make emotional decisions based on short-term moves.
- The economic backdrop remains constructive, supported by corporate earnings and resilient consumer spending, with no recession in our base case. Still, uncertainty around inflation, interest rates, and AI spending could keep markets volatile.
- Stay diversified, avoid chasing recent performance, and consider whether rebalancing is needed after years of concentrated gains. For cash earmarked for long-term strategies, dollar-cost averaging can help relieve the pressure of choosing a single entry point.
- For more insights and market commentary visit Stifel Insights.

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Investing involves risks, including the possible loss of principal invested. Past performance does not indicate future results. The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market. The Dow Jones Industrial Average is an index that shows how 30 large, publicly owned companies based in the United States have traded during a standard trading session in the stock market. The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market, and Capital Market. The Nikkei 225 consists of the shares of the 225 largest companies in Japan. The DAX Index consists of the 30 most actively traded German companies on the Frankfurt Stock Exchange. The Bloomberg U.S. 1000 Value Total Return Index provides exposure to companies with superior value factor scores based on their earnings yield, valuation, dividend yield, and growth. The Bloomberg U.S. 2000 Total Return Index is a float market-cap-weighted benchmark of the lower 2,000 in capitalization of the Bloomberg U.S. 3000 Index. The Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS). West Texas Intermediate (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. This grade is described as light because of its relatively low density, and sweet because of its low sulfur content. It is the underlying commodity of Chicago Mercantile Exchange's oil futures contracts. Dollar-cost averaging does not assure a profit or protect against a loss. Investors should consider their ability to continue investing during periods of falling prices. Diversification and asset allocation do not ensure a profit or help protect against loss. The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. Due to their narrow focus, sector-based investments typically exhibit greater volatility. Rebalancing may have tax consequences, which you should discuss with your tax advisor.

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