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WEEKLY ECONOMIC UPDATE NOV. 9, 2026

Stocks declined over an unusually volatile week as midterm results shifted control of Congress and markets responded.

The Standard & Poor's 500 Index declined 2.68 percent, while the Nasdaq Composite Index dropped 3.37 percent. The Dow Jones Industrial Average ended 0.94 percent lower. The MSCI EAFE Index, which tracks developed overseas stock markets, slid 1.95 percent.[1,2]

A Volatile Week

Stocks were mixed to start the week, kicking off November with a continued rotation out of technology stocks in favor of more defensive names.[3,4]

Markets then jumped midweek as investors believed a decisive midterm election result would help reduce political uncertainty risk. Economically sensitive stocks led the rally, while chip stocks and other tech names trailed. The Dow Industrials rose over 3 percent—its best day in more than 1½ years.[5]

But stocks were under steady pressure on Thursday, with tech leading all three major market averages down. Investors continued to rotate out of the AI trade as anxiety grew about what's next. The Nasdaq dropped 5½ percent while the S&P 500 slid 4.4 percent.[6]

The week wrapped on a positive note with markets pushing higher on Friday as investors cheered a better-than-expected jobs report, which helped buoy investor sentiment.[7]

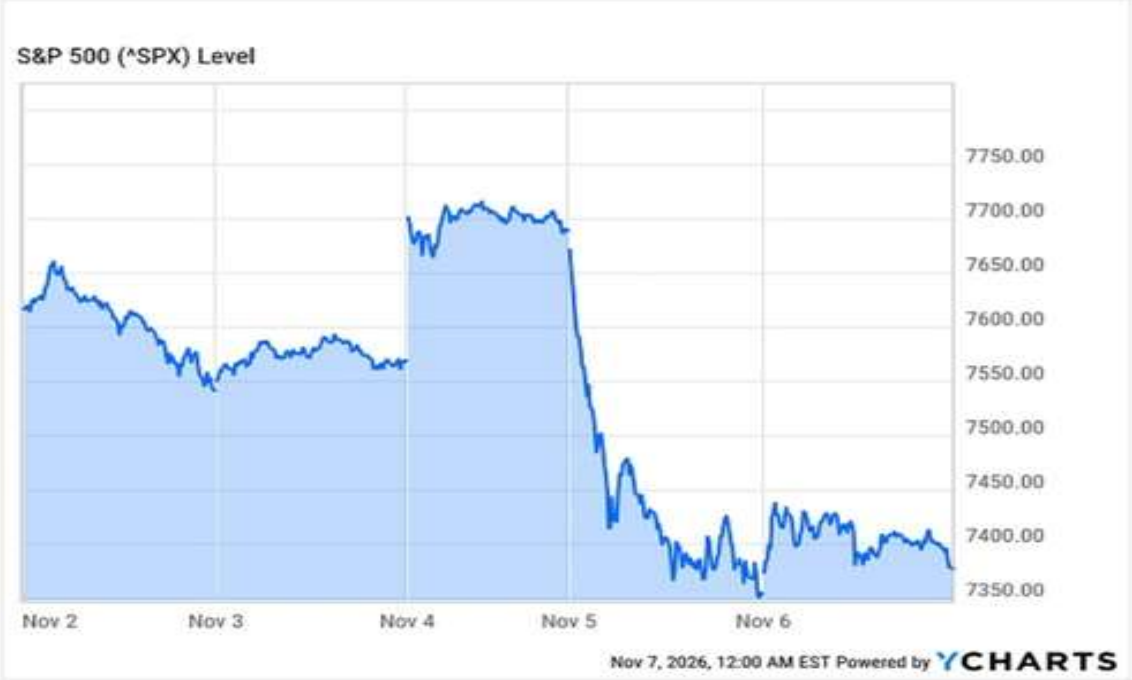
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Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
MSCI EAFE	0.91%	10.94%	16.06%	53.90%
Dow Jones Industrial Average	0.56%	8.56%	10.66%	55.85%
S&P 500	-5.35%	8.43%	9.46%	68.07%
Nasdaq Composite	-11.50%	5.11%	4.08%	57.86%

S&P 500 Daily Close



10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
10 Year Treasury Rate 11/06/26	4.86%	5.27% 4.69% 4.11%	-7.78% ▼ 3.62% ▲ 18.25% ▲

AI Anxiety

So why did markets rally the day after midterm election results were in? Markets seemed to welcome greater clarity about the political landscape.[8]

Anxiety returned on Thursday. In the past several weeks, investors have become increasingly concerned about AI stock valuations and have focused on data center buildouts. Those factors had already cooled the AI trade, so the election results brought some issues back into focus.[8]

One bright spot for the week was the price of oil. Some believe that lower prices could help ease inflation concerns if the trend continues.[8]

This Week: Key Economic Data

Monday: Wholesale Trade. Fed Presidents Austan Goolsbee (Chicago) and Thomas Barkin (Richmond) speak.

Tuesday: NFIB Small Business Optimism Index. Consumer Price Index (CPI). New York Fed report: Q3 Household Debt & Credit. Fed Presidents Jeff Schmid (Kansas City) and Anna Paulson (Philadelphia) speak.

Thursday: Weekly Jobless Claims. Existing Home Sales. Treasury Balance. Fed Presidents Mary Daly (San Francisco) and John Williams (New York) speak.

Friday: Producer Price Index (PPI). San Francisco Fed President Mary Daly speaks.



"It is hard to imagine a more stupid or more dangerous way of making decisions than by putting those decisions in the hands of people who pay no price for being wrong."

– Thomas Sowell



One of the more persuasive explanations for the recent increase in U.S. Treasury yields is that the economy remains resilient, prompting the bond market to push interest rates higher in response to a stronger growth outlook. Recent third-quarter GDP nowcasts support that narrative. The catch is that higher interest rates may be a double-edged sword: while they can signal economic strength, they can also undermine it by creating headwinds for future growth. The growth narrative may be convincing, but it is unlikely to be the whole story. Some of the other factors driving yields higher paint a less reassuring picture.

Much depends on whether rates keep rising. For the moment, the trend is pointing in that direction. The U.S. 10-year Treasury yield recently climbed to 5.25%, the highest level in nearly two decades.

The case that the runup in yields is largely a function of stronger economic activity looks reasonable, perhaps even persuasive,

based on the latest nowcasts for third-quarter GDP. The projected growth rate has risen to a 3.2% annualized pace, based on the median estimate from a set of forecasts compiled by The Capital Spectator. If accurate, growth will more than double from Q2's modest 1.5% increase.

The median Q3 nowcast reported by The Capital Spectator has been rising in recent weeks. Two of the inputs are running especially hot, with forecasts of 5% growth and higher. The survey-based US Composite PMI Index a widely followed GDP proxy, surged in last week's preliminary September estimate, rising to 58.4, a 62-month high. Based on The Capital Spectator's estimate, that reading is consistent with a 5.8% annualized increase in GDP.

The Atlanta Fed's GDPNow model isn't far behind. Its September 25 nowcast indicates 5.0% growth for Q3.

The debate in the bond market is how much of the rise in yields is being driven by accelerating economic activity versus less favorable factors, including inflation concerns. Although price pressures appear relatively stable in the latest data, that stability reflects inflation running well above the Federal Reserve's target, which recently prompted the central bank to raise interest rates for the first time in more than three years.

Elevated energy costs are a key component for the inflation concern, driven by the ongoing conflict with Iran. Near-term relief in the form of lower oil, gasoline, and diesel prices does not appear imminent after President Trump's recent rejection of Iran's peace proposal.

By some accounts, a meaningful decline in energy costs may require a significant slowdown in economic activity if the Iran conflict continues in its current form. If Treasury yields continue to rise, it is reasonable to assume that higher borrowing costs will eventually slow economic activity, if only at the margins.

Another factor that appears to be contributing to higher yields has no obvious short-term solution. Treasury yields may be reflecting a growing fiscal risk premium as investors grapple with the prospect of persistently large deficits and a national debt burden that appears unlikely to be meaningfully addressed anytime soon.

New York Fed President John Williams yesterday gave bond investors a modest reason to dial back expectations for additional monetary tightening, at least in the immediate future. He downplayed the inevitability of another rate hike at next month's FOMC meeting, saying there was "no need for urgency" and that "we have time to gather more information" before making the next policy decision.

The policy-sensitive 2-year Treasury yield took the hint and edged lower yesterday, but longer-term bonds largely ignored the comments. Notably, the 30-year Treasury yield, the most sensitive maturity to long-run inflation and fiscal concerns, continued to climb, ending Tuesday's session at 5.57%, the highest level since 2002.

For now, the bond market appears unconvinced that slower growth, lower inflation, or fiscal restraint are close at hand. Until one of those narratives gains traction, Treasury yields may continue marching higher, testing not only the economy's resilience but also investors' willingness to keep pricing in a best-case scenario centered on improving economic activity.[10]

Footnotes And Sources

1. WSJ.com, November 6, 2026
2. Investing.com, November 6, 2026
3. CNBC.com, November 2, 2026
4. CNBC.com, November 3, 2026
5. WSJ.com, November 4, 2026
6. CNBC.com, November 5, 2026
7. CNBC.com, November 6, 2026
8. WSJ.com, November 4, 2026

9. Healthline, April 14, 2026

10. capitalspectator.com/treasury-yields-keep-rising-can-the-economy-keep-up/#more-26036

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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. The Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and considered a broad indicator of the performance of stocks of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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