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November Market Update

October brought reassessment, not a broad retreat. Investors seemed to balk at the steep cost of AI and sold tech shares, and inflation accelerated. However, this was paired with steady growth, even as hiring slowed.

Against that backdrop, here's how the market's benchmarks fared in October.

Major U.S. Stock Indexes

- The S&P 500 slipped 0.93%.
- The Nasdaq 100 tumbled 6.65%.
- The Dow Jones Industrial Average advanced 1.70%.

Behind the Numbers

AI's payoff comes under scrutiny. Alphabet, Google's parent company, and Amazon both missed earnings expectations, and Amazon's third-quarter spending on data centers and equipment came in about $20 billion above forecasts. Most of the largest tech companies kept or only slightly trimmed their spending plans, leaving investors to question when that investment will pay off.

Healthy profits, slim surprises. With 60% of S&P 500 companies having reported, 82% of them beat earnings estimates, above the five-year average, and all 11 sectors showed year-over-year profit growth. However, earnings only exceeded forecasts by 1.9% in aggregate, well below historical averages.

Solid growth, stretched families. The economy grew at a 3.4% annualized pace in the third quarter, supported by consumer spending and AI-related investment. But September hiring nearly stalled, with just 29,000 jobs added, and after-tax income fell once adjusted for inflation. That squeeze on purchasing power kept consumer sentiment subdued throughout the month.

Inflation heats up, and the Fed holds steady. Consumer prices rose 3.7% from a year earlier in September, with price pressures spreading beyond

gasoline to other parts of the economy. At its October meeting, the Federal Reserve (Fed) held rates steady after September's hike, but two officials favored another increase, and markets largely expect one in December.

What to Watch in November

November will show whether October's tech sell-off stays contained to a few companies or spreads across the market. Additionally, October's jobs and inflation reports, released in November, will shape the Fed's December rate decision, while company outlooks and tech earnings will reveal how resilient consumers remain and whether AI investment is starting to deliver.

With the midterm elections in focus, it is also worth keeping in mind that, in the short term, elections can cause market volatility, though larger, prolonged periods of volatility are commonly driven by other economic factors.

We will be following these developments closely and keeping your long-term goals in focus as the month unfolds. If you have questions or simply want to talk things through, reach out to your advisor anytime.

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