ABUNDANCE
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The Dashboard

November 2026



Economy

- ⊕ Growth
- = Employment
- = Households



Financial Conditions

- ⊖ Monetary Policy
- ⊖ Inflation & Long-Term Rates
- ⊕ Credit Spreads



Market

- = Valuations
- ⊕ Earnings
- = Trend

Executive Summary

- Most equity indexes fell in October, as AI-related angst over hyperscaler (the largest cloud and AI infrastructure providers) spending and other concerns emerged late in the month, driving the technology sector lower.
- The Federal Reserve (Fed) held interest rates steady at its late-October meeting, but Chair Warsh continued to express the Fed's hawkish policy stance, emphasizing resilient economic growth and inflation that remains above target.
- US Treasury yields fell in October, pushing bond prices higher, as the sell-off in technology stocks prompted a "flight to safety" trade during the month.
- With midterm elections behind us, Anthropic's initial public offering, which is expected in November, may serve as a near-term referendum on the health of the AI trade.

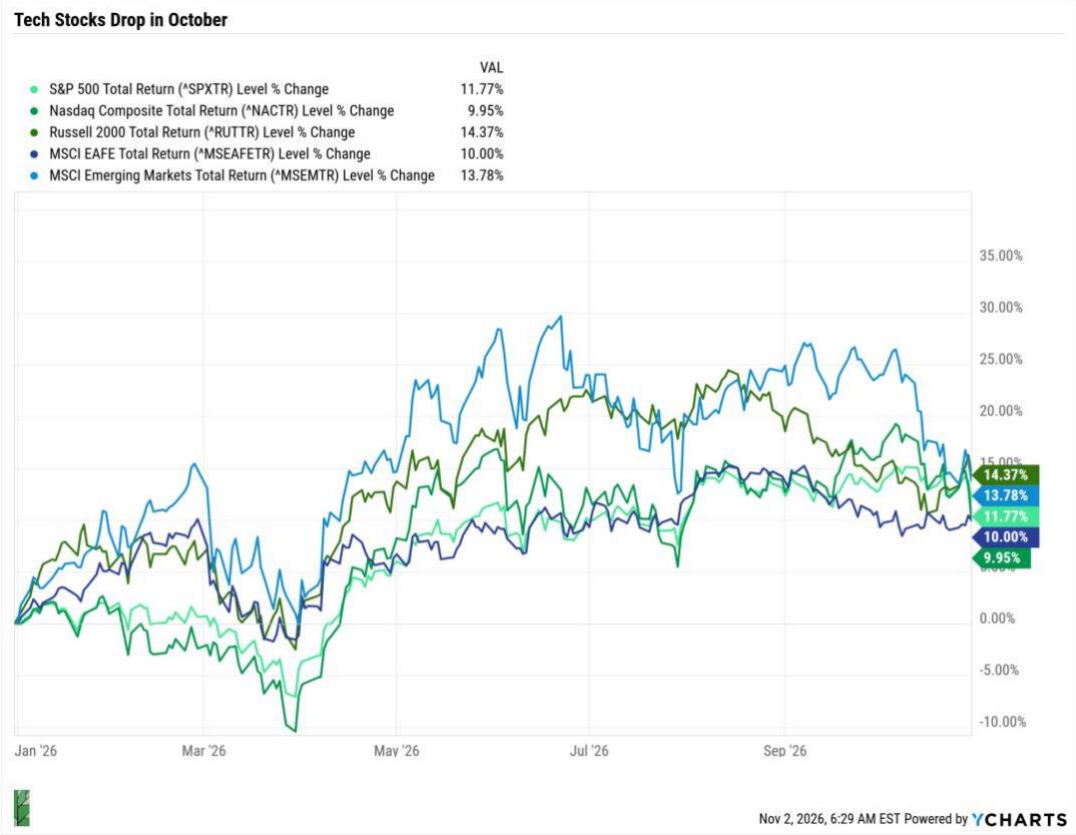
Equity Markets Fell in October

Equity markets trended sideways for most of October but fell as the month ended as concerns about the sustainability of the AI buildout resurfaced. Companies such as Alphabet (down 18%), Meta (down 15%), and Intel (down 45%) all fell sharply in October, which helped push the Nasdaq Composite index (a technology-heavy index) down approximately 5% for the month and nearly 8% below its early-October high.[i]

While it's not surprising that the technology sell-off affected the Nasdaq Composite, it also extended to other parts of the equity market. For example, the S&P 500 index slipped 1% and the MSCI Emerging Markets index, with large

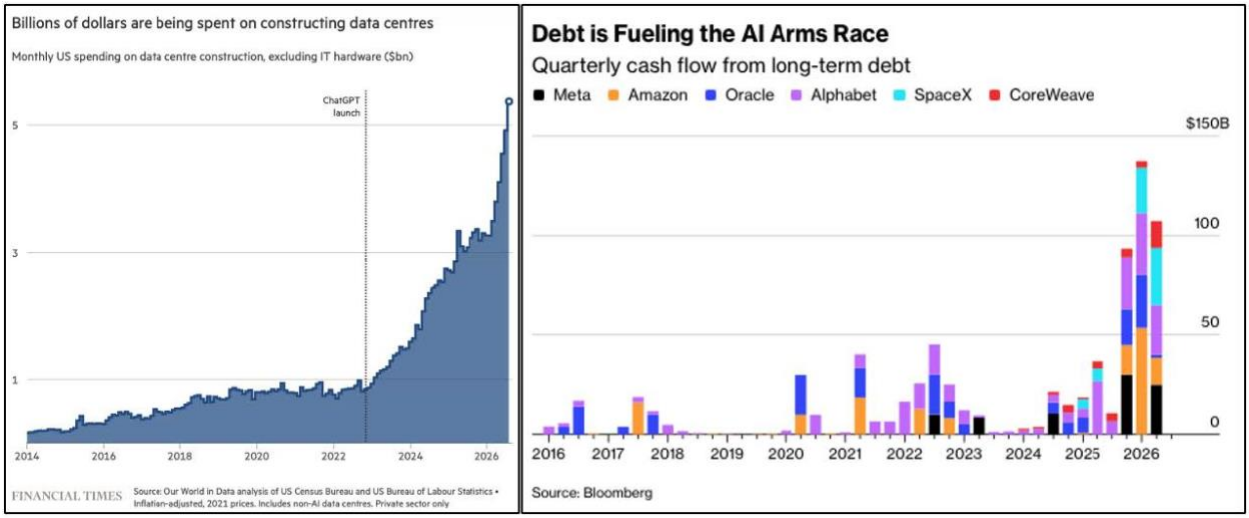
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holdings in tech stocks Taiwan Semiconductor Manufacturing Co., Samsung Electronics, and SK Hynix, ended the month 8% lower. Small-cap (Russell 2000 index) and foreign stocks (MSCI EAFE index) were more insulated from the damage, with small-caps ending the month slightly higher and foreign stocks modestly lower. Fortunately, strong returns early in the year meant most parts of the equity market ended October up 10% or more year-to-date (see below).



The late-month sell-off in technology seemed to be driven by several negative stories coalescing at the same time, rather than one big story. For example:

- Concerns about the cost (see below left) and the amount of debt (below right) that is backing the AI infrastructure buildout continued to resurface during third-quarter earnings reports of several technology companies.[ii] [iii]
- Cybersecurity risks are back in focus as hackers linked to North Korea stole more than $6 billion of crypto assets from the world's largest cryptocurrency exchange, Binance.[iv]
- The Wall Street Journal reported that US intelligence officials believe a Chinese data center executive with close ties to Nvidia CEO Jensen Huang was passing information to Chinese intelligence. There is no public evidence Huang shared sensitive information, and Nvidia described the interactions as routine.[v]
- Blackstone, a private capital firm that is acting as an anchor on Anthropic's chip financing deal, indicated that Anthropic's debt may receive a below-investment-grade rating after its initial public offering, which marked a reversal from previous guidance that an investment-grade rating was within reach.[vi]



This is not the first time the AI investment story has been tested since the launch of OpenAI's ChatGPT in late 2022. The AI trade has survived the DeepSeek announcement, the Liberation Day tariff announcement, and the outbreak of the Iran conflict. However, the amount of spending, debt, and financing costs continue to grow alongside public resistance to data center buildouts. As a result, we will be watching Anthropic's IPO, expected in November, to gauge investor appetite for AI (see *The Path Forward* section below).

The Fed Holds and Bonds Rebound

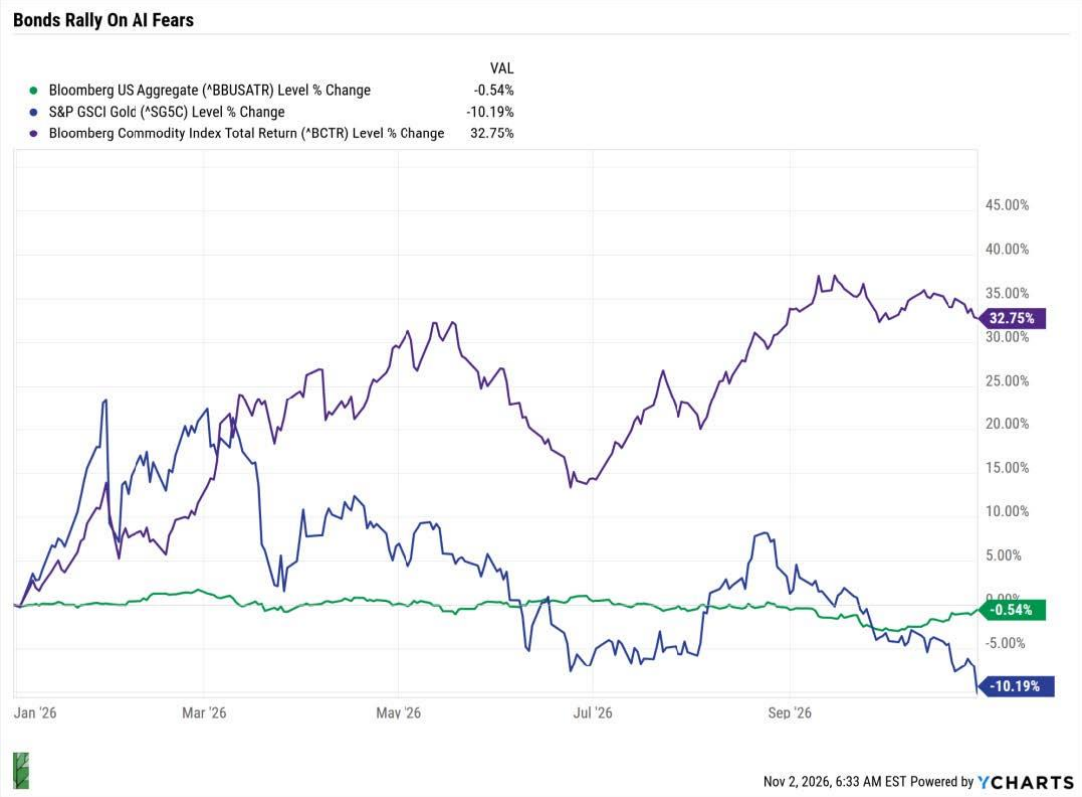
The Federal Reserve met in late October and voted to hold its target range steady, as expected, with a 10-2 vote (the dissenters, Lisa Cook and Beth Hammack, both favored a quarter-point hike). The Fed raised rates by 25 basis points at its previous meeting in September. Despite inflation, as measured by the Consumer Price Index, at 3.7%, well above the Fed's 2% target, Chair Warsh signaled the Fed wants to see more data before raising rates again, noting that the period before the December meeting will be information rich.

Chair Warsh again stressed the Fed's goal of achieving price stability at the press conference. With unemployment relatively low at 4.2% (as of September), the Fed can continue to focus on bringing down prices. After the meeting, futures markets priced in about an 85% chance of a rate hike in December.[vii]

Third-quarter economic growth surprised to the upside, as real Gross Domestic Product (GDP) grew at an annualized 3.4%. Strong AI infrastructure and consumer spending helped drive the growth. Corporate earnings also continue to prove resilient, as third-quarter year-over-year earnings growth for S&P 500 companies is estimated at 29%.[viii]

Given the relatively strong economic growth, low unemployment, and higher inflation readings, you might have expected interest rates to have continued to climb throughout October. However, market volatility, especially among the AI-related leaders, resulted in a "flight to safety" trade during the month. As a result, the 10-year Treasury yield ended the month below 5% after topping 5.3% in September.[ix]

The Bloomberg US Aggregate Bond index advanced more than 2% during the month, erasing most of the losses earlier this year and bringing its year-to-date return to -0.5%. Gold continued its slide, falling about 7% in October, while the broad-based Bloomberg Commodity Index moved sideways, with year-to-date returns still above 30%.



The Path Forward – Midterms and Anthropic's IPO

We are publishing this piece as the results of the midterm elections are being finalized. Based on early results, it appears that we will have a divided government, as Democrats are projected to have taken both the Senate and the House of Representatives.[x] However, as we pointed out in last month's Dashboard, markets and the economy tend to perform relatively well regardless of which party is in control.[xi]

Attention now turns to another big company planning to join SpaceX in public markets this year. Anthropic, maker of Claude and one of the leading AI labs in the world, filed its S-1 registration statement and plans to list on the Nasdaq under ticker ANT later in November. Reported valuation expectations generally range between $1.5-$2.0 trillion.[xii]

Beyond the sky-high valuation estimates, the IPO stands out for several reasons. The first we've touched on previously in this piece – the scale of the spending, debt, and financing costs required for leading AI firms and hyperscalers to continue the current trajectory is staggering (see charts above). It will be interesting to see if investors have the appetite for another highly valued IPO this year.

Next, the S-1 dedicated more than 90 pages to risk factors, including several rarely seen in IPO filings – such as existential risks to humanity, the ability for rogue actors to use the tools to build chemical and biological weapons, and the risk that these tools may exhibit "self-preserving behaviors, including attempts to resist shutdown."[xiii]

In addition to these uncommon risks, the company also provided more standard risk language in the document. For example, it disclosed that its rapid growth could stall in the future as early-stage adoption peaks. In addition, it provided data on the relatively concentrated nature of its customer base. While approximately 250 customers paid Anthropic revenue of $10 million or more in the year ending September 30, 2026, its top five customers accounted for about 25% of revenue in the first nine months of the year.[xiv]



Lastly, there has been greater resistance to and scrutiny of the AI boom and data center buildout over the past few months, creating a challenging backdrop for this proposed IPO. Given the outsized impact AI has had on both the economy and equity markets, we anticipate investors may view the IPO as a near-term referendum on the health of the AI trade. A strong debut may suggest investor appetite remains intact, while a weak one could signal growing caution. However, the longer-term question of how much value AI ultimately creates will persist beyond this IPO.

As always, we appreciate your continued trust and welcome the opportunity to speak with you in greater detail regarding your specific situation.

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[i] Source: YCharts, November 2, 2026.
[ii] Source: Financial Times, "America's $10 tn AI Infrastructure boom is starting to fray," October 18, 2026. https://www.ft.com/content/9ea5a37d-15c9-4d5b-94d6-719048c9cd3c?syn-25a6b1a6=1
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[v] Source: Wall Street Journal, "Chinese Executive Close to Nvidia CEO Suspected of Giving China Information," October 30, 2026. https://www.wsj.com/tech/chinese-executive-close-to-nvidia-ceo-suspected-of-giving-china-information-798eb6a1
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[ix] Source: YCharts, October 31, 2026.
[x] Source: Financial Times, "Americans deliver stunning rebuke to Donald Trump as blue wave sweeps country," November 4, 2026. https://www.ft.com/content/b1eb9500-612a-4bb0-bdc3-0311cfc0ec99?syn-25a6b1a6=1
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[xii] Source: Financial Times, "Anthropic begins countdown to IPO with prospectus filing," October 26, 2026. https://www.ft.com/content/f6ecfecd-d797-4d2c-b427-d333297949cb?syn-25a6b1a6=1
[xiii] Source: Financial Times, "'Bold but sane': what we learned from Anthropic's 240,000 word IPO filing," October 26, 2026. https://www.ft.com/content/a6c43402-719e-4295-ae5f-541edb0aeb29?syn-25a6b1a6=1
[xiv] Source: Financial Times, "'Bold but sane': what we learned from Anthropic's 240,000 word IPO filing," October 26, 2026. https://www.ft.com/content/a6c43402-719e-4295-ae5f-541edb0aeb29?syn-25a6b1a6=1