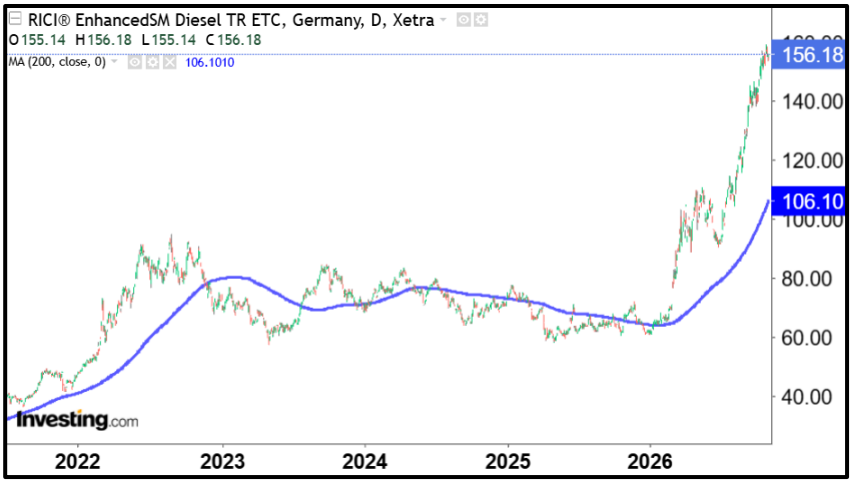
## Market Review - November 2026




## The same topics again

As in September, investors weighed the same three topics as in September: central banks, a giant IPO and war. A fourth has now joined them: the US midterm elections of 3 November. President Trump spent the first stretch of his campaign tour in deep red states such as Oklahoma and Alabama rather than in the battlegrounds, an itinerary that says a lot about the mood of his own base. The message to supporters was simple: "pretend I'm on the ticket" and deliver a victory "too big to rig". The goal is to soften a probable defeat, or even to hold both houses against the odds. His approval rating sits in a 35% to 40% range, well below the 53% historical average two months before a midterm, and prediction markets give a Democratic sweep around 70% probability (Source: Polymarket, 30 October, 2026).

**RICI® Diesel Price USD**




Likewise last month, the war in Iran and the conflict in Ukraine keep crude prices elevated, but the real squeeze sits in refined products. Nearly 12% of the world's refining capacity is offline after drone and missile strikes in Russia, Saudi Arabia, Kuwait and the United Arab Emirates. Ukraine alone has taken out 59% of Russia's fuel-making capacity, and Saudi refining capacity is down roughly 25% (Source: Industrial Info Resources via WSJ). Rystad, a well-known independent research and



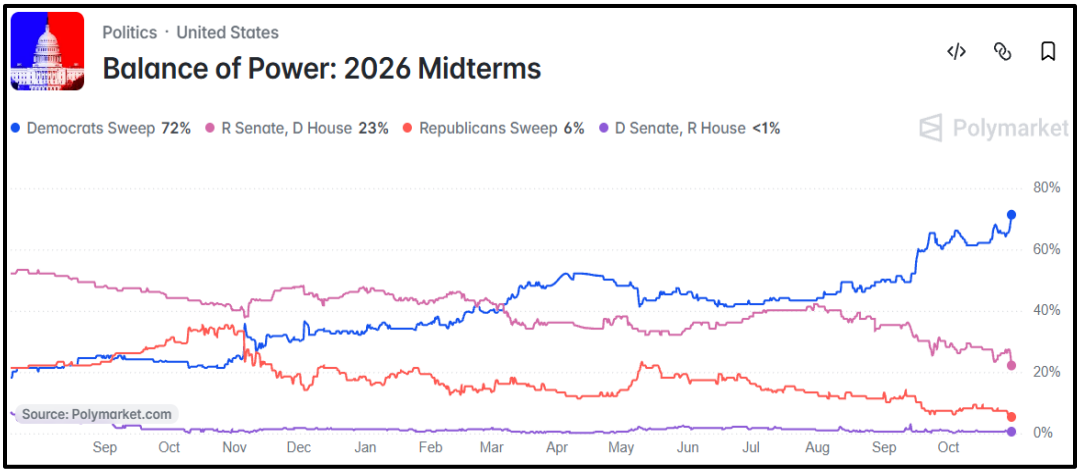
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energy intelligence company, puts the global diesel shortfall at about 2 million barrels a day. Pipelines can be repaired quickly; refineries cannot (Source: Atlantic Council via WSJ). Hence the White House's two-pronged approach. Washington pressed Kyiv to stop hitting Russian refineries, with the President saying Zelensky "better damn well stop", while Trump, at the same time, announced an agreement with Vladimir Putin on Russian diesel supplies, backed by a temporary U.S. Treasury exemption (OFAC General License 135)[1] that authorizes Russian diesel transactions until 7 April 2027. Trump announced on October 9 that Russia would immediately export 300,000 metric tons to the US and global markets, followed by 500,000 tons in November and 1 million tons "immediately thereafter". The market was not impressed. Average US diesel prices have risen by 7 cents since the deal. The reason is simple: the deal is a tiny fraction of US consumption (1%). According to the American Automobile Association, the average price of a gallon of diesel in the US reached 6.35 USD on Wednesday, 28 October. Ukraine, for its part, resumed its strikes after a three-day pause, but has now stopped again.

High fuel prices and an unpopular war will weigh heavily on the election outcome. Polls point to Democratic majorities in both chambers, yet Brazil has just reminded everyone how fragile a consensus can be. Lula, who trailed after the first round, won the October 25 runoff with 51.8% of the vote against 48.2% for Flávio Bolsonaro. He first sought to have the result annulled, citing irregularities; his friend Donald Trump said it "looked like another rigged election". Investors who had bet on spending cuts and a business-friendly agenda paid the bill: the Brazilian real fell almost 8%, its worst day since 1999, and the Bovespa dropped 14% and triggered a circuit breaker. Despite the violence of the correction, it retraced only the gains since the summer, when Bolsonaro took the lead in the polls.

In the US, a surprise Republican win would probably be welcomed by investors, and history is reassuring either way. Over the twelve midterm years since 1978, the S&P 500 has typically risen in the months after the vote, with the median path about 15% higher by the following June, and even the weakest episode finished above the election-day level. Plenty of analysis covers these elections, but funnily enough, very little of it is likely to matter for portfolios.

**Polymarket 2026 Midterms Predictions**




Source: Polymarket

[1] A **general license** (GL) is a blanket authorization from the U.S. Treasury's Office of Foreign Assets Control (OFAC). It allows a whole category of transactions that sanctions would otherwise prohibit, and nobody has to apply for it.



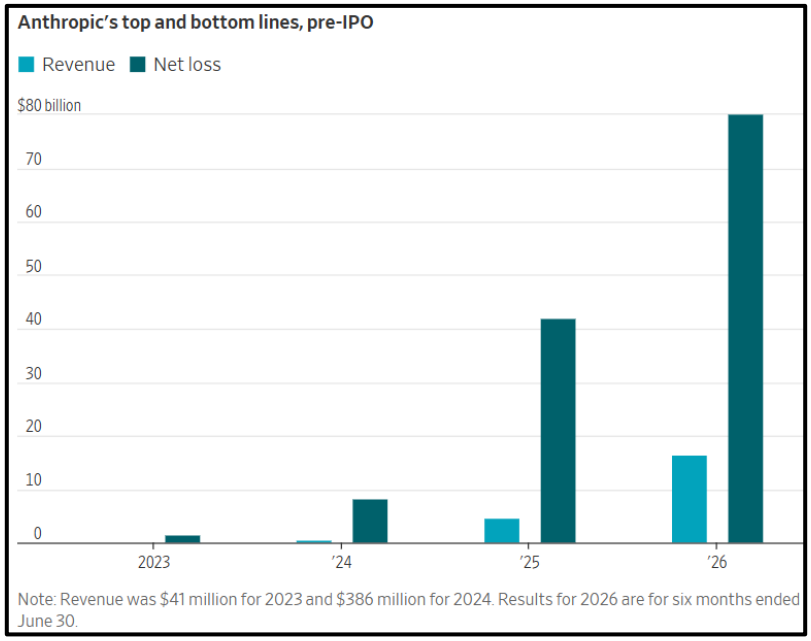
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## The Anthropic IPO: the prospectus that warns about its own product

The other big topic of the month is Anthropic. The company publicly filed for its IPO on Monday, 26 October, seeking a Nasdaq listing under the ticker ANT, with Goldman Sachs and Morgan Stanley leading the deal. The listing is targeted for the week of 16 November. Price and size are not yet set, but the offering could raise 100 bn dollars or more and value the company between 1.5 and 2 trillion dollars. For reference, the last private round valued it at 965 bn dollars in May (FT, 28 Oct 2026).

**Anthropic Top & Bottom Line**




Source: WSJ

The numbers in the 400-page prospectus are spectacular in both directions. Revenue reached 16.3 bn dollars in the six months to 30 June, against 1.2 bn a year earlier, while the net loss came to 80.7 bn dollars, largely an accounting adjustment linked to financing agreements. The addressable market is where the document truly breaks new ground. Anthropic does not publish a classic total addressable market figure. Instead, it estimates that the work performed by knowledge workers represented more than 40 trillion dollars of economic value in 2025, dwarfing the 28.5 trillion dollars SpaceX claimed earlier this year or Airbnb's 3.4 trillion at its December 2020 listing. Such a figure is not a sales forecast: current revenue is counted in billions, not trillions. The giant denominator tells investors that even extraordinary growth would still leave most of the opportunity untouched; it is clever.

Two features deserve attention. First, governance: the seven cofounders will hold a special class of shares carrying 50.1% of the voting rights, leaving ordinary shareholders with virtually no control over the company's decisions. Second, risk: around 94 pages are devoted to risk factors, including models displaying self-preserving behavior and the possibility that the damage from a catastrophic AI incident could be too large to insure. This is probably the first prospectus ever filed with the SEC that mentions possible "catastrophic or existential risks to humanity" among the things investors may wish to consider. As highlighted last month, it is unusual to explain in such detail why the company could harm so much of human society. At least the disclosure is honest.

## Earnings: beating expectations is no longer enough

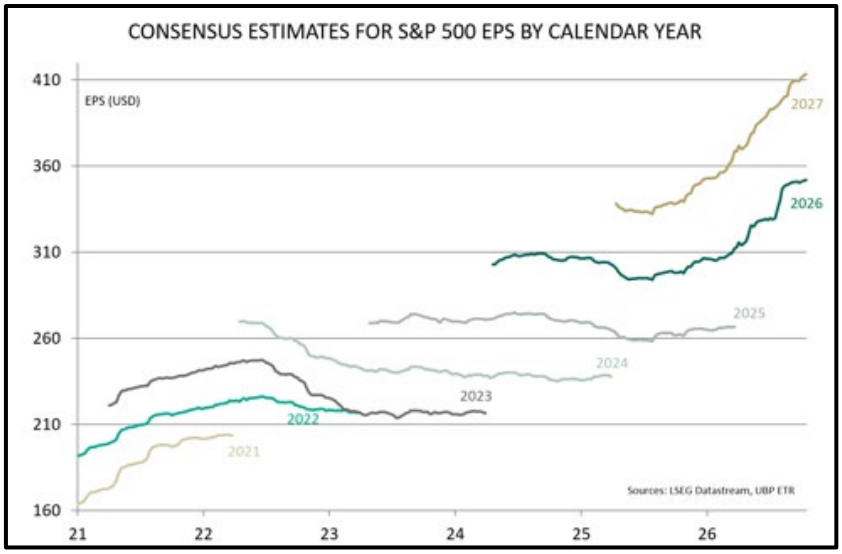
The IPO arrives while equities in the AI space are under pressure. Earnings are fine, but the bar is set so high that beating and raising has become difficult, and heavy capital spending is now perceived as a risk rather than an opportunity, at least when cash flows turn negative. Alphabet lost 13% on 29 October, wiping



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a record 500 bn dollars off its market value after a second consecutive quarter of cash burn and a warning that AI-driven searches were threatening its core advertising business. Intel fell 28% on a disappointing sales forecast. Four of the Magnificent Seven (Amazon, Apple, Microsoft and Nvidia) are still up for the year. The contrast within the group is telling: Microsoft generated about 18 bn dollars of free cash flow after capex in the quarter; Alphabet burned about 9 billion. Investors want evidence that spending turns into sustainable earnings, productivity and cash flow. Doubt spread to Asia, where the Nikkei 225 fell 2.4% on 30 October, and SoftBank extended its decline from the June peak to 48%.

**SP500 EPS Consensus Estimates By Year**




Source: UBP

Nevertheless, this earnings season is quite remarkable. US earnings are on track to grow 30% in Q3 after 54% in Q2, and revenues are growing at a 13% clip. One could argue that profitability is extremely concentrated. Ten companies, including Nvidia and Micron, account for roughly two-thirds of that growth. Their profits have been fueled by incredible demand for memory and other AI chips, giving them extraordinary pricing power. These companies are the main providers of AI infrastructure. But at some point the baton will pass to the beneficiaries of this infrastructure, almost every other company; therefore, in the future, earnings will most probably be better spread among listed companies. As of 30 October, 60% of companies in the S&P 500 have reported Q3 2026 actual results. Of these companies, 82% reported actual EPS above estimates, above the 5-year average of 78% and the 10-year average of 77% (Source: FactSet).

European earnings are also on a tear, even though the economy is not growing as fast as in the US. The Q3 consensus EPS growth rate rose to 21% from 17%, thanks again to commodity-related sectors and technology (semis). For the same reasons, the Q4 consensus growth estimate increased to 39% from 35% (Source: UBP ).

October's big headline was Elon Musk saying that SpaceX and Tesla have each formed special committees to study a combination. Together, they would be worth more than 3tn USD, making it the largest merger on record. SpaceX's third-quarter revenue jumped 161% to 14.6bn USD and the group swung to a 4.4bn USD net profit. Most of the gain came from renting computing capacity to third parties, including Anthropic and Google (beware circularity): AI revenue rose ninefold to 7.6bn USD. This is the first clear sign that a company can earn money from the AI build-out by being the landlord rather than the model developer. The bill keeps growing, though. Quarterly capex reached 19.6bn USD and is guided to 35–40bn USD in the fourth quarter, far above analyst expectations, and management wants 13GW of compute by the end of 2027, up from 1.7GW today. Investors are still not sure the spending will pay off. SpaceX shares rose on the news, but surrendered all the gains in the following days. It is still difficult to foresee how the "tiny" SpaceX balance sheet could swallow the pricey Tesla.



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Despite the recent volatility, the broader picture remains healthy. After the 30 October close, the SP500 index is only 3% below its October 6 all-time high, and the Nasdaq lost only 9% from the top and remains above its upward-sloping 200-day moving average. The feeling may be awful, but the reality is that we are not even in correction territory. The trend is well in place, and it rests on a strong economy, at least for now. US GDP grew at an annualized 3.4% in the third quarter, beating expectations, with private fixed investment up 9.4%, its strongest gain since 2020, and consumer spending up 3.8%. If the AI capex cycle continues, the economy will be fine.

**Swiss Performance Index (SPI)**




In Europe also, the STOXX600 index sits 2% below its August 10 all-time high; the Swiss Performance Index closed on Friday, 30 October, at its all-time high, a bullish configuration.

## Rates: the FED holds, France wobbles

The FED did not raise rates and kept its target range at 3.75% to 4%, despite a booming economy and a PCE price index that accelerated to 3.6% in September from 3.4% in August. Chair Kevin Warsh praised "healthy" consumer spending and capital expenditure at a "historically high share of GDP" while acknowledging that inflation remains well above target. Markets now mostly price a hike in December, although the probability of another hold edged up to 20% from 15%.

**10Y OAT Yield To Maturity**




In Europe, the ECB also paused its hiking cycle and kept the deposit rate at 2.5%. Deutsche Bank expects one last hike to 2.75% in December "while Lagarde is still President". European leaders now have to organize Christine Lagarde's succession, as she intends to leave before the French presidential election of spring 2027. That handover will take place amid a French mini-crisis. On 21 October, the ten-year OAT yield crossed 5% for the first time since 2002, and its spread over the Bund widened to 160 basis points, a level last seen during the 2010 to 2012 debt crisis. French five-year CDS rose above 100 basis points for the first time since October 2012. This is a real problem given France's debt level: deficits remain high, taxation is already heavy, and the Treasury plans a record 340 bn euros of borrowing in 2027 (Agence France Trésor via Trading Economics, 1 Oct 2026). The OAT used to be the eurozone's favorite sovereign debt, and with 56% of French government bonds held abroad



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(MUFG, Oct 2026), foreign sentiment sets the tone. As the asset manager Carmignac put it, the ECB's problem "is no longer just inflation; it is inflation plus spreads".

Moody's kept France's rating unchanged (Aa3), and the yield slipped back below 5%, ending the month at 4.98% on 30 October, versus 3.33% for the Bund. During the 2012 euro crisis, Portuguese ten-year bonds traded at 1,280 basis points over Bunds, Spain at 600 and Italy around 500, and compared with those woes the recent French jump is "hard even to spot on the chart". The IMF expects France's interest bill as a share of GDP to rise, but to remain well below that of the United States (IMF Fiscal Monitor via FT Alphaville, 23 Oct 2026). For now, there is no contagion, and the rest of the region remains quiet. The ECB hasn't done anything.

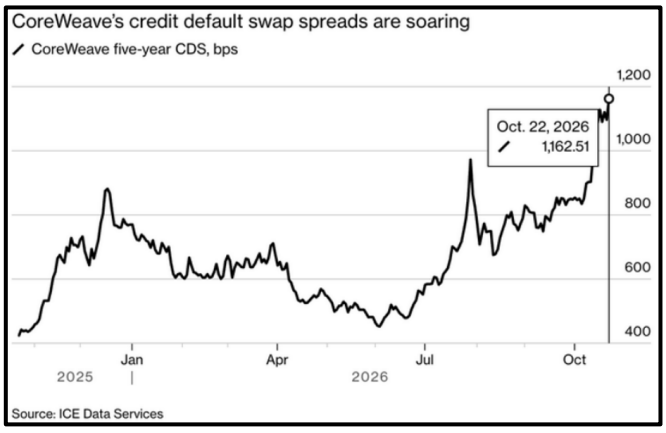
Outside France, calm is returning after the September stress on long-term rates. The US ten-year yield, which touched 5.23% in September, its highest since 2007, traded back below 5% at 4.94%. At the end of August, Bank of America's Michael Hartnett highlighted that US Treasuries with maturities above 15 years had delivered an annualized return of minus 2% over ten years, their worst ten-year stretch in a century, and noted that such troughs, as in 1959 and 1981, have historically been strong entry points (BofA Global Research, Aug 2026). Is this a secular entry point? The bond bear market started in 2022 and is probably not over, given the state of public finances and the scale of future financing needs. The observation nonetheless deserves to be kept in mind. The consensus remains mainly bearish on bonds (BofA FMS October 26).

## Credit: the end-of-cycle signal?

Corporate spreads widened over the summer, and stress in the AI ecosystem hasn't gone away. With the earnings season, investors focus on free cash flow: when all the cash, and more, is reinvested, they get nervous. Spreads often widen toward the end of an investment cycle. Analysts and strategists expect this one to last at least a couple more years, but as in past cycles, optimism tends to run too high toward the end, because it is the peak of the cycle, and people want more of the same recipe.

Spreads are widening without an external shock such as Liberation Day or the start of the war in Iran; this reflects a change in expectations. The move is concentrated at the bottom of the quality ladder: spreads on CCC and lower-rated US bonds climbed to around 13 percentage points in October, above their April 2025 peak, while BB, single B, and BBB spreads moved far less. In Europe and emerging markets, the widening is bigger, driven by French worries and, in Brazil, Lula's surprise victory.

**Coreweave 5Y Credit Default Swap**




Source: ICE Data Services

CoreWeave, the AI cloud platform at the center of the AI buildout, looks like the weak link. Its cash generation is thin, its balance sheet is levered, and its five-year credit default swap spread reached 1,162 basis points on 22 October, more than double its spring level. This implies a more than 60% probability of default within 5 years. The circularity of investments between AI players is a recurring theme, and it is real, with CoreWeave sitting right in the middle of that ecosystem. Most bonds issued by



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semiconductor companies and hyperscalers are under some pressure. This trend is likely to continue until these companies significantly reduce their capex.

## Currencies: the franc stands out

Given doubts about France's fiscal path and the country's weight in the European Union, the euro fell against the dollar, but less than one might have expected given the growth gap with the US and the fact that the AI boom is mostly an American story. EUR/USD is trading near its 52-week lows, with 1.11 seen as the key level. One can safely say that neither currency is of good quality. Sometimes the spotlight is on Europe, as it is today, and sometimes on the United States. If the US economy slows or stalls, the dollar would probably fall, given an unsustainable budget path, and a populist administration is not going to repair public finances. The FED will be forced to monetize the US public debt at some point; it is only a question of time. Then the US currency will weaken.

The Japanese yen is no alternative: the Bank of Japan left policy unchanged in October in an 8-to-1 vote, and markets price a December hike at around 80%, while Japanese policymakers seem to be actively defending the 160 level on the dollar-yen.

In this context, the Swiss franc stands out. UBS expects it to remain "a rock of stability" as global uncertainty and high debt levels keep demand for the currency strong. This is also explained by interest rate parity, as CHF yields are 2.5% and 4% lower than the Euro or USD rates. One can only hope that the appreciation remains gradual rather than abrupt.

**USD/CHF**




## Commodities: oil holds, gold digests

**Gold Oz Price**




Oil prices remain elevated. But concerns center on the refining shortage described above. Every peace headline produces only a modest dip before prices return to their highs, a pattern consistent with a market anticipating renewed escalation after the midterms. The US president has suggested that the US could resume attacks on Iran after the midterm elections. It is difficult to understand why he talks about that just before a crucial vote, knowing that the war is very unpopular in the US. Gold and other precious metals remain in a consolidation phase after the huge run that culminated on 29 January 2026, when it reached 5,500 dollars an ounce, followed by a decline of about 27% into late June. Gold is now testing support around 4,000 dollars, with no



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sign of buyers accumulating. Last year's huge run has to be digested. The central scenario is that consolidation continues for some months, with the next downside target in the 3,400-dollar region, where the last consolidation took place and near a 50% retracement of the bull move that started at the end of 2022.

## China remains an export fortress

China is rather out of the spotlight now, and it has every reason to be careful. Third-quarter growth reached 4.5%, slightly above expectations, but it relied on exports and industry: retail sales rose only 1.1% in September, fixed asset investment fell 7.2% over the first nine months, and real estate investment dropped 20.6% (National Bureau of Statistics via Reuters, 19 Oct 2026). Domestic consumption is weak, and the property market is still contracting. Given China's dependence on Middle Eastern oil, a renewed escalation in the Gulf would hit an economy that has few domestic engines left. One detail is telling: Chinese refinery runs are 12% below their prewar level, which is why US oil executives suggested asking Beijing to raise output to ease the global diesel shortage (Rystad Energy in the WSJ, 26 Oct 2026).

## Conclusion: wobbles, not a break

There are some wobbles. Earnings growth expectations may now be too high to be beaten as consistently as they were at the beginning of the year. Nevertheless, the trend remains upward and healthy, supported by a US economy growing well above trend. Sector and style rotation is under way: despite their apparently reasonable valuations, growth stocks are underperforming. Their estimated earnings growth potential is probably too optimistic, in semiconductors and beyond, and this rotation is healthy.

Midterm elections have not been negative for equities in the past. One could argue that the country has never been so polarized, so a Democratic sweep carries a risk of disruption. A win by Democrats is probably already priced in, and its main consequence would be to slow, or even freeze, government initiatives. In the past, investors saw it as positive. If Democrats try to impeach President Trump, it won't affect the economy; therefore, there's nothing to fear. If Republicans manage to keep the Senate, the market would probably be delighted.

In Europe, surprisingly, despite the war in Ukraine, high energy prices, and pressure from far-right parties, the economy is humming along, with eurozone GDP up 1.3% yoy in the third quarter of 2026, above expectations of 1.1%.

Thus, in November, the two main events take place in the US: the midterm elections on the 3rd, and the Anthropic listing in mid-November. The Middle East must also remain a focus, because if energy prices and refined products continue to rise, they could reach a point where they hurt private consumption, and investors will start to price in a recession.



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