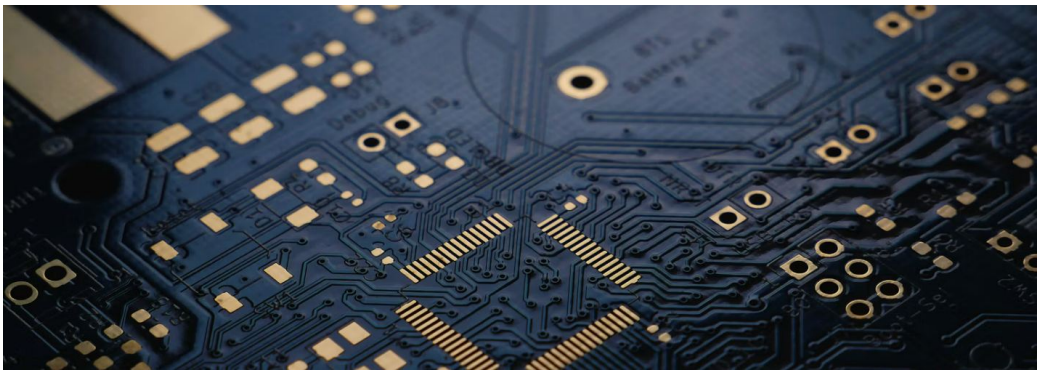
November 9, 2026

Weekly Investment Insight



US markets took time to digest the midterm elections, which saw the Democrats gain control of both chambers of Congress. The reaction intensified on 5 November, Guy Fawkes Night in the UK, traditionally marked by bonfires and fireworks. Technology stocks saw the biggest blaze amid concerns that greater Democratic influence could slow the rollout of data centres in certain states. The technology-heavy Nasdaq Composite was hit hardest, while the Dow Jones Industrial Average proved more resilient but also finished the week lower.

The sell-off came against a backdrop of encouraging labour market data. While the figures confirmed the resilience of the US economy, they could also embolden the Fed to maintain its firm stance against inflation, providing some support to the US dollar. Nevertheless, the longer-term inflation outlook improved slightly. A slower rollout of data centres could temper future demand for energy and infrastructure, while expectations that the Democrats may push for an end to the war in Iran raised hopes of an easing in energy price pressures.

European equities ended the week slightly higher, supported by falling energy costs and their lower exposure to the AI theme. Brent crude declined below USD 100 per barrel, while benchmark European natural gas futures dropped from around EUR 103 to EUR 87 per megawatt-hour.

Earnings season also continued. Around 80% of S&P 500 companies have now reported, with 84% exceeding expectations. Although the results have not matched the exceptional strength seen in Q2, they remain above historical averages, with energy and technology continuing to drive earnings growth. Nvidia's results this week will provide another important test of investor confidence in the AI theme.

In Europe, only 48% of companies have exceeded expectations. While this is also slightly above the historical average, the results point to considerably less earnings momentum than in the US.

Elsewhere, this week's attention will turn to Tuesday's US inflation report and the market's capacity to absorb upcoming US Treasury issuance.

MARKET SNAPSHOT

	Friday Close	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
S&P 500	7376,86	-2,68	-2,68	7,76
Nasdaq Composite	24579,42	-3,37	-3,37	5,75
EuroStoxx 50	6170,49	0,70	1,44	7,39
CAC40	8139	1,41	2,41	0,14
DAX	25820,36	0,00	0,63	6,09
CSI 300	4054,277	0,98	1,77	-12,39
US 10 Year Yield (%)	4,8574	-0,95	-1,28	16,77
Germany 10 Year Yield (%)	3,254	-0,88	-1,78	14,29
Gold Spot ($/Oz)	4070,8	3,79	5,71	-5,17

Source: Bloomberg, BIL as of 9 November 2026

MACRO SNAPSHOT

US midterms: politics reset, fundamentals remain in charge

The US midterm elections have produced a meaningful shift in Washington, with the **Democrats gaining control of both the House and the Senate**. The administration now faces a more constrained policy environment, as major fiscal, tax and legislative measures will require congressional approval and therefore at least some Democratic support. However, President Trump retains the power to veto legislation, and overriding a presidential veto would require a two-thirds majority in both chambers. Democratic control of the Senate also gives the party greater influence over key appointments.

From a macroeconomic perspective, the change in Congress should **reduce the likelihood of another large fiscal expansion**. At the margin, this points to a somewhat softer growth impulse and less upward pressure on long-term interest rates. However, it would be premature to interpret the result as a significant fiscal tightening. The US budget deficit remains large, Treasury issuance is substantial, and the White House retains considerable executive authority,

particularly over tariffs, sanctions and foreign policy. These areas could still generate inflationary shocks, notably through their impact on energy prices.

The initial market reaction was mixed, with the bulk of the price action occurring on Thursday, which saw a sharp AI-related sell-off, during which the technology-heavy Nasdaq 100 fell by 6.4% in a single session, while US Treasuries rallied.

We would be cautious about extrapolating too much from these initial moves. The election changes the policy framework, but not necessarily the fundamental forces driving asset prices. Over the medium term, inflation, Federal Reserve policy, economic growth and bond yields are likely to remain considerably more important.

The broader strategic context must also be considered. The US and China remain engaged in a race for technological leadership, making it unlikely that either US political party would willingly jeopardise the country's position in AI. Moreover, any changes to data centre regulation would probably affect planned projects rather than facilities already under construction, meaning that the impact may not become significant until 2028 or later. A slower expansion of new capacity could also increase the scarcity value and utilisation of existing data centres, creating both winners and losers within the sector.

For equity markets, attention should therefore gradually shift back from Washington to corporate fundamentals. With valuations elevated and bond yields remaining high, further market gains will increasingly need to be supported by earnings growth, rather than political optimism or further valuation expansion.

Companies' ability to generate revenue growth, defend margins and convert the substantial AI investment cycle into sustainable profits will be critical. Politics may continue to influence market volatility and sector leadership, but corporate earnings should remain the principal driver of the underlying direction of equity markets.

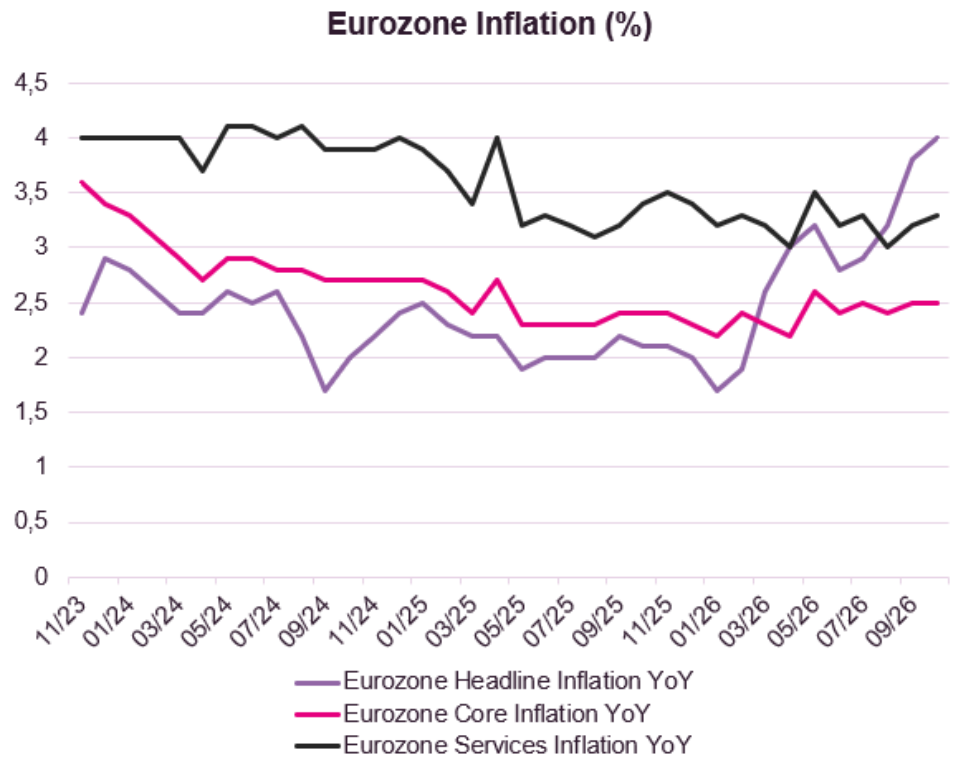
Inflation picks up further across the Eurozone

Year-on-year inflation in the Eurozone increased for a fourth consecutive month, reaching 4.0% in October, according to flash estimates. The main driver was a rise in the energy component from 18.9% to 20.8%, as conflict in the Middle East continued to put upward pressure on energy prices. Evidence that energy inflation is passing through to the broader economy was mixed. On one hand, core inflation, which excludes volatile categories such as energy and food, remained unchanged at 2.5%. Services inflation, however, edged up to 3.3%.

Among the largest Eurozone economies, inflation accelerated in France to 3.8% from 3.4%, in Italy to 5.6% from 4.2%, and in the Netherlands to 3.3% from 3.0%. Inflation fell marginally in

Germany, partly due to a fuel tax cut that is set to run from October 1 to December 31, while Spain's inflation rate also declined from 5.0% to 4.9%.

Overall, the hot headline print supports expectations of a further ECB interest rate increase in December.



Source: Bloomberg, BIL

Business Activity Weakens as Eurozone PMIs Decline

The Eurozone's Manufacturing PMI, a key leading indicator, edged down to 52.7 in October, from September's four-year high of 52.9. A reading above 50 indicates expansion. Digging into the details, output growth slowed to a four-month low but can still be characterised as strong. Total new business increased at a softer pace, while employment continued to increase and purchasing activity expanded at its fastest pace since May 2022 as stockpiling activity gained pace. Input and output prices continued to rise, and while business confidence is still in positive territory, it weakened further, falling below its long-run average.

Similarly, the Services PMI fell from 53.0 to 51.4 in October signalling a softening of consumer

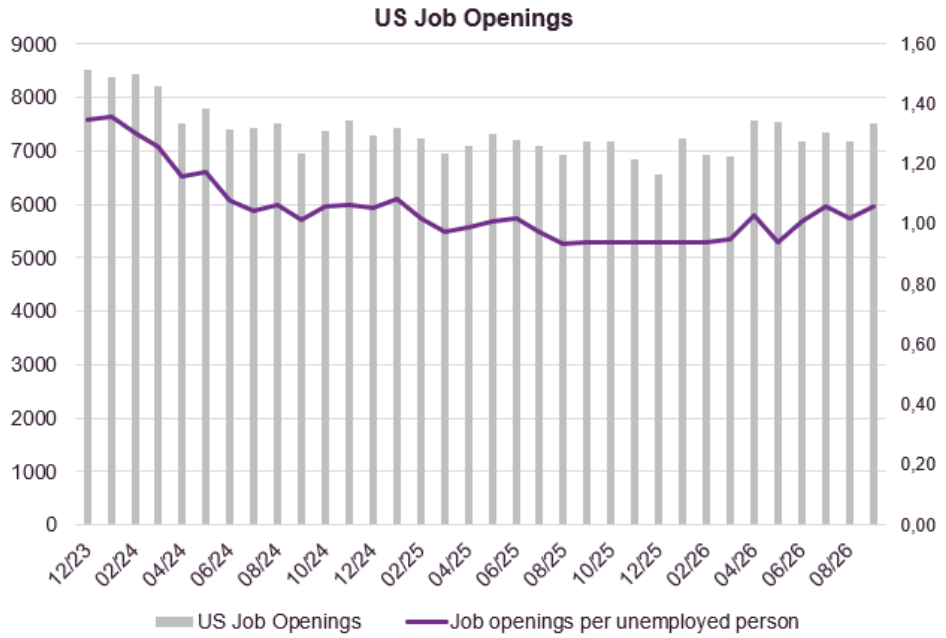
and business demand. The key drag was the drop in demand in the French service sector, with weakness linked to strikes and civil unrest.

Softer PMI readings raise further concerns about the growth outlook across the Eurozone.

US Job Growth Accelerates as Labour Demand Strengthens

There was an unexpected increase in US job openings in September. Postings rose by 333,000 to 7.52 million, reaching a four-month high. This significantly exceeded expectations of 7.10 million and was largely driven by an increase of 106,000 positions in professional and business services (interesting as it somewhat pushed back on the idea of AI displacement), as well as 104,000 positions in state and local government, excluding education.

Further evidence of confidence in the US labour market can be seen in the quits rate, which rose to 2.1%, its highest level in over a year. This increase suggests that workers have greater confidence in their ability to find new employment after voluntarily leaving their current positions.



Source: Bloomberg, BIL

And companies aren't just posting more open positions - this is translating into actual hiring.

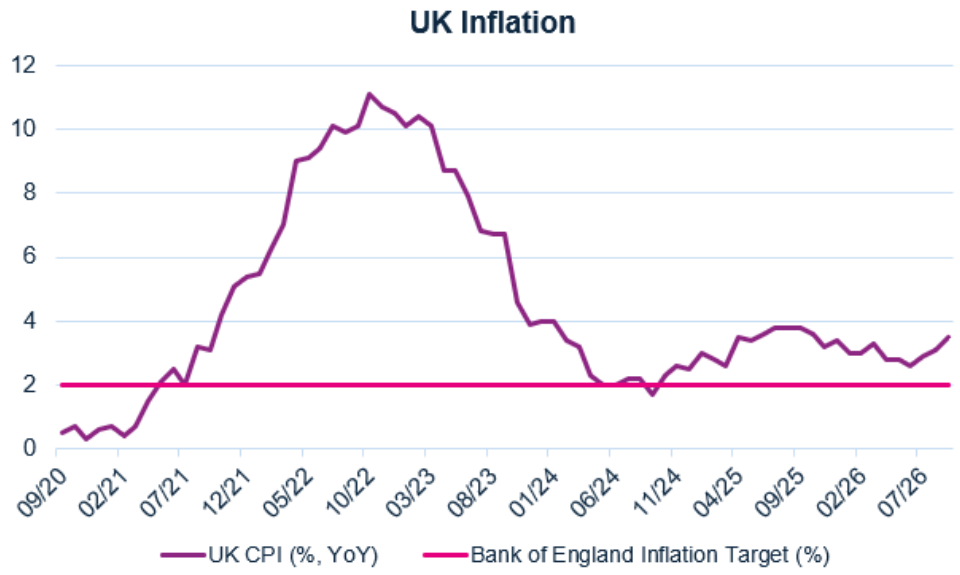
The US Economy added 165,000 jobs in October according to the non-farm payrolls report, well above estimates of 65,000 and the average monthly gain of 45,000 over the past twelve

months. The new jobs were led by professional and business services (75,000), healthcare (42,000) and transportation and warehousing (25,000). The unemployment rate for fell from 4.2% to 4.1% in October. Furthermore the revisions to the previous two months increased by 84,000 jobs. Month-on-month average hourly earnings increased from 0.3% to 0.4%, though the annual figure remains below inflation at 3.1% (US CPI was 3.7% in September).

Robust job creation, upward revisions to prior months and firming wage growth suggest labour market conditions remain healthy. This, in turn, could reinforce the Fed's focus on inflation risks.

UK hikes interest rate to combat sticky inflation

On Thursday, the Bank of England voted to raise interest rates by 0.25% to 4% with an 8-1 majority in favour of the increase. It was the first hike since August 2023, and Governor Andrew Bailey pointed to the Middle East conflict pushing up energy prices as the main deciding factor. Despite the fall in oil prices following the US Midterms, Bailey stated that this would not have changed the Committee's decision to raise rates. The Bank predicts inflation to peak at 4.9% next year but warned of upside risks should the geopolitical situation deteriorate. The communication around the hike reinforced the view that UK interest rates could rise further and that they are likely to stay higher for longer. This may provide support for sterling and bond yields but could present a headwind for economic growth and rate-sensitive sectors.



Source: Bloomberg, BIL

CALENDAR FOR THE WEEK AHEAD

Monday – China Inflation (October). Germany Balance of Trade (September).

Tuesday – China Balance of Trade (October). US Inflation (October). France Unemployment rate (Q3).

Wednesday – Germany Inflation (Final, October) Italy Industrial Production (September). US Monthly Budget Statement (October).

Thursday – Japan PPI Inflation (October). UK GDP Growth (Preliminary, Q3). UK Balance of Trade, Industrial Production, Manufacturing Production (September). US Weekly Jobless Claims. US Existing Home Sales.

Friday – Italy and Eurozone Balance of Trade. Eurozone GDP Growth, Balance of Trade, Employment Change. US PPI Inflation (October). France, Spain Inflation (Final, October).

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