WELLS FARGO
Investment Institute

Market Commentary



Weekly perspective on current market sentiment **November 11, 2026**

Alex Sagal
Global Equity Analyst

Last week's S&P 500 Index: -2.7%

Wall Street's verdict is still out

Key takeaways

- Artificial intelligence (AI) demand remains durable, but regulatory and execution risks reinforce our preference for high-quality equities.
- Maintain equity exposure but await a potentially better entry point before committing additional capital.

The election delivered a clear result in Washington, but Wall Street's verdict has been less straightforward. Stocks initially rallied the day after Election Day with the Nasdaq Composite Index rising 1.4% and the S&P 500 Index gaining 1.6%. That optimism proved short-lived. On Thursday, November 5, renewed concerns about regulation, data-center development, and the durability of spending sent the S&P 500 Index down 4.5%, its worst session since April 2025. The contrasting sessions capture a market still debating the election's implications. Every trading day is its own election with investors casting ballots among stocks, bonds, commodities, and cash. Recently, the Nasdaq Composite Index has resembled an undecided voter with a bearish lean, moving at least 1% in either direction in eight of 10 sessions through November 9. The declines have carried more force, but the rallies show that investors have not abandoned AI. They are demanding clearer evidence that substantial investment can produce returns.

That evidence is beginning to emerge among some of the largest AI participants, in our view. Demand for cloud computing continues to exceed available capacity while AI-related revenue is expanding across cloud services, enterprise applications, and cybersecurity. Growth is also spreading through the physical data-center supply chain, including semiconductors, networking equipment, memory, electrical systems, and cooling. However, the election could complicate the next stage of the physical buildout by increasing uncertainty around power usage, utility costs, permitting, and new development.

That does not mean the AI opportunity is ending. End demand remains strong, and industry backlogs support growth into 2028. Data centers also provide construction jobs and tax revenue, potentially encouraging compromise among companies, communities, and regulators. Still, not every project will be completed on its original schedule, and not every company will generate attractive returns. We favor financially strong companies with established competitive positions, disciplined capital allocation, and the capacity to absorb delays and higher costs while converting investment into durable revenue, earnings, and free cash flow (cash from operations less capital expenditures).

That emphasis on quality supports our favorable view of U.S. Large Cap Equities. Compared with other equity asset classes, we believe U.S. large caps can potentially offer better profitability and lower leverage along with strong earnings growth and meaningful AI exposure. However, we believe a favorable longer-term outlook does not necessarily make today the best time to buy. The recent selloff has not yet produced convincing evidence of capitulation or a durable bottom, in our view, and the pullback may require more time to develop rather than producing a quick V-shaped recovery. We would maintain existing equity exposure, emphasize quality and growth, and avoid aggressively buying the initial decline. If selling persists, investors may consider adding capital gradually or rearranging favored positions. We are watching the S&P 500 Index near 7,000 as a potentially more attractive risk-reward entry point. Until then, we believe patience and selectivity appear more important than broadly buying the pullback.

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

© 2026 Wells Fargo Investment Institute. All rights reserved.

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. Risks associated with the **Technology sector** include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market.

Definitions

NASDAQ Composite Index measures the market value of all domestic and foreign common stocks, representing a wide array of more than 5,000 companies, listed on the NASDAQ Stock Market.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

An index is unmanaged and not available for direct investment.

General Disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. PM-05102028-6105480

© 2026 Wells Fargo Investment Institute. All rights reserved.