CAPITAL MARKETS REPORT - November 09, 2026

FNBB Capital Markets

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Service Beyond Comparison

- **Shift in Congressional Control**
- **Strong Jobs Report**
- **Equity Market Volatity**

--> The midterm elections resulted in a shift in congressional control, contributing to a rally in Treasuries as investors reassessed the outlook for fiscal policy and government spending. Expectations that a divided government could limit additional fiscal expansion, combined with falling oil prices and easing inflation concerns, helped push Treasury yields lower following the election. The political shift also raised questions about the outlook for AI infrastructure investment, which has been an important driver of economic growth and capital spending. A potential slowdown in investment could ease some inflation pressures and reduce upward pressure on longer-term Treasury yields. However, the initial rally moderated as investors refocused on economic fundamentals and the possibility of another Fed rate hike in December.

--> October nonfarm payrolls increased by 165,000, well above expectations of approximately 70,000, while the unemployment rate declined to 4.1%. Hiring was broad-based, with gains in healthcare, professional services, and manufacturing. Average hourly earnings rose 0.4% for the month and 3.1% year-over-year, while revisions added another 84,000 jobs to previously reported August and September figures. The stronger results suggest the labor market remains resilient despite elevated interest rates. Treasury yields moved higher following Friday's report, with the 2-year yield rising as much as 9 basis points as markets increased expectations for another Fed rate hike in December. The stronger employment data also reversed some of the Treasury rally earlier in the week, reinforcing concerns that the Fed may need to maintain a restrictive policy stance for longer. Attention now turns to upcoming inflation data for further guidance on the Fed's next move.

--> Equity markets experienced a sharp selloff last week as concerns surrounding AI-related investments and technology valuations weighed on investor sentiment. The S&P 500 declined 2.7% for the week, while the Nasdaq 100 fell more than 6% during Thursday's session. Selling spread across all 11 S&P 500 sectors, with technology stocks leading the declines. Market volatility also increased significantly, with the VIX climbing to 28.18 as investors reduced exposure to riskier assets.
For fixed income markets, the equity selloff increased demand for Treasuries, providing some relief from the recent rise in yields. However, stronger-than-expected employment data on Friday partially offset the rally as expectations for another Fed rate hike increased. The weakness in technology stocks also raised questions about the outlook for AI infrastructure investment, which has contributed to elevated corporate bond issuance. A sustained slowdown in AI-related spending could ease some pressure on long-term yields, although uncertainty surrounding inflation and Fed policy remains elevated.

Market Last Week

Index	10/30/2026	11/6/2026	Weekly Change In Bps
2 yr. Note	4.59%	4.51%	-8
5 yr. Note	4.72%	4.65%	-8
10 yr. Note	4.93%	4.86%	-7
30 yr. Bond	5.31%	5.27%	-4
SOFR Rate	3.95%	3.89%	-6

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
Tuesday, November 10 2026 6:00 AM	NFIB Small Business Optimism (Oct)	97.9	97.9
Tuesday, November 10 2026 8:30 AM	CPI MoM (Oct)	0.30%	0.60%
Tuesday, November 10 2026 8:30 AM	Core CPI MoM (Oct)	0.20%	0.30%
Tuesday, November 10 2026 8:30 AM	CPI Index NSA (Oct)	337.226	336.94
Tuesday, November 10 2026 8:30 AM	Core CPI Index SA (Oct)	339.684	338.896
Tuesday, November 10 2026 8:30 AM	Real Avg Hourly Earnings YoY (Oct)	-	-0.70%
Wednesday, November 11 2026 7:00 AM	MBA Mortgage Applications (Nov 6)	-	-1.20%
Thursday, November 12 2026 8:30 AM	Initial Jobless Claims (Nov 7)	194.5k	189.0k
Thursday, November 12 2026 8:30 AM	Continuing Claims (Oct 31)	1,709k	1,718k
Thursday, November 12 2026 10:00 AM	Existing Home Sales (Oct)	3.85m	3.99m
Thursday, November 12 2026 10:00 AM	Existing Home Sales MoM (Oct)	-3.50%	1.50%
Thursday, November 12 2026 2:00 PM	Federal Budget Balance (Oct)	-$321b	-$284.3b
Friday, November 13 2026 8:30 AM	PPI Final Demand MoM (Oct)	0.40%	1.30%
Friday, November 13 2026 8:30 AM	PPI Ex Food and Energy MoM (Oct)	0.30%	0.70%
Friday, November 13 2026 8:30 AM	PPI Final Demand YoY (Oct)	6.60%	6.30%
Friday, November 13 2026 8:30 AM	PPI Ex Food and Energy YoY (Oct)	5.00%	5.00%