MCFADVISORS

Market Volatility Update

November 23, 2026

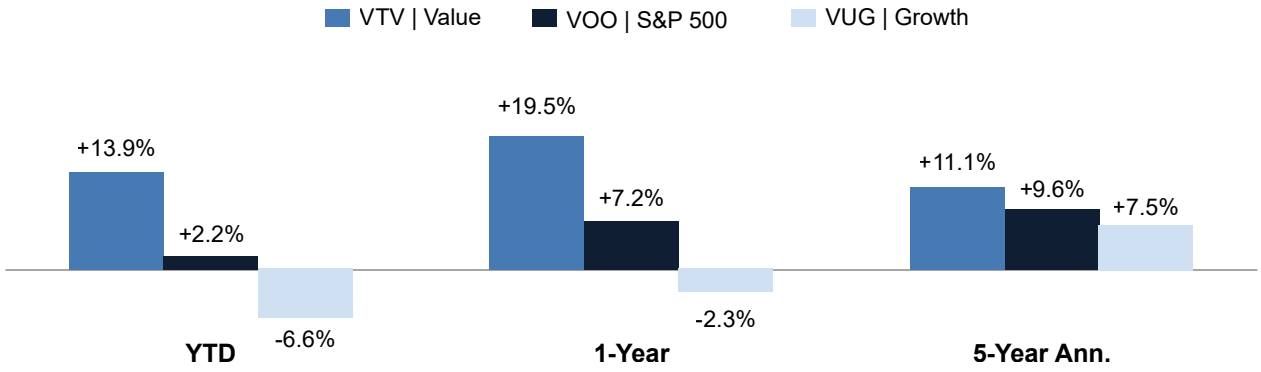
Market Volatility: Putting the Recent Selloff in Perspective

Markets experienced a difficult week as investors reassessed the outlook for artificial intelligence, corporate profits, and interest rates. While the decline has been unusually sharp, the broader economic picture remains more balanced than the headlines may suggest.

What Happened in the Markets?

For the week ending November 20, the S&P 500 fell 8.6%, the Nasdaq Composite declined 10.0%, and the Dow dropped 8.0%. Friday alone saw losses of 3.7%, 5.3%, and 1.9%, respectively. All three indices entered correction territory, defined as a decline of 10% or more from its recent high, as technology stocks led the downturn. Nvidia and other semiconductor companies were among the hardest hit.

ETF Total Returns (as of 11/20/2026)



Source: Morningstar. ETF returns shown are total returns based on market price, include reinvested distributions, and reflect each fund's expense ratio, but do not reflect brokerage commissions or advisory fees, which would reduce returns. The ETFs shown illustrate the performance of market segments and are not a recommendation to buy or sell any security. MCF may hold these securities in client portfolios. Five-year results are annualized. Colors represent ETFs; bars are grouped by return period.

Why Are Investors Concerned?

Much of the selling reflects a reassessment of the substantial spending required to build AI infrastructure. Investors are now questioning whether future revenues and profits will justify today's investments in data centers, chips, and computing capacity. The volatile reception to Anthropic's stock market debut added to these concerns.

This does not mean AI's long-term promise has disappeared. Rather, markets are drawing a clearer distinction between a promising technology and the price investors are willing to pay for it. While the current environment may feel reminiscent of the dot-com bubble, today's technology companies are generally more established businesses with significant revenues. However, increased capital expenditures (CapEx) are putting pressure on free cash flows at several of these companies, and some are increasingly relying on debt to fund that spending. Of the largest AI infrastructure spenders, Microsoft remains an exception, with slightly positive cash flow.

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The Economic Backdrop

The U.S. economy continues to expand, with third-quarter real GDP growing at an annualized rate of 3.4% and underlying consumer spending holding up in October. Unemployment stood at 4.1% in October. Inflation remains above the Federal Reserve's 2% objective; however, the recent decline in energy prices may help ease some inflationary pressures, including those affecting food prices. Markets are pricing in a high likelihood of another rate increase at the Fed's final meeting of the year in December, though the decision will depend on incoming data.

What Does This Mean For Investors?

Government bonds provided a measure of stability as Treasury yields declined, pushing bond prices higher. Gold, silver, copper, and bitcoin experienced sizable losses, illustrating how selling pressure can temporarily affect multiple asset classes at once.

Our investment team monitors market concentration and volatility on an ongoing basis. In recent months, certain strategies have added equity diversification and investment-grade fixed income where appropriate. Client portfolios still experienced the effects of this decline, and portfolio decisions remain tailored to each client's individual objectives and circumstances.

Our Perspective

Sharp market declines are uncomfortable, but they do not, by themselves, determine long-term outcomes. We continue to emphasize diversification, appropriate risk levels, and a disciplined process rather than reacting to short-term headlines.

Sources: Market data from Morningstar; economic data from Bloomberg.

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