Daily Comment

Confluence INVESTMENT MANAGEMENT

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[Posted: November 13, 2026 — 9:30 AM ET] Global equity markets are mostly lower this morning. In Europe, the Euro Stoxx 50 is down 0.5% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed down 0.5%. Chinese markets were lower, with the Shanghai Composite down 0.6% and the Shenzhen Composite down 2.1%. US equity index futures are signaling a higher open.

With 451 companies having reported so far, S&P 500 earnings for Q3 are running at $94.40 per share compared to estimates of $94.17, which is up 29.6% from Q3 2025. Of the companies that have reported thus far, 84.2% exceeded expectations, while 11.8% fell short.

The Confluence macro team publishes a plethora of research reports and multimedia offerings on a weekly and quarterly basis, all available on our website. We highlight recent publications below with new items of the day in bold.

Bi-Weekly Geopolitical Report	Asset Allocation Bi-Weekly	Asset Allocation Quarterly	Of Note
"Right-Wing Governments in Germany, France, and Italy" (11/9/26) + **podcast**	"The Third-Year Charm: Gridlock and Market Growth" (11/2/26) + podcast	Q4 2026 Rebalance Presentation (video) Confluence of Ideas Podcast	Value Equity Quarterly Update (video) Business Cycle Report

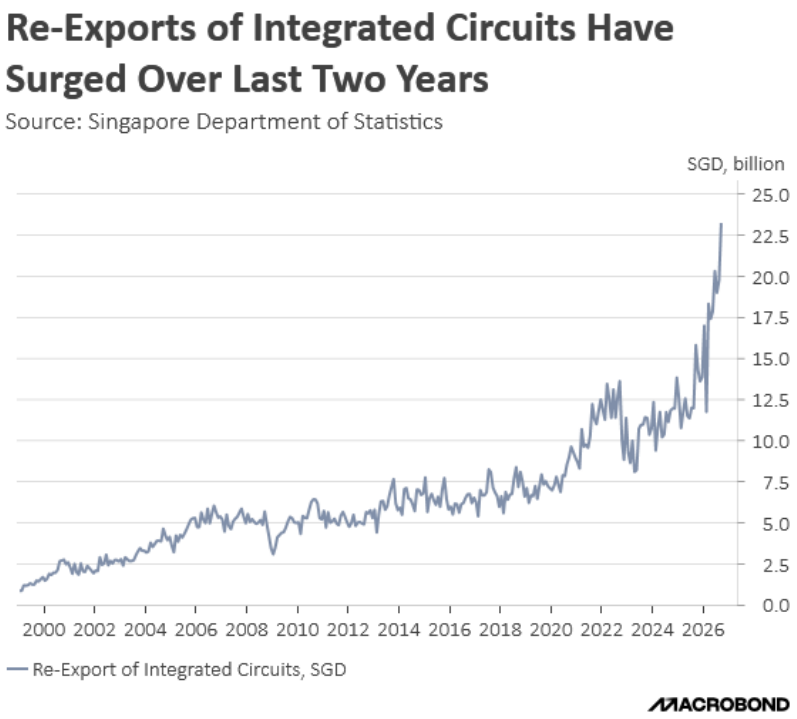
Have a question on the economy, markets, geopolitics, or other important topics? You can submit your queries to our monthly podcast, *Confluence Mailbag*! Submit your question to mailbag@confluenceim.com.

Our *Comment* opens with our take on the recent leadership shake-up at Nvidia and its potential implications on the crackdown on chip sales to China. We then turn to geopolitics, examining why the US may be downplaying the prospects for a diplomatic solution with Iran. Next, we briefly cover Moscow's conditions for the EU to join peace talks, a possible leadership change being considered by Senate Democrats, and a Microsoft outage that has disrupted businesses. As always, we conclude with a roundup of key domestic and international economic data.

Nvidia Upheaval: The chipmaker announced Thursday that CFO Colette Kress would replace CEO Jensen Huang on an interim basis while the company searches for a permanent successor.

Investors will be looking for a leader who can sustain confidence in the company's strategy. Meanwhile, government scrutiny of China's access to US chips adds to the challenges facing the company. Together, these developments are likely to intensify attention on the company's earnings report and US talks with China next week.

- Several contenders are expected to vie for the top role at the world's largest chipmaking company. The current Polymarket favorite to succeed Jensen Huang is Ian Buck, who leads the company's critical data center business, while President Donald Trump has thrown his support behind former Apple CEO Tim Cook. Other leading contenders include current interim CEO Colette Kress, Arm CEO Rene Haas, and AMD CEO Lisa Su. Huang's daughter, Madison, is also considered a long-shot candidate to take over.
- Amid the leadership controversy surrounding Nvidia, fears of Chinese spies infiltrating chipmakers have spilled over into other companies. Super Micro is currently under investigation by the Department of Justice following allegations that Jensen Huang's mistress, Alice Huang, was used to smuggle products from the company to China. Prior to the investigation, the company was already facing legal cases involving a plot to send Nvidia-powered servers to China through intermediaries.

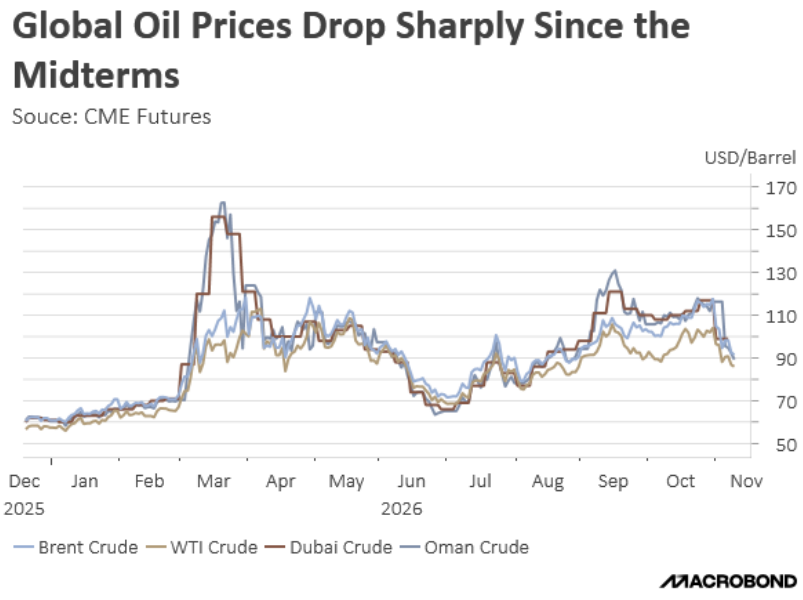


- US efforts to trace semiconductor shipments to China reflect concerns about gaps in export-control enforcement. Reports that China has continued to obtain restricted chips through third countries have intensified scrutiny of potential transshipment hubs, including Singapore. Megaspeed, a singaporean company where Alice Huang held senior leadership roles, has also faced scrutiny. Singapore's integrated-circuit re-exports provide context for concerns whether restricted chips are reaching China.

- Scrutiny of the chip industry is intensifying ahead of a week that could shape investor sentiment toward AI. Nvidia is scheduled to report earnings on November 17, with investors looking for evidence of sustained demand and guidance supporting further growth. Meanwhile, Presidents Trump and Xi are expected to meet on the sidelines of the November 18–19 APEC summit in Shenzhen, with trade tensions and AI competition and cooperation among the anticipated topics.

Oil Market Fears: Following several days of optimism due to normalization in the energy markets, traders have begun pricing in renewed risks of supply disruptions. On Thursday, President Trump appeared to dismiss prospects for a diplomatic resolution with Iran, pivoting amid indications that Tehran remains unwilling to soften its negotiating stance. Although the president has not explicitly raised the possibility of resuming military strikes, stepping back from diplomatic talks leaves the door open for prolonged regional conflict.

- President Trump instructed Vice President JD Vance to halt backchannel talks with Iran and shift focus toward domestic priorities. This reversal follows recent signals that the White House was weighing broader discussions over Iran's nuclear program in the coming days, an approach the president had previously expressed openness to pursuing. Explaining the pivot, Trump stated that the US still holds all the leverage and directed Vance to focus instead on addressing alleged corruption in Democratic-led states.
- The shift comes as Iran has signaled an unwillingness to budge on its core demands. On Wednesday, the secretary of Iran's Supreme National Security Council vowed that not even a single particle of enriched nuclear material would be removed from the country. Additionally, Tehran has pushed back against allowing the UN nuclear watchdog to inspect its sites, citing heightened tensions as both sides continue to exchange targeted attacks.



- Renewed policy uncertainty has begun spilling over into the oil market. Following the midterm election results that saw Democrats win control of both chambers of Congress, market participants have started pricing in the possibility of a more constrained US foreign policy in the Middle East. Alongside early signs that oil production levels are returning to normal, this outlook has weighed on crude, driving global benchmarks sharply lower, particularly outside the United States.
- While the president's decision to withdraw Vice President Vance from the talks may suggest a retreat from diplomacy, it could instead signal a shift in strategy. Unconfirmed reports suggest that the White House is looking to Russian President Vladimir Putin to help broker a deal with Iran. If Putin succeeds, the White House could be more willing to return the favor in negotiations over Ukraine. Although it is too soon to conclude that diplomacy with Iran is off the table, a wider conflict remains a distinct possibility.

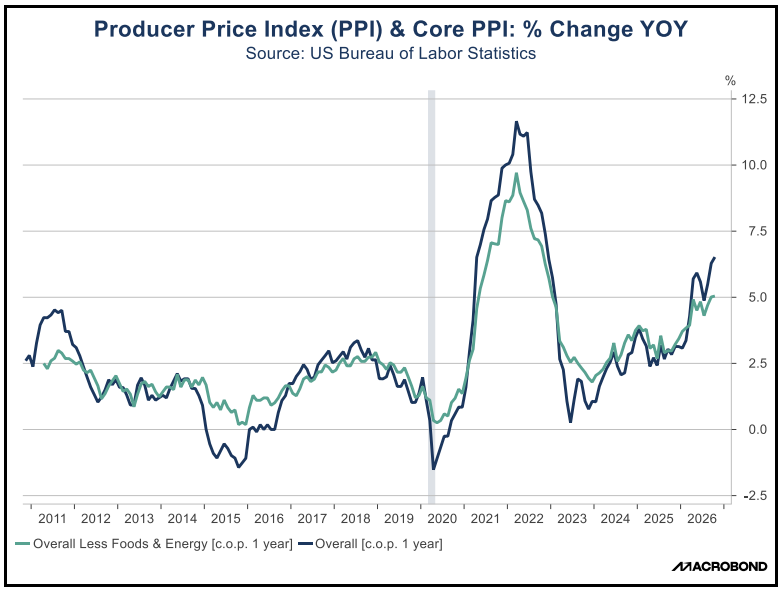
Europe at the Table: Moscow has opened the door for the European Union to join peace talks on ending the war in Ukraine, with Russian officials instructing the bloc on Friday to appoint an envoy if it wishes to participate. Discussions are expected to focus on long-term security guarantees between Russia and the EU to address Moscow's postwar security concerns. While Brussels has previously maintained strict limits on what it will concede, the bloc has signaled a willingness to enter negotiations.

Speaker Fight: Democrats are gearing up for a showdown over who should lead the Senate in the new Congress. Maryland Senator Chris Van Hollen has decided to challenge New York Senator Chuck Schumer for the role. Seen as a leader of the party's populist left, Van Hollen is positioning himself at the forefront of an effort to rebrand the party following the midterm elections. A leadership shake-up could solidify key progressive priorities as Democrats prepare to challenge the White House over the next two years.

Microsoft Outage: The enterprise software company is struggling to contain a global outage affecting its key products, Outlook and Teams. While the company has made some progress, it warned that users may experience intermittent issues as engineers work to fully resolve the problem. The outage highlights the growing fragility of IT infrastructure as more firms are suffering service interruptions caused by underlying software failures. As the world becomes increasingly tech-dependent, these vulnerabilities could open the door to even greater disruption.

US Economic Releases

The October ***producer price index (PPI)*** rose by a seasonally adjusted 0.3%, a bit cooler than the expected rise of 0.4%, but the September index was revised upward to show a large 1.4% jump. Excluding the volatile food and energy components, the October ***"core" PPI*** rose 0.3%, matching expectations, but the September core index was also revised upward to show a strong rise of 0.8%. The overall PPI in October was up 6.5% from the same month one year earlier, while the core PPI was up 5.0%. The chart below shows the year-over-year change in the PPI and the core PPI over the last decade or so.



The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases		
No economic releases for the rest of today		
Federal Reserve		
EST	**Speaker or Event**	**District or Position**
08:30	Fed's Goolsbee Speaks on CNBC	President of the Federal Reserve Bank of Chicago
09:10	Fed's Collins Delivers Opening Remarks	President of the Federal Reserve Bank of Boston
09:40	Fed's Logan Gives Opening Remarks	President of the Federal Reserve Bank of Dallas
10:35	Fed's Collins Appears on Bloomberg TV	President of the Federal Reserve Bank of Boston
10:50	Fed's Bowman Speaks in Virtual Address on Sup & Reg	Vice Chair for Supervision of the Board of Governors
12:00	Fed's Daly Speaks in Moderated Discussion	President of the Federal Reserve Bank of San Francisco
19:00	Fed's Jefferson Speaks on Technology and Productivity	Vice Chair of the Board of Governors

Foreign Economic News

We monitor numerous global economic indicators on a continuous basis. The most significant international news that was released overnight is outlined below. Not all releases are equally significant; thus, we have created a star rating to convey to our readers the importance of the various indicators. The rating column below is a three-star scale of importance, with one star being the least important and three stars being the most important. We note that these ratings do shift over time as economic circumstances change. Additionally, for ease of reading, we have also color-coded the market impact section, which indicates the effect on the foreign market. Red indicates a concerning development, yellow indicates an emerging trend that we are following closely for possible complications, and green indicates neutral conditions. We will add a paragraph below if any development merits further explanation.

Country	Indicator			Current	Prior	Expected	Rating	Market Impact
ASIA-PACIFIC								
New Zealand	BusinessNZ Manufacturing PMI	m/m	Oct	54.9	56.3		***	Equity and bond neutral
South Korea	Export Price Index	y/y	Oct	36.7%	41.3%		*	Equity and bond neutral
	Import Price Index	y/y	Oct	13.5%	17.8%		*	Equity and bond neutral
China	New Yuan Loans (CNY Billion)	m/m	Oct	11420.0	11520.0	11600.0	**	Equity and bond neutral
	Aggregate Financing (CNY YTD Billion)	m/m	Oct	28610.0	27460.0	28908.0	**	Equity and bond neutral
	Money Supply M2	y/y	Oct	7.1%	7.2%	7.2%	***	Equity bearish, bond bullish
	Money Supply M1	y/y	Oct	4.4%	3.2%	3.5%	*	Equity and bond neutral
	Money Supply M0	y/y	Oct	10.7%	10.6%		*	Equity and bond neutral
India	Foreign Exchange Reserves (Billion)	w/w	6-Nov	$719.50	$717.10		*	Equity and bond neutral
India	Trade Balance (Million)	m/m	Oct	-$39,877	-$30,210	-$33,300	**	Equity and bond neutral
	Exports	y/y	Oct	45.0%	23.0%		**	Equity and bond neutral
	Imports	y/y	Oct	16.5%	8.0%		**	Equity and bond neutral
EUROPE								
Eurozone	GDP	y/y	3Q S	1.3%	1.3%	1.3%	***	Equity and bond neutral
	Trade Balance SA (Billion)	m/m	Sep	-8.7	-7.8		**	Equity and bond neutral
Germany	Wholesale Price Index	y/y	Oct	8.8%	8.7%		*	Equity and bond neutral
France	CPI	y/y	Oct F	3.4%	3.4%	3.4%	***	Equity and bond neutral
	CPI, EU Harmonized	y/y	Oct F	3.7%	3.8%	3.8%	**	Equity and bond neutral
	CPI Ex-Tobacco Index	q/q	Oct F	103.46	103.07	103.50	*	Equity and bond neutral
Italy	Trade Balance Total (Million)	m/m	Sep	2083	1824		*	Equity and bond neutral
Switzerland	Producer & Import Prices	y/y	Oct	0.9%	-0.2%		**	Equity and bond neutral
Russia	Gold and Forex Reserves (Billion)	m/m	6-Nov	$ 724.30	$ 721.60		***	Equity and bond neutral
	Money Supply, Narrow Definition (Trillion)	w/w	6-Nov	23.01	22.95		*	Equity and bond neutral
AMERICAS								
Canada	Building Permits	m/m	Sep	-4.1%	7.6%	-4.10	**	Equity and bond neutral
Brazil	Retail Sales	y/y	Sep	1.7%	0.5%	0.6%	***	Equity bullish, bond bearish

Financial Markets

The table below highlights some of the indicators that we follow daily. Again, the color coding is similar to the foreign news description above. We will add a paragraph below if a certain move merits further explanation.

Fixed Income	Today	Prior	Change	Trend
3-mo T-bill yield (bps)	411	413	-2	Up
U.S. Sibor/OIS spread (bps)	417	418	-1	Up
U.S. Libor/OIS spread (bps)	415	415	0	Up
10-yr T-note (%)	5.13	5.13	0.00	Down
Euribor/OIS spread (bps)	277	275	2	Up
Currencies	**Direction**			
Dollar	Up	US		Up
Euro	Down	Euro		Down
Yen	Up	Japan		Down
Pound	Down	UK		Down
Franc	Down	Switzerland		Down

Commodity Markets

The commodity section below shows some of the commodity prices and their change from the prior trading day, with commentary on the cause of the change highlighted in the last column.

Energy Markets	Today	Prior	Change	Explanation
Brent	$96.19	$95.82	0.39%	
WTI	$88.65	$88.74	-0.10%	
Natural Gas	$3.27	$3.34	-1.98%	
Crack Spread	$46.46	$46.08	0.81%	
12-mo strip crack	$45.97	$45.96	0.02%	
Ethanol rack	$2.11	$2.11	-0.14%	
Metals				
Gold	$3,894.74	$3,877.07	0.46%	
Silver	$50.05	$50.02	0.05%	
Copper Contract	$615.80	$619.60	-0.61%	
Grains				
Corn contract	$459.00	$454.75	0.93%	
Wheat contract	$609.75	$599.25	1.75%	
Soybeans contract	$1,237.00	$1,219.00	1.48%	
Shipping				
Baltic Dry Freight	3,020	2,959	61	
DOE Inventory Report				
	Actual	**Expected**	**Difference**	
Crude (mb)	4.66	-1.48	6.14	
Gasoline (mb)	1.80	-0.35	2.15	
Distillates (mb)	4.07	-2.00	6.07	
Refinery run rates (%)	0.00	0.42%	0.00	
Natural gas (bcf)		62		

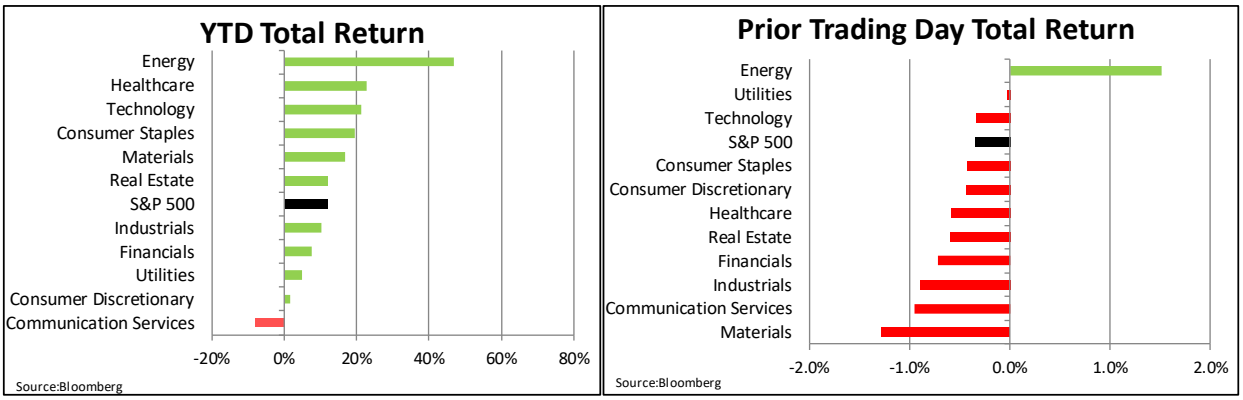
Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures from the Rocky Mountains to the Appalachians, along the entire border with Canada, and in the Midwest, with cooler-than-normal temperatures in northern and central California. The outlook calls for wetter-than-normal conditions in all areas from the West Coast to the Appalachian Mountains except for the Pacific Northwest, with dry conditions in the Northeast.

No atmospheric disturbances are expected in the Atlantic Ocean area in the next seven days.

Data Section

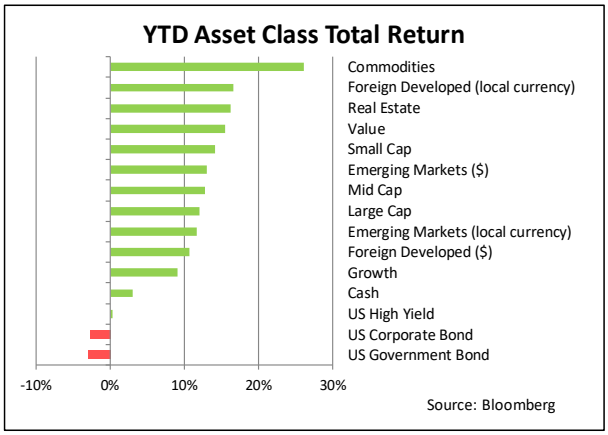
US Equity Markets – (as of 11/12/2026 close)



(Source: Bloomberg)

These S&P 500 and sector return charts are designed to provide the reader with an easy overview of the year-to-date and prior trading day total return. Sectors are ranked by total return; green indicating positive and red indicating negative return, along with the overall S&P 500 in black. These charts represent the new sectors following the 2018 sector reconfiguration.

Asset Class Performance – (as of 11/12/2026 close)

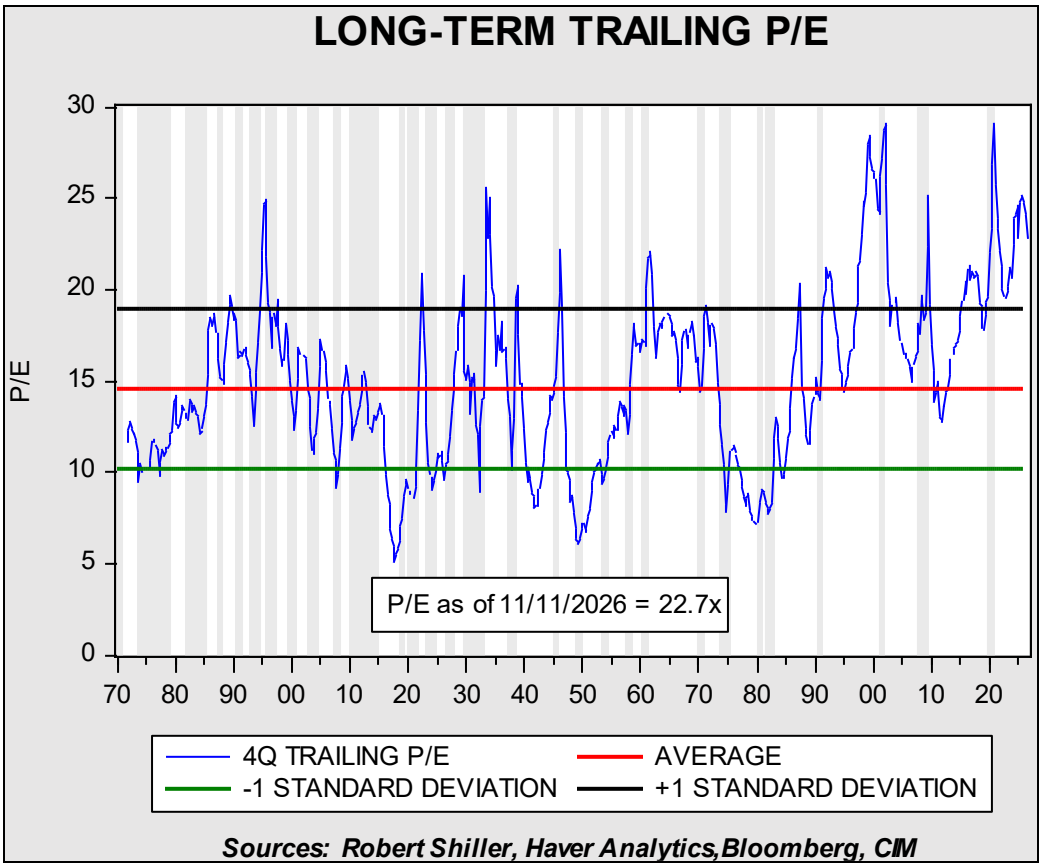


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

Asset classes are defined as follows: Large Cap (S&P 500 Index), Mid Cap (S&P 400 Index), Small Cap (Russell 2000 Index), Foreign Developed (MSCI EAFE (USD and local currency) Index), Real Estate (FTSE NAREIT Index), Emerging Markets (MSCI Emerging Markets (USD and local currency) Index), Cash (iShares Short Treasury Bond ETF), US Corporate Bond (iShares iBoxx $ Investment Grade Corporate Bond ETF), US Government Bond (iShares 7-10 Year Treasury Bond ETF), US High Yield (iShares iBoxx $ High Yield Corporate Bond ETF), Commodities (Bloomberg total return Commodity Index), Value (S&P 500 Value), Growth (S&P 500 Growth).

P/E Update

November 12, 2026



Based on our methodology,[1] the current P/E ratio is 22.7x, which fell 0.2 from the previous report. The multiple contraction was due to an increase in earnings and a decrease in the stock price index.

This report was prepared by Confluence Investment Management LLC and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change. This is not a solicitation or an offer to buy or sell any security.

[1] This chart offers a running snapshot of the S&P 500 P/E in a long-term historical context. We are using a specific measurement process, similar to *Value Line*, which combines earnings estimates and actual data. We use an adjusted operating earnings number going back to 1870 (we adjust as-reported earnings to operating earnings through a regression process until 1988), and actual operating earnings after 1988. For the current quarter, we use the Bloomberg estimates which are updated regularly throughout the quarter; currently, the four-quarter earnings sum includes three actual quarters (Q3, Q4, Q1) and one estimate (Q2). We take the S&P average for the quarter and divide by the rolling four-quarter sum of earnings to calculate the P/E. This methodology isn't perfect (it will tend to inflate the P/E on a trailing basis and deflate it on a forward basis), but it will also smooth the data and avoid P/E volatility caused by unusual market activity (through the average price process). Why this process? Given the constraints of the long-term data series, this is the best way to create a long-term dataset for P/E ratios.