Daily Comment

Confluence INVESTMENT MANAGEMENT

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[Posted: November 9, 2026 — 9:30 AM ET] Global equity markets are mostly higher this morning. In Europe, the Euro Stoxx 50 is up 1.2% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 2.1%. Chinese markets were mixed, with the Shanghai Composite up 0.3% and the Shenzhen Composite down 0.1%. US equity index futures are signaling a higher open.

With 440 companies having reported so far, S&P 500 earnings for Q3 are running at $94.30 per share, compared to estimates of $94.17, which is up 29.6% from Q3 2025. Of the companies that have reported thus far, 84.3% exceeded expectations while 11.6% 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
"The US, China, and Constructive Strategic Stability" (10/26/26) + podcast	"The Third-Year Charm: Gridlock and Market Growth" (11/2/26) + podcast	Q4 2026 Report Confluence of Idea Podcast	Business Cycle VE Insights: A Moving Yardstick VE Insights: Quality and Value

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* today opens with new signs that the US will hold off on launching new military attacks against Iran, reducing the risk of new energy-supply disruptions. We next review several other international and US developments that could affect the financial markets today, including an update on the race to succeed Christine Lagarde as head of the European Central Bank and the latest on the big scandal at artificial intelligence giant Nvidia.

United States-Israel-Iran: President Trump over the weekend said it was "highly unlikely" that he would launch extensive new military strikes on Iran, despite previous hints and a buildup of US forces in the region that indicated he was preparing for it. Of course, the statement may be

misdirection meant to preserve surprise, but investors today are taking the statement as a sign of reduced risk. In response, energy prices are falling, with near Brent crude oil futures currently down 3.6% to $94.80 per barrel. The drop in energy prices is also helping give a boost to stock prices.

US Politics: President Trump on Friday said Deputy Chief of Staff Stephen Miller will take over as chief of staff, elevating a long-time loyalist and architect of his immigration crackdown. The move to replace the more centrist Susie Wiles suggests Trump may be gearing up for more ideological battles with the incoming Democratic majorities in the House of Representatives and the Senate. If so, it might portend more political and policy uncertainty, which would probably not be favorable for stock values.

US Labor Policy: Despite Miller's elevation to chief of staff, President Trump said in a Sunday interview that his crackdown on immigrants may have been "too tough," as officials deported "people that had good jobs." He also offered to work with Democrats on an amnesty deal for migrants, adding, "There's a large part of the country that think that they should be allowed to stay if they're good people."

- The president's conciliatory statement on immigration, coming just after he named the immigration hawk Miller as chief of staff, suggests he is still deciding whether to approach the new Democratic majorities in Congress by doubling down on his policies or seeking compromise.
- In any case, if the administration eases up on its immigration raids, it might help job growth, but it could also put some upward pressure on the unemployment rate again.

US Artificial Intelligence Industry: After reports that Nvidia chief executive Jensen Huang has been having an affair with a woman believed to be an asset for China's Ministry of State Security, the company said it will launch an investigation into the scandal. According to the firm, the probe will be run by a committee of outside directors assisted by outside counsel. The firm said it has no reason to believe either its secrets or national security were compromised, and it assured investors that Huang will stay on as CEO while the probe continues.

- Despite an apology by Huang and the board's quick action in launching its investigation, the scandal will likely keep a cloud over Nvidia's stock price in the near term. As of this writing, Nvidia is down 5.5% at $176.45 in extended-market trading.
- Importantly, once the Democrats take control of the House and Senate in the coming weeks, there will probably be a high risk of intensive congressional scrutiny into Nvidia and the implications of its business in China. Such investigations could also uncover concerns about other key US companies involved in artificial intelligence, putting a cloud over them as well.

Eurozone: In the race to name a replacement for outgoing European Central Bank President Lagarde, the Netherlands has nominated its former central bank chief, Klaas Knot, and Spain has nominated its former central bank leader, Pablo Hernández de Cos. Other contenders may still arise, but for now it appears that Knot and Hernández de Cos are the leading contenders. With

Executive Board member Isabel Schnabel and Chief Economist Philip Lane also set to leave the ECB in early 2027, investors should brace for important changes in ECB monetary policies.

European Defense Industry: Reports today say a Dutch startup company, Onodrim, founded by former Palantir employees, has raised $300 million at a $1.3-billion valuation as part of its plan to build up Europe's defense industrial base by buying critical suppliers and helping them grow. Even though some investors have cooled their optimism about European defense stocks as the region's fiscal pressures threaten to slow the growth of military budgets, the establishment of Onodrim suggests the Europeans are continuing to look for ways to rearm.

Israel: On Saturday, President Herzog chose center-right politician Gadi Eisenkot to try to form a new governing coalition after the indecisive national election last month. Herzog's decision reportedly reflects his talks with members of parliament, who believe Eisenkot would have a better chance of getting a majority of the new Knesset than Netanyahu would. Nevertheless, the political future in Israel remains unsettled, which could be a headwind for Israeli stock prices in the near term.

US Economic Releases

There were no economic releases prior to the publication of this report. The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases						
EST	Indicator			Expected	Prior	Rating
10:00	Wholesale Inventories	m/m	Sep F	0.6%	0.6%	**
10:00	Wholesale Trade Sales	m/m	Sep		1.8%	*
Federal Reserve						
EST	Speaker or Event	District or Position				
8:40	Michelle Bowman Speaks at Mutual Board Summit Conference	Member of the Board of Governors				
10:00	Austan Goolsbee Speaks in Moderated Q&A	President of the Federal Reserve Bank of Chicago				
12:15	Thomas Barkin Speaks to Greater Greer Chamber of Commerce	President of the Federal Reserve Bank of Richmond				

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								
Japan	Leading Economic Index	m/m	Sep p	116.4	118.0	116.6	**	Equity and bond neutral
	Coincident Index	y/y	Sep P	119.5	118.8	119.4	**	Equity and bond neutral
China	Foreign Reserves (Billion)	m/m	Oct	$3,405.18	$3,400.25	$3,408.00	**	Equity and bond neutral
	PPI	y/y	Oct	5.7%	5.0%	5.3%	**	Equity and bond neutral
	CPI	y/y	Oct	0.7%	0.9%	0.8%	**	Equity and bond neutral
	Core CPI	y/y	Oct	0.8%	1.0%	0.9%	*	Equity and bond neutral
EUROPE								
Eurozone	Retail Sales	y/y	Sep	0.4%	1.3%	0.6%	*	Equity and bond neutral
Germany	Trade Balance (Billion)	m/m	Sep	15.6	17.9	19.4	*	Equity and bond neutral
	Exports	m/m	Sep	2.0%	-0.4%	0.5%	*	Equity bullish, bond bearish
	Imports	m/m	Sep	4.2%	0.6%	0.5%	*	Equity bullish, bond bearish
Switzerland	Domestic Sight Deposits (CHF Billion)	w/w	6-Nov	429.2	436.9		*	Equity and bond neutral
	Total Sight Deposits (CHF Billion)	w/w	6-Nov	452.9	460.2		*	Equity and bond neutral
AMERICAS								
Canada	Net Change in Employment (Thousand)	m/m	Oct	-4.7	-68.3	15.0	***	Equity and bond neutral
	Unemployment Rate	m/m	Oct	6.7%	6.5%	6.5%	***	Equity and bond neutral
	Participation Rate	m/m	Oct	64.8%	64.8%	64.9%	*	Equity and bond neutral
Mexico	CPI	y/y	Oct	3.75%	3.45%	3.64%	***	Equity and bond neutral
	Core CPI	y/y	Oct	3.80%	3.75%	3.78%	**	Equity and bond neutral
	Vehicle Production	y/y	Oct	302803	306119		*	Equity and bond neutral
Brazil	Trade Balance (Million)	m/m	Oct	$9,318	$7,270	$9,150	**	Equity and bond neutral
	Exports (Million)	m/m	Oct	$37,807	$33,963	$37,900	*	Equity and bond neutral
	Imports (Million)	m/m	Oct	$28,490	$26,692	$286,892	*	Equity and bond neutral
	FGV Inflation IGP-DI	y/y	Apr	5.03%	3.80%	5.17%	**	Equity and bond neutral

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)	400	401	-1	Up
U.S. Sibor/OIS spread (bps)	407	406	1	Up
U.S. Libor/OIS spread (bps)	405	404	1	Up
10-yr T-note (%)	4.87	4.86	0.01	Down
Euribor/OIS spread (bps)	279	281	-2	Up
Currencies	**Direction**			
Dollar	Up	US		Up
Euro	Down	Euro		Down
Yen	Up	Japan		Up
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.

			Change	Explanation
Energy Markets	**Today**	**Prior**		
Brent	$94.92	$98.32	-3.46%	
WTI	$88.24	$90.83	-2.85%	
Natural Gas	$3.03	$3.00	1.20%	
Crack Spread	$47.75	$47.96	-0.43%	
12-mo strip crack	$47.14	$47.30	-0.34%	
Ethanol rack	$2.15	$2.15	0.24%	
Metals				
Gold	$4,118.18	$4,070.80	1.16%	
Silver	$52.72	$51.92	1.54%	
Copper Contract	$633.25	$623.75	1.52%	
Grains				
Corn contract	$443.00	$441.50	0.34%	
Wheat contract	$589.50	$591.25	-0.30%	
Soybeans contract	$1,196.25	$1,193.75	0.21%	
Shipping				
Baltic Dry Freight	2,805	2,740	65	

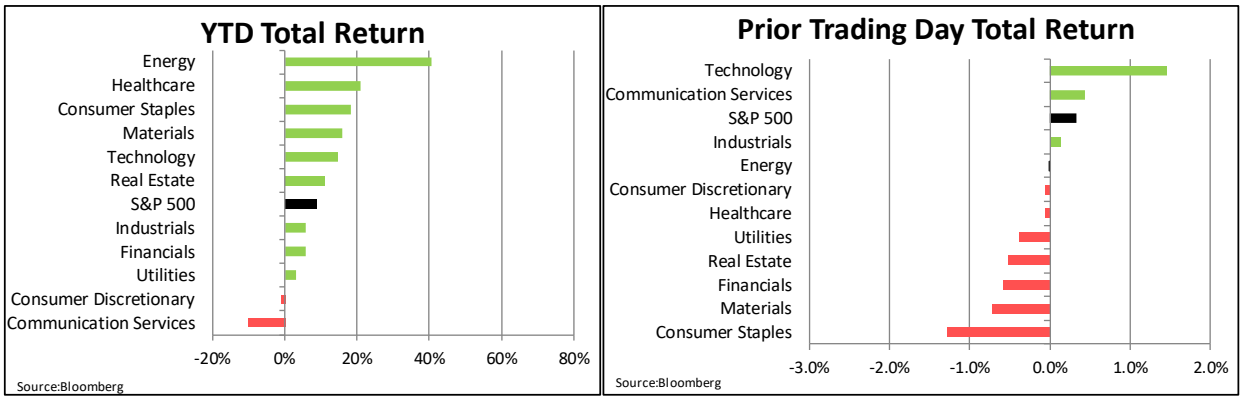
Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures everywhere except along the Mid-Atlantic and Southeast, where temperatures will be near normal. The precipitation outlook calls for wetter-than-normal conditions in states west of the Mississippi, with dry conditions in the Great Lakes region, the mid-Atlantic region, and the Northeast.

There are no atmospheric disturbances expected in the Atlantic Ocean within the next seven days.

Data Section

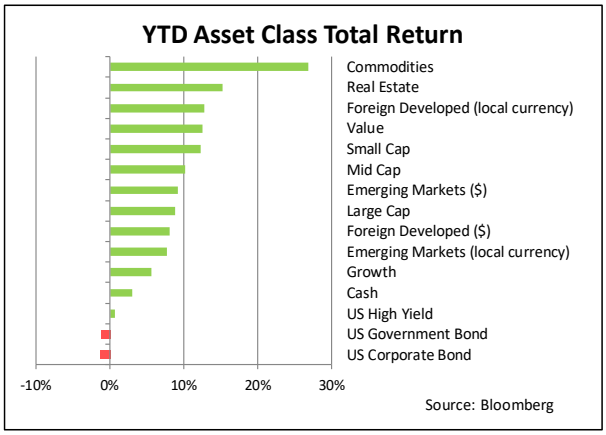
US Equity Markets – (as of 11/6/2026 close)



(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 11/6/2026 close)

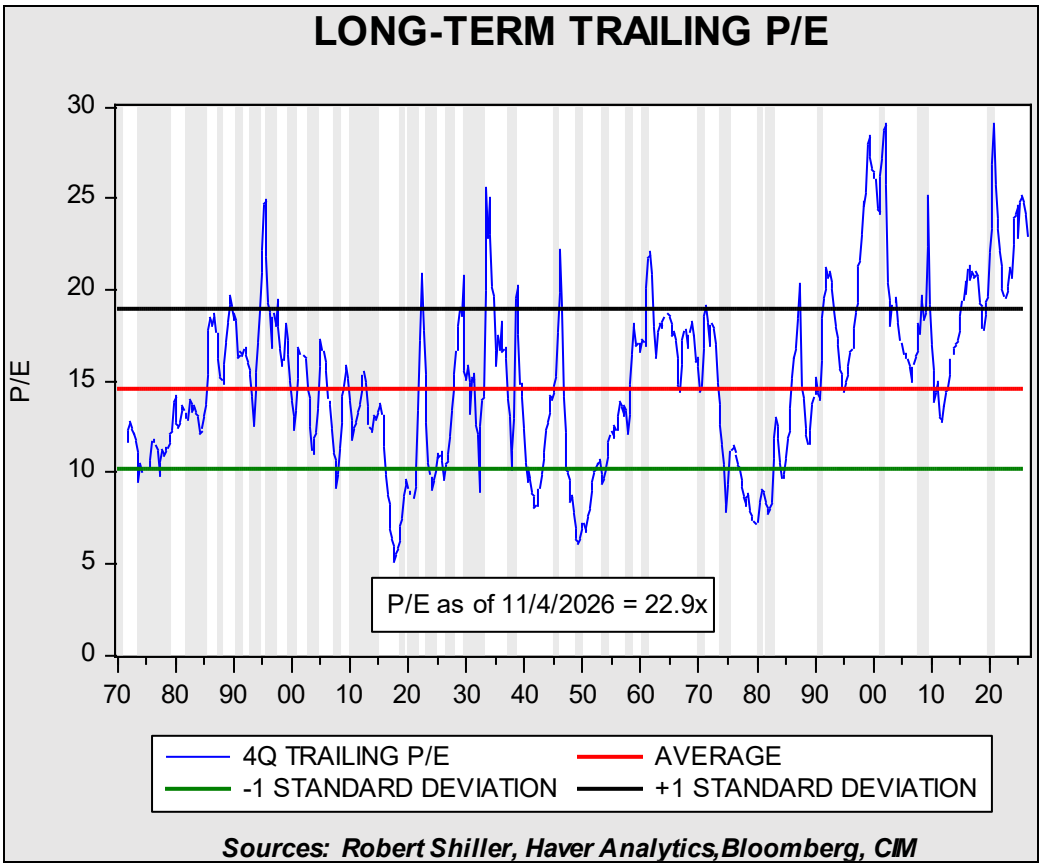


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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 5, 2026



Based on our methodology,[1] the current P/E ratio is 22.9x, 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.