FIRST CAPITAL FINANCIAL

WORLDSOURCE WEALTH MANAGEMENT



2026.11.25

U.S. and Canadian stocks extended their rout on Friday, with the S&P 500, Dow and TSX tumbling into official correction territory, after Anthropic's momentous debut fell flat and exacerbated worries over the AI trade that has driven this year's stock market rally.

All the major North American equity indexes ended sharply lower, with another large drop in the gold price acting as a major drag on the Canadian market. A technical correction occurs when an index falls 10 per cent or more below its most recent peak.

The CBOE Market Volatility Index, often referred to as Wall Street's "fear gauge," rose to its highest close since April 2025, when U.S. President Donald Trump introduced his Liberation Day tariffs.

The AI trade has been wobbly for several weeks, but today has been particularly bloody. Investors are reassessing their positions after a long period of buying first and asking questions later.

The bellwether S&P 500 notched its seventh consecutive drop, its longest losing streak since February 2020. It was also the seventh drop in a row for the S&P/TSX Composite Index, its longest daily losing streak since October 2023, and closed at its lowest level since April 6. Overall, the Canadian index was down 8.1 per cent over the past five days, marking the steepest weekly decline since March 2020. 1

The S&P 500 and the Dow logged their largest weekly percentage losses since April 2025. The Nasdaq's weekly drop was its largest since March 2020. The tech-heavy index has dipped into negative territory for the year.

Market sentiment, rather than a close evaluation of fundamentals is dominating trading days. Sentiment is always the more powerful force in the immediate space, whereas fundamentals (economic strength and corporate earnings) prevail over time.

Anthropic's supersized debut as a publicly held company, which was intended to raise as much as US$2-trillion in market cap, failed to catch fire on Thursday, closing 17.1 per cent above its US$83 offer price as enthusiasm for the stock faded throughout the session. 1

Gold floundered to a 14-month low, pressured by a hawkish interest rate outlook and the AI-linked selloff on Wall Street.

Some good news came with stocks tanking, as investors looked for safety in bond markets sending prices higher and yields lower. The yield on the benchmark US 10-year Treasury note was down 14 basis points by late afternoon at 4.912 per cent, in its fifth straight day of declines. There were similar drops in Canadian bond yields, which take much of their direction from U.S. Treasuries. 1

Markets are pricing a near-certain likelihood of a 25-basis-point interest rate hike at the Fed's next meeting in December, according to CME Group's FedWatch tool. 1

Next week's personal consumption expenditures (PCE) figures will provide further clarity on the Fed's monetary policy path after a hotter-than-expected October inflation report last week.

US crude oil futures settled 0.9 per cent higher at $83.98 a barrel but still notched their third straight weekly decline on strong exports from the Middle East. [1]

All of this makes for a lot of news these days, but will inevitably will amount to little more than background noise over the medium to long term. The price of freedom may be external vigilance, but when it comes to investing, paying less attention to your portfolio is advisable. If discipline isn't tested from time to time, it isn't really discipline then is it?

Thanks for reading!

Martin

1-519-546-5088



1. Source: Globe & Mail

MARTIN WEILER, FINANCIAL ADVISOR
FIRST CAPITAL FINANCIAL / WORLDSOURCE WEALTH MANAGEMENT INC
50 CORESLAB DR. DUNDAS, ON L9H 0B2
P: 519-829-1331 F: 833-869-8042
MARTIN@FCFCORP.CA

Mutual funds are offered by mutual funds representatives of Worldsource Wealth Management Inc., a member of the Canadian Investor Protection Fund (CIPF) and the Canadian Investment Regulatory Organization (CIRO) and regulated by these organizations. Worldsource Wealth Management Inc. is a wholly owned indirect subsidiary of the Fédération des caisses Desjardins du Québec ("FCDQ"), which is part of the Desjardins Group. Other insurance products and related services are offered through First Capital Financial Inc. First Capital Financial is a trade name used for mutual fund related business activities. This email and any attachments are intended only for the recipient(s) named in this email and may contain personal and/or confidential information. If you have received this email in error, please email the sender immediately and delete the original email. Dissemination, distribution, or copying of all or any part of this message by anyone other than the intended

recipient(s) is not authorized. The information provided in this email and/or attachment/s is solely for general and educational purposes and is based on the perspectives and opinions of the owners and writers. It is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting, or professional advice. Please consult an appropriate professional regarding your particular circumstances. References to third-party goods or services should not be regarded as an endorsement of those goods or services. All information provided is believed to be accurate and reliable; however, we cannot guarantee its accuracy. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus and/or the fund facts before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.