Cetera®

Commentary

November 19, 2026

S&P 500 Falls for the Sixth Consecutive Session, Nears Correction Territory

- Hawkish Fed signals, softer manufacturing data, and AI worries weighed on stocks.
- The pullback may offer long-term investors an opportunity as market breadth widens.
- Corrections are common, so keep a diversified portfolio and avoid emotional decisions.

The S&P 500 fell more than 2% on Thursday, its sixth consecutive losing session. The index is now roughly 8% below its October 6 high and about 2% away from correction territory, which is a 10% decline from the peak. The sell-off was broad-based, with most sectors lower, and investors had several reasons to be nervous:

- Several large retailers reported earnings this week, and investors were largely underwhelmed.
- Federal Reserve officials continued to sound hawkish. Minutes from the October meeting showed nearly all participants see further rate hikes as likely appropriate, and one governor has called for a larger 0.50% hike in December. Chicago Fed President Goolsbee said Thursday that a large hike remains on the table.
- The Philadelphia Fed Manufacturing Index fell to a six-month low, with new orders slipping to near zero and price pressures rising.
- Jobless claims came in modestly above expectations, and continuing claims reached their highest level since late August.
- Worries about artificial intelligence persist, and a heavily watched AI-related IPO did little to lift sentiment.

AI concerns have been a recurring source of pressure in recent sessions and are likely among the larger contributors to the sell-off. Investors are scrutinizing the AI trade for several reasons:

- Whether heavy capital spending will ultimately generate earnings.
- Rising memory costs and reported revenue declines at some companies.
- Growing political pressure to regulate data centers and AI.
- Increased scrutiny of chip export controls to China.

For long-term investors, a pullback like this can present an opportunity. Market leadership has been broadening, so we continue to favor a bit more value, small cap and mid cap exposure. We expect breadth to keep widening as the AI story shifts from infrastructure build-out to adoption across industries such as health care, consumer and financials. Small and mid-caps tend to be more sensitive to interest rates, which is worth watching if the Fed tightens more than expected.

We don’t anticipate a severe bear market. Bear markets are typically, though not always, tied to recessions, and we don’t see one in the immediate future. Earnings growth looks solid, an estimated $28 trillion of cash sits on the sidelines, and S&P 500 valuations of roughly 18x forward earnings are below their five and ten-year averages. That multiple has come down largely because earnings estimates have risen, so those estimates matter. The wild cards are Iran, oil prices and inflation, along with how far the Fed goes in tightening while some growth data softens.

We don’t read the recent midterm results as a referendum on AI. Data center construction may slow, but AI’s economic gains come from adoption across the economy, not from how quickly any single data center is built. Investors have responded poorly to recent announcements of larger AI spending plans, and to the debt and stock issuance used to fund them. A slower pace of spending could therefore be welcomed.

Sell-offs, and even corrections, are a normal part of investing, and they can arrive quickly and unexpectedly. Reacting emotionally to short-term swings can turn a temporary decline into a permanent loss. Stay focused on your goals and time horizon while maintaining a diversified portfolio to meet them. Your Cetera financial professional can help you stay focused and prepared.

About Cetera® Investment Management
Cetera Investment Management LLC (CIM) is a Securities and Exchange Commission registered investment adviser owned by Cetera Financial Group® (CFG). Cetera Investment Management LLC (CIM) provides market perspectives, portfolio guidance, model management, and other investment advice to its affiliated broker-dealers and registered investment advisers.

About Cetera Financial Group
Cetera Financial Group (Cetera) is a network of independent retail firms, including those that are members of FINRA/SIPC: Cetera Advisors LLC; Cetera Wealth Services, LLC (formerly known as Cetera Advisor Networks); Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors); and Cetera Financial Specialists LLC. Entities registered as investment advisers with the Securities and Exchange Commission include Cetera Investment Management LLC and Cetera Investment Advisers LLC. Cetera's principal office is located at 655 W. Broadway, 11th Floor, San Diego, CA 92101.

Cetera Planning Partners ("CPP"), a registered investment adviser within the Aretec Group, Inc. (dba Cetera Holdings, an affiliate of Cetera). All of the referenced entities are under common ownership. Advisory services may only be offered by investment adviser representatives in connection with an appropriate Advisory Services Agreement and disclosure brochure.

The material contained in this document was authored by and is the property of CIM. CIM provides investment management and advisory services to a number of programs sponsored by affiliated and non-affiliated registered investment advisers. Your registered representative and/or investment adviser representative is not registered with CIM and did not take part in the creation of this material. They may not be able to offer CIM portfolio management services.

Nothing in this presentation should be construed as offering or disseminating specific advice to any individual without the benefit of direct and specific consultation with a financial professional. Information contained herein shall not constitute an offer or a solicitation of any services. Past performance is not a guarantee of future results.

For more information about CIM, please reference the CIM Form ADV 2A and the applicable ADV 2A for the registered investment adviser your financial professional is registered with. Please consult with your financial professional for their specific firm registrations and available program offerings.

No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision.

All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices.

Please consult your financial professional for more information. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards. A diversified portfolio does not assure a profit or protect against loss. This report is created by Cetera Investment Management LLC.

Glossary
The S&P 500 is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries

The Philadelphia Fed Manufacturing Index measures regional manufacturing conditions in the Third Federal Reserve District. A reading above zero indicates expansion; below zero indicates contraction.