# Asset Management Market Flash: AI wavers and drags down risk asset with it

20 November 2026

- **The decline in AI-related stocks, fueled by doubts about spending in the sector and the Fed's hawkish stance, triggered widespread risk aversion.**
- **U.S. Treasury bonds benefited from their status as a haven, while the dollar rose for the fourth consecutive week.**
- **This environment underscores the importance of diversification and could create opportunities for active and selective management.**

The AI theme hit the buffers this week, triggering widespread risk aversion that left practically no asset class untouched. The MSCI All Country World index had its 7th down day, its longest losing streak since 2023. Investment sentiment was knocked by mounting worries over the sheer size of AI investments and the Fed's hawkish tone.

Equity markets were the first casualties. Tech stocks and companies most exposed to AI led declines but the sell-off this time spread to the entire board. Even defensive and low-volatility stocks lost ground. Anthropic's much-heralded IPO, presented as the biggest Nasdaq listing this year, failed to send the trend into reverse. After a remarkable trading debut, the stock also fell back, a reflection of how investor views on the AI ecosystem have suddenly changed.

US Treasuries assumed their usual safe haven status, gaining ground over five trading sessions, their longest run higher since the end of June. As a result, yields on 10-year US Treasuries once again flirted with 5%. Government bonds in Europe also benefited tactically from falling risk assets. However, ongoing concerns over inflation could limit the extent and sustainability of this move lower in yields.

The US dollar continued to climb for its fourth week in a row thanks to the Fed's restrictive tone and inflows generated by Anthropic's IPO. Shifts in major developed currencies, however, remained muted which suggests that markets view current trends as a valuation reset rather than a macroeconomic sea change.

Commodities also had a bad week. Gold lost close to 9%, falling below $3,515/oz and silver tanked 14%. Copper fell to a low not seen since March in what looks like being one of its worst weeks in a decade. Bullish views on copper have been dented by questions over actual data centre and AI demand for industrial metals. Oil fell for the third week running. Brent crude traded around $91 and WTI below $82. Abundant supply and falling transport costs are still outweighing geopolitical risk.

Today's widespread risk aversion requires portfolio diversification and will probably offer interesting investment opportunities for active and selective asset management strategies.

## European equities

European indices had a difficult week. It was also a busy week for news with the remaining quarterly results and more companies unveiling or updating multiyear targets at their capital market days.

Meanwhile, the decision on who is to replace Christine Lagarde as ECB chair looks like moving to a close. A compromise between heavyweights France and Germany looks like favouring Spain's Pablo Hernández de Cos. The deal would involve Germany securing the position of chief economist while France would have strategic responsibility for market operations.

In sector news, healthcare was actively traded. **Novartis** unveiled its new ambitions, raising its medium term outlook with better-than-expected results up to 2031. In M&A news, **Sanofi** was rumoured to be interested in bidding for Insmed. The acquisition would reinforce the group's respiratory disease portfolio while preparing for a looming Dupixent patent cliff. In hotels, **Accor** announced the gradual buyout of Ennismore minorities for €1.6bn.

Tech remained centre stage. First half results at **Soitec** swept past expectations and the group raised guidance for 2027 thanks to an acceleration in photonics. At its capital markets day, **Dassault Systèmes** delivered its new 2029 targets which are seen as more realistic. But execution will be closely monitored. **OVHcloud** launched Olala, its first open source LLM, which has been optimised to reduce inference costs. **VusionGroup** launched a bid on its rival Pricer to reinforce store digitalisation while offering more visibility on future growth.

**BASF** walked away from bidding for **Evonik**, a move that was seen as good for the group's finances and its allocation of capital. Quarterly results at **Vallourec** were in line but the group cut guidance for this year, citing a drop in Middle East deliveries. In financials, **Deutsche Bank** ran into reputation risk after fresh revelations on its past business in Russia. **UniCredit** reportedly agreed in principle with Berlin on resolving obstacles to its tie-up plans with **Commerzbank**.

## US equities

Wall Street ended the period sharply lower. The S&P 500 tumbled 5.1%, the Nasdaq 100 5.1 % and the Russell 2000 4.8%. WTI was off 6.9% as US inventories rose.

Tech plunged 5.4% and the SOX semiconductor index shed 7.2%. **Nvidia** (-10.4%) had a good third quarter with sales more than doubling thanks to a ramp up in Vera Rubin. The group raised guidance on sales growth in 2027 to 75%. But the Jensen Huang affair and regulatory investigations continued to hit the share price. **AMD** plunged 8.4% after short seller Hunterbrook released a report highlighting risks over export controls to China. In contrast, **Palo Alto Networks** (+12.3%) saw third-quarter sales growth accelerate to 39% with better-than-expected adjusted operating margins. The group raised full-year guidance and also announced the acquisition of Applied Compute for $4.5bn.
In the biggest ever listing, **Anthropic** set its IPO price at $83 and raised around $81bn. The share ended its first day of trading 17.1% higher at $97, putting its market cap at $1.5 trillion.

Healthcare fell 6% on falls in healthcare insurance companies. The CMS (Centers for Medicare & Medicaid Services) suggested tightening controls on Medicare Advantage, **Medicare's** private insurance plan. The government health service reckons that $90bn could be recovered over 10 years. Fears of backdated repayments and a hit to sector profitability sent **UnitedHealth** plunging 18.9%, **Humana** 15.6% and **Elevance Health** 9.2%.

Consumer staples outperformed by only falling 2.7%. **Target** (+3.7%) had a good quarter on market share gains in mass market items and beauty. Apparel sales, however, were soft. **Walmart** slipped 1.6% but also had an upbeat quarter thanks to its gross margin in the US. However, the stock remained under pressure on valuation grounds.

# Emerging markets

The MSCI EM had retreated by 5.5% in USD as of Thursday's close, dragged down by Taiwan, which plunged nearly 12% amid a global AI selloff. China and Korea also declined by 3.8% and 3.4%, respectively. In Brazil, deepening concerns over fiscal credibility weighed on sentiment, sending equities down 8.6%. In contrast, India stood out as a relatively safe haven, gaining 0.8% amid record foreign inflows.

**China**: macro data continued to disappoint. October industrial production slowed to 4.8% YoY from 5.5% in September. On the geopolitical front, the Shenzhen APEC summit marked the fourth Xi-Trump meeting since October last year and the first-ever trilateral summit with Putin. The three leaders issued a joint statement pledging to boost global fuel supplies. China also strengthened trade ties with Canada and made progress in easing tensions with South Korea. However, technology restrictions remained a key overhang, as the US tightened controls on Chinese access to advanced GPUs and overseas chip manufacturing at TSMC and Samsung. Nvidia also halted H200 shipments to China despite US export approvals, reinforcing concerns over China's access to advanced computing capacity. It was a busy earnings week for Chinese internet companies. Both Alibaba and Tencent highlighted the challenging domestic macro environment. NetEase, meanwhile, delivered results well below expectations due to softer gaming growth.

**Taiwan**'s Financial Supervisory Commission tightened short-selling curbs twice this week. Intel and Microsoft announced a long-term agreement on advanced packaging technology for Microsoft's in-house Azure silicon, raising competition concerns on Taiwan players such as ASE.

**South Korea**: SK Hynix is reportedly planning a new semiconductor testing facility, known as Trinity Fab, to strengthen its testing capabilities. Separately, Hyundai is expected to supply its Ioniq 5 EVs to Waymo for deployment in its autonomous robotaxi fleet.
**India**: BSE received approval from the US Commodity Futures Trading Commission to offer BANKEX index futures to US investors, potentially broadening international participation in India's financial markets.

**Indonesia**: Bank Indonesia unexpectedly raised its benchmark policy rate by 25bp to 6.0%, prioritising rupiah stability amid renewed currency pressure, despite a still-fragile domestic growth backdrop.

**LatAm** FX ranked among the biggest EM losers on hawkish Fed & stronger DXY with MXN leading losses by losing 2.4%.

In **Brazil**, Lula said he was in no rush to name a new finance minister and would not cut social spending, deepening market concerns over fiscal credibility.

# Corporate debt

Risk aversion surged this week mainly due to AI sector falls. **Nvidia**'s governance crisis triggered a sell-off starting on November 12 and the trend worsened throughout the week.

The EUR High Yield index fell 0.50% over the week while spreads widened, with the Xover rising from 290bp to 307bp. Despite the volatility, new issuance was busy with **Amplifon** raising €600m at 4.875% with a 5-year maturity, **API Group** €500m at 5.25% and **Eutelsat** €500m at 7.75%. There were no new corporate hybrid issues and the ENSU index fell 0.33%.

Investment grade new issuance in the US continued apace. **Schneider Electric** raised close to $10bn with a multi tranche deal to pay for **PTC Inc**. The hedged EUR CoCo index slipped 0.33%. Even so, subordinated financial issuance stayed busy with **Sabadell** raising €500m with a T2 and **Riverstone** $400m with a Restricted Tier 1 bond. **Bunq** is also planning a €200m AT1 issue.

**GLOSSARY**

• Investment Grade: bonds rated as high quality by rating agencies.

• High Yield: corporate bonds with a higher default risk than investment grade bonds but which pay out higher coupons.

• Senior debt benefits from specific guarantees. Its repayment takes priority over other debts, known as subordinated debt.

• Debt is considered to be subordinated when its redemption depends on the earlier payment of other creditors. To offset the higher risk, subordinated Senior debt has priority over other debt instruments.

• Tier 2 / Tier 3: subordinated debt segment.

• Duration: the average life of a bond discounted for all interest and capital flows.

• The spread is the difference between the actuarial rate of return on a bond and the rate of return on a risk-free loan with the same maturity.

• The so-called "Value" stocks are considered to be undervalued.

• EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization.

• CTA: quantitative strategy which uses futures to invest in a wide range of financial assets, including equity indices, short-term and long-term interest rates, currencies, and commodities.

• The PMI, for "Purchasing Manager's Index", is an indicator of the economic state of a sector.

• AT1s belong to a family of bank capital securities known as contingent convertibles or “Cocos”. Convertible because they can be converted from bonds to shares (or depreciated entirely) and contingent because this conversion only occurs if certain conditions are met, such as the issuing bank's capital strength falling below a predetermined trigger level.

• RT1s: perpetual bond issues with early redemption possible after 10 years. Coupon payments are discretionary and non-cumulative.

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