SPECIAL

Market Update

BMO | Private Wealth

WEEK ENDED NOVEMBER 20, 2026

Brent Joyce, CFA
Chief Investment Strategist

Thoughts on the Market Sell Off

Markets had behaved fitfully for weeks, a trend which gained momentum after the U.S. midterm elections. The decisive nature of democratic wins, coupled with initiatives aimed at slowing datacenter buildouts in more than three dozen locales, cast a pall (in traders' minds at least) over the AI trade that has been central to markets for the past four years. Solid underlying fundamentals and a nascent broadening in healthy market participation have been overshadowed by near-term concerns, views we expect will be revisited when emotions steady. In the long-run, we see ample room for economic and earnings growth to moderate without derailing the constructive long-term underpinnings for equity markets.

Backdrop. Stock market averages have moved sideways since spring, with noticeable pullbacks in November flirting with correction territory (-10%). **We see this as a normal and healthy, and an overdue cleanse within a strong, but moderating fundamental backdrop for equities.**

Pullbacks are normal. This is a reset on valuations that is moving to incorporate a more modest path forward for earnings and economic growth. The higher for longer fever in bond yields has broken for now as the bond market also prices a more modest growth outlook and in turn less worry over accelerating inflation. Balanced investors are benefiting from a flight to safety trade in fixed income. A healthy rotation within equity markets had been visible until this recent risk-off tone which is now an overall repricing of potentially lower growth mixed in with negative sentiment (emotions).

Growth: Too Hot? Too Cold? or Just Right? Fears of an overheating economy and AI buildout are being replaced with questions re how much growth may moderate under tighter financial conditions. The primary question now emerging is how tight financial conditions may become given 1) central banks tightening and 2) more constrained capital access from banks or investors at the margin. To date, investors, particularly in fixed income markets have been discerning in still absorbing increased bond issuance- but demanding higher yields for longer dated debt. Similarly, equity markets have readily absorbed the two largest equity offerings on record this year from SpaceX and Anthropic PBC.

Will Central Banks heed what the markets are saying? Central banks should – and we believe will – pay attention to the important signals capital markets are sending. Indeed, the Fed Chair has repeatedly said he wants to hear the markets speak. Well, they are speaking and the message they are sending is that risks have tilted to concerns re overzealous monetary policy. Do they overshoot, in an attempt to slay the inflation dragon that may not have much fire left anyway? After all, central banks cannot manufacture semiconductor chips or drill for oil. Inflation is elevated, but not dangerously high and showing few signs of contagion especially in wage growth - for now.

All good things in moderation. We see room for economic and earnings growth to moderate without derailing equity markets. Balanced investors should take opportunities to rebalance from bond market gains into beaten down stocks and accumulating long term investors are wise to accelerate deploying capital into this weakness.

Additional perspective. Our most recent *Weekly Strategy Perspectives* offers additional insights on market corrections and calming investor nerves.

English: https://bmo.sharepoint.com/sites/Classic-Wealth/privatewealth/Pages/WeeklyStrategyPerspectives.aspx

French: https://bmo.sharepoint.com/sites/Classic-Wealth/FR/privatewealth/Pages/WeeklyStrategyPerspectives.aspx

Disclosures

"BMO Wealth Management" is a brand delivering investment management services, trust, deposit and loan products and services through BMO Bank N.A., a national bank with trust powers; family office services and investment advisory services through BMO Family Office, LLC, an SEC-registered investment adviser; investment advisory services through Stoker Ostler Wealth Advisors, Inc., an SEC-registered investment adviser; and trust and investment management services through BMO Delaware Trust Company, a Delaware limited purpose trust company. These entities are all affiliates and owned by BMO Financial Corp., a wholly owned subsidiary of the Bank of Montreal. BMO Delaware Trust Company operates only in Delaware, does not offer depository, financing or other banking products, and is not FDIC insured. Not all products and services are available in every state and/or location. Investment products and services are: **NOT A DEPOSIT – NOT INSURED BY THE FDIC OR ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY ANY BANK – MAY LOSE VALUE.** Capital Advisory Services are offered by a division of BMO Bank N.A.

This report is not a client-specific suitability analysis or recommendation, to buy, sell, or hold any security. Do not use this report as the sole basis for your investment decisions. Do not select an asset class, investment product, or investment manager based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

This report and any discussions of specific securities, fund managers, or investment strategies are for informational purposes only and are not investment advice. This report does not predict or guarantee the future performance of any security, fund manager, market sector, or the markets generally.

This report contains our opinion as of the date of the report. We will not update this report or advise you if there is any change in this report or our opinion. We do not represent or warrant that this report or our opinions are accurate or complete. This report and our opinions are based on numerous sources believed to be reliable. It is not guaranteed for accuracy but provided for informational purposes only.

Forward-looking statements in this report involve risks, uncertainties, and other factors that may cause actual performance to differ materially from the projections and opinions contained in the report. Do not place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of the report. The words "may," "could," "should," "would," "suspect," "believe," "expect," "intend," "forecast," and similar expressions identify forward-looking statements. Forward-looking statements are not guarantees of future performance or events. Forward-looking statements involve risks and uncertainties about general economic factors. It is possible that predictions, projections and other forward-looking statements will not be achieved. General factors that could cause our predications or projections to change include general economic, political, and market factors; interest and foreign exchange rates; global equity and capital markets; commodities markets; business competition; technological changes; changes in laws and regulations; judicial or regulatory judgments; legal proceedings; and catastrophic events.

Investment involves risk. Market conditions and trends will fluctuate. Investment returns fluctuate, and investments when redeemed, may be worth more or less than the original investment. Asset allocation and diversification do not guarantee a profit and do not eliminate the risk of experiencing investment losses. Past performance is not indicative of future results.

Alternative investments, such as private equity and hedge funds, present higher risks than other securities. These risks include illiquidity, stock or sector concentration, financial leverage, difficulties in valuation, and short selling. Alternative investments have minimal regulatory oversight and alternative fund managers have the latitude to employ numerous investment strategies with varying degrees of risk.

Bitcoin and other cryptocurrencies are very speculative investments and involves a high degree of risk. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment, and a potential total loss of their investment.

The index data shown is used for informational and comparative purposes. You cannot invest directly in an index. Benchmark data does not reflect actual investment performance but reflects benchmark results of the underlying indices referenced.

This report is not legal or tax advice. We do not provide legal advice to clients. You should review your particular circumstances with your independent legal and tax advisors.

Our affiliates may provide oral or written statements that contradict this report.

You may not copy this report or distribute or disclose the information contained in the report to any third party, except with our express written consent or as required by law or any regulatory authority.

The market data provided above is from Bloomberg L.P. (2026) unless otherwise noted and is as of 2/27/26 unless otherwise noted.

CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

BMO | Private Wealth

Information contained in this publication is based on sources such as issuer reports, statistical services and industry communications, which we believe are reliable but are not represented as accurate or complete. Opinions expressed in this publication are current opinions only and are subject to change. BMO Private Wealth accepts no liability whatsoever for any loss arising from any use of this commentary or its contents. The information, opinions, estimates, projections and other materials contained herein are not to be construed as an offer to sell, a solicitation for or an offer to buy, any products or services referenced herein (including, without limitation, any commodities, securities or other financial instruments), nor shall such information, opinions, estimates, projections and other materials be considered as investment advice, tax advice, a recommendation to enter into any transaction or an assurance or guarantee as to the expected results of any transaction. You should not act or rely on the information contained in this publication without seeking the advice of an appropriate professional advisor.

BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, and philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. Estate, trust, and custodial services are offered through BMO Trust Company. Insurance services and products are offered through BMO Estate Insurance Advisory Services Inc., a wholly-owned subsidiary of BMO Nesbitt Burns Inc. BMO Private Wealth legal entities do not offer tax advice. If you are already a client of BMO Nesbitt Burns Inc., please contact your Investment Advisor for more information. BMO Nesbitt Burns Inc. is a Member – Canadian Investor Protection Fund and is a Member of Canadian Investment Regulatory Organization. BMO Trust Company and BMO Bank of Montreal are Members of CDIC.

"BMO (M-bar roundel symbol)" is a registered trademark of Bank of Montreal, used under licence.

Precious metal investing involves greater fluctuation and potential for losses.

Benchmark data does not reflect actual investment performance but reflects benchmark results of the underlying indices referenced. You cannot invest directly in an index.