Oil fell 14% and the AI trade had its worst day since 2025. Two shocks, two causes, one index.

On Wednesday, the day after the midterm elections, Brent crude fell 9% on the prospect of an earlier end to the war with Iran, and ten-year expected inflation fell 11 basis points over the week, more than its whole range over the previous two months. On Thursday the S&P 500 fund fell 4.4%, its worst day since April 2025, with the chip-makers leading and all eleven sectors down. **Over the week the energy fund lost 12% and the technology fund 8%; the other nine sectors averaged a gain of 0.6%.** This issue takes volatility as its lens, measured from the fund's own daily moves, and closes two open items.

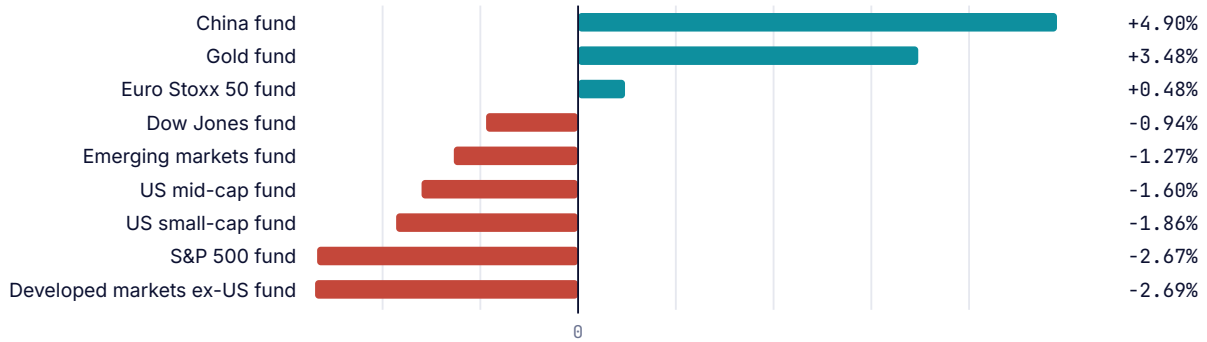
S&P 500 FUND	EXPECTED INFLATION, 10Y	ENERGY FUND	GOLD FUND
-2.67%	2.23%	-11.9%	+3.48%
−4.35% on Thursday alone	−11bp, back to its 22 June level	Brent about $98 Friday, by press accounts	rose on the day equities fell most

01 · CROSS-ASSET

Where the week went

The week divided by what each market was watching. The China fund rose 4.9% and gold 3.5%; the Euro Stoxx 50 fund was up 0.5%. Everything US fell: the Dow fund 0.9%, the mid-cap fund 1.6%, the small-cap fund 1.9% and the S&P 500 fund 2.7%; the developed-markets fund matched it at 2.7%, all of it on Friday in dollar terms. To Thursday, the latest published, the dollar lost 0.6% against both sterling and the euro, the day the Bank of England raised its rate, and gained 0.3% against the yen. Restating last week to Friday 30 October: the dollar was flat against sterling and gained 0.4% against the euro and the yen.

Moves from Friday 30 October to Friday 6 November 2026



Funds are State Street exchange-traded funds, measured by the change in net asset value. Fund values are struck at the US close and in dollars, so the international funds include currency moves and differ from local index returns. Every bar covers the same five trading days, Friday to Friday. Crude is left out because its latest official figures cover a different period. Source: State Street Global Advisors.

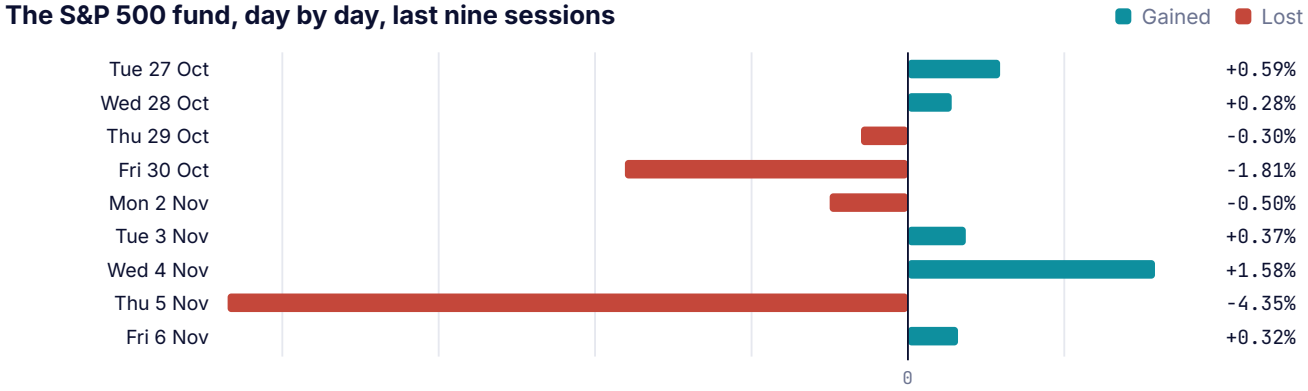
Crude's official figures run to Tuesday 3 November. West Texas averaged $106 in the week to 30 October, 1.5% below the week before, and opened last week at $100. By press accounts Brent settled at $94.62 on Wednesday, down 8.7% on the day, after the election result was read as bringing an earlier end to the conflict and the Vice-President attributed the losses to the war; it recovered to about $98 by Friday, down about 14% on the week. West Texas settled near $90. The energy fund, which had gained 14% in October, gave back 12% in five days.

02 · THE WEEK'S STRUCTURAL QUESTION

Was Thursday the decline reading arriving, or the rotation reading under stress?

The S&P 500 fund fell 4.35% on Thursday, the technology fund 8.0%, the mid-cap and small-cap funds 3.8% and 3.7%. All eleven sectors fell and the average sector lost 2.8%. Press reports put Nvidia down 9%, AMD down 17% and the chip-makers as a group at their worst day since 2020, and gave three causes: the cost of borrowing to build data centres, open talk of a bubble, and an election result that raised the chance of local pauses on new data-centre construction. The volatility index closed in the top 1% of its readings of the past year. Friday recovered a third of a percent on the index and 1.6% on technology after October payrolls came in at 165,000 against forecasts of 40,000 to 65,000.

The S&P 500 fund, day by day, last nine sessions



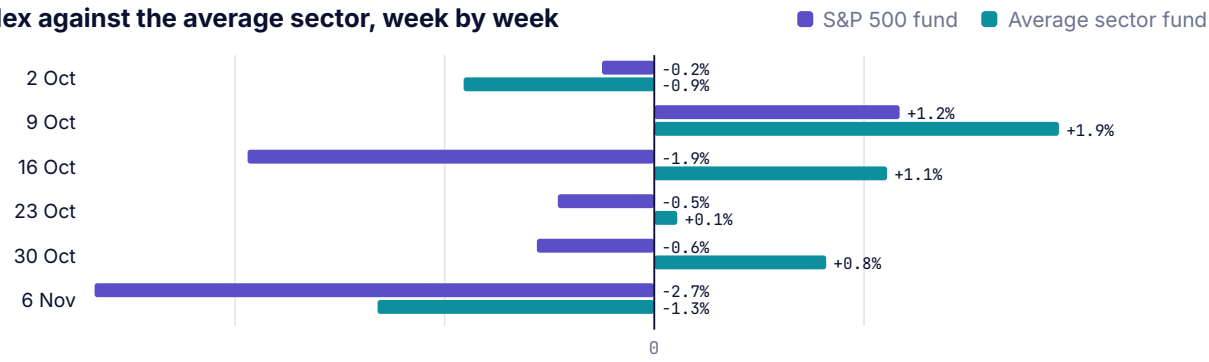
Daily change in net asset value. Thursday's 4.35% fall was by some distance the largest move in the nine sessions shown and, by press accounts, the index's worst day since April 2025. Source: State Street Global Advisors. Calculations by OHC Trade Room.

Now the reading. Last issue's breadth example set two readings against each other, rotation out of two sectors and the start of a general decline, and gave each an invalidator. For rotation: the average sector falling with the index for two weeks, with small caps leading the fall. For decline: technology and communication services rising with the average. This week the average fell with the index, which is the first of rotation's two weeks; small caps did not lead it, falling less than the index. Decline's invalidator was not met either, because technology fell 8%, but communication services, the other sector being repriced, rose 4.9%. Neither reading is out. What changed is the weight of evidence: a day on which all eleven sectors fall is what a decline looks like, and the index has fallen in five of six weeks.

Against that, the week's arithmetic still says two sectors. The energy fund's 12% fall has nothing to do with AI; it is oil falling 14% on the prospect of peace, and it took 1.1 points off the average on its own. Strip out energy and technology and the other nine sectors averaged a gain of 0.6% over the week: communication services, real estate, consumer discretionary and financials were up more than 1%, staples up 0.8%, health care flat, and utilities, materials and industrials down 0.7%, 1.5% and 2.8%. The

average has now beaten the index for five weeks, by 1.4 points this week. On Thursday itself the nine fell 2.2% against the index's 4.4%. That is selling still concentrated even on its worst day, and it is what keeps the rotation reading alive.

The index against the average sector, week by week



Weekly change in net asset value of the S&P 500 fund and of the simple average of the eleven Select Sector SPDR funds, Friday to Friday. The average has beaten the index five weeks running, but this is the first of the five in which both fell. Over the six weeks shown the index is down 4.7% and the average up 1.8%. Source: State Street Global Advisors. Calculations by OHC Trade Room.

FOLLOWING UP · OPEN ITEMS FROM PAST ISSUES

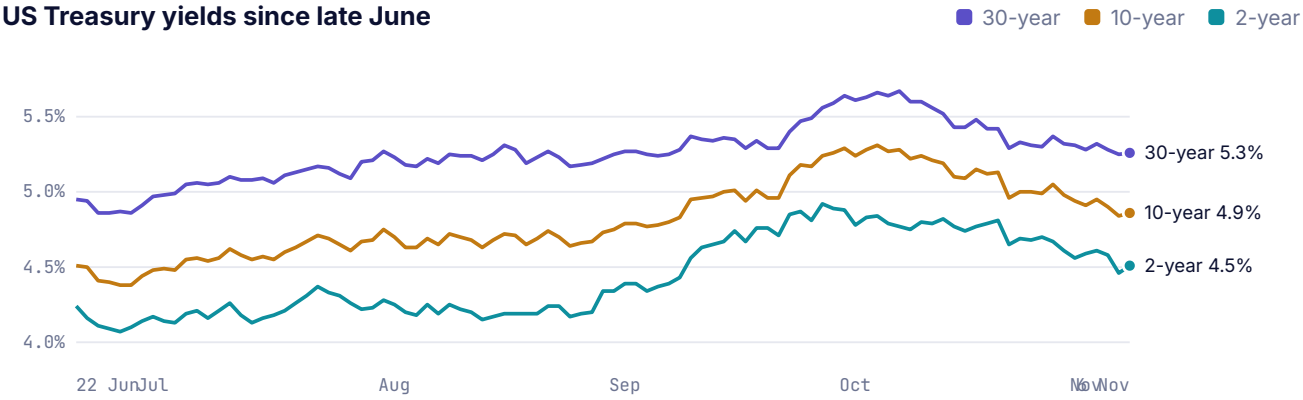
Breadth, 23 October. Stays open; the readings and invalidators are unchanged and the evidence for each is set out above. Week one of rotation's two-week invalidator has run, without small caps leading. **Gold, 23 October: closed.** The question was whether gold's fall with equities was selling to raise cash or a run out of buyers. This week gold rose 3.5% in a week equities fell 2.7%, and rose 1.9% on Thursday, which contradicts the cash-raising reading, while the real yield rose three basis points on the week, which contradicts the real-yield reading too. Three weeks of data fit no single explanation, and the question is closed as unanswerable on public data. What stands is the observation: gold's link to real yields has not held since mid-October. **The two-year against payrolls, 30 October:** payrolls were strong and the two-year rose five basis points on Friday, to 4.51%, still below the 4.56% it started the week at and well below the 4.70% named as the test. The bond market is still reading the share market: the two-year fell 12 basis points on Thursday. **Nigerian bill curve, 30 October:** tested at Wednesday's auction; rates held and the one-year allotment rose twelve-fold, so neither reading broke cleanly. Section 04 has the figures. **Mega-IPO test:** press reports say Anthropic's roadshow could begin this week with a listing before Thanksgiving, and that prospective investors have cut the valuation they will pay, from about $2 trillion a month ago to around $1.5 trillion and, by Friday, to $1.2 to $1.3 trillion. That is itself a reading of the week. The measurement window opens when a pricing date is set. OHC took no position in anything named.

03 · MACRO BACKDROP

Expected inflation moves at last, and rates abroad

For two months this review has recorded a ten-year breakeven that did not move: not for a war, not for crude at $128, not for two hot inflation prints. This week it fell 11 basis points to 2.23%, exactly where it stood on 22 June. Four of the eleven came on Wednesday, when oil fell 9%. Read with the real yield, which rose three basis points on the week, the whole of the ten-year's fall was expected inflation, and the ten-year's entire rise since June, 35 basis points, is now real yield. On this evidence the bond market saw oil as the only inflation it could not trust the Fed to handle, and with oil going the other way there is none left to price.

US Treasury yields since late June



The ten-year closed the week at 4.86%, 45 basis points below its 5 October peak. Its rise since June is now entirely real yield: expected inflation is back where it was on 22 June. Source: US Department of the Treasury.

The ten-year yield split into its two parts, change in basis points

PERIOD	TEN-YEAR YIELD	REAL YIELD	EXPECTED INFLATION
Wednesday 4 November, oil −9%	-5	-1	-4
Thursday 5 November, S&P −4.4%	-6	-4	-2
Week to 6 November	-8	+3	-11
Since 30 September	-43	-30	-13
Since 22 June	+35	+35	0

The real yield is the yield on ten-year inflation-protected Treasuries. Expected inflation is the ten-year breakeven rate, the gap between the two. Source: US Department of the Treasury and Federal Reserve Bank of St. Louis via FRED. Calculations by OHC Trade Room.

Rates abroad fell with US yields, and in one case despite the central bank. The Bank of England raised its rate a quarter point to 4% on Thursday, its first increase since 2023, by eight votes to one with the dissenter wanting half a point, and the ten-year gilt yield had already fallen 11 basis points to 5.14% by Wednesday. Germany's ten-year fell 11 to 3.27% and Japan's seven to 2.81% to Thursday. A rate rise that long yields ignore is a market that believes the rise will work.

The US data gave the Fed no reason to pause. Payrolls rose 165,000 in October against forecasts of 40,000 to 65,000, with the prior two months revised up by 84,000 and unemployment down to 4.1%. Jobless claims fell to 189,000, matching the lowest reading since 1969. Third-quarter productivity grew 3.6% and unit labour costs fell. The manufacturing survey rose to 55.5 with its prices index still above 75. By press accounts futures still put the chance of a December increase near four in five. Strong data, a Fed leaning towards raising, and a two-year yield that ended the week lower: last week's contradiction survived a 4% fall in the share market, which suggests it is not a contradiction but a ranking. The bond market puts the share market first.

04 · NIGERIA

Rates at home

Wednesday's Treasury bill auction was the test the 30 October worked example set, and it came a week earlier than the fortnightly pattern suggested. Every stop rate held: 15.40% at 91 days, 15.79% at 182 and 15.80% at one year. What changed was the quantity. At the one-year the Debt Management Office allotted ₦462 billion against ₦38 billion a fortnight earlier, on a similar ₦2.0 trillion of bids, so the fill rose from 2% to 23%; the 91-day and 182-day drew ₦25 billion of bids each against ₦100 billion offered and were nearly filled. Total allotment was ₦509 billion against ₦71 billion.

The one-year bill at the last two auctions

AUCTION	OFFERED	BIDS	ALLOTTED	STOP RATE
28 October	₦600bn	₦1,836bn	₦38bn	15.80%
4 November	₦600bn	₦1,994bn	₦462bn	15.80%

Same rate, same offer, similar bids; twelve times the allotment. Source: Central Bank of Nigeria. Rounded by OHC Trade Room.

Read against the two invalidators: the one-year did not clear higher and the offer was not filled at 15.80%, so the first reading, that the market expects lower rates, was not broken; and the allotment ratio moved back towards normal while the stop rate did not fall, which is half of the second reading's invalidator, not all of it. Neither broke cleanly. The likeliest account is an issuer that has found the rate at which it will fund in size, and a market willing to lend in size at it. The three-month slide in the one-year has paused at 15.80%, about 1.2 points over September inflation of 14.63%; October inflation is due mid-month and the next auction on 18 November. With the US one-year at 4.33%, the nominal gap is about 11.5 points, little changed.

05 · THE ANALYTICAL LENS

Implied against realised volatility: what Thursday did to the price of insurance

The lens

There are two measures of how much a market moves. Realised volatility is what it did: the standard deviation of its daily changes over some window, usually quoted annualised. Implied volatility is what the options market is paying for protection against what it might do, read from option prices; the Cboe volatility index is the best-known version for the S&P 500. Most of the time implied sits above realised, because sellers of insurance charge a premium. When realised jumps above implied, as on Thursday, the sellers have lost money and the price of new protection rises sharply, which is why the volatility index spikes after the move rather than before it. The useful habit is to convert both to the daily move they describe, by dividing by the square root of 252.

Realised volatility of the S&P 500 fund, annualised

WINDOW	REALISED VOLATILITY	IMPLIED DAILY MOVE
Five sessions to 23 October	10.8%	0.7%
Five sessions to 30 October	14.8%	0.9%
Five sessions to 6 November	33.9%	2.1%
Ten sessions to 6 November	26.1%	1.6%

Realised volatility is the standard deviation of daily changes in net asset value, annualised over 252 trading days. The implied daily move is that figure divided by the square root of 252, the size of day the measure says is typical. Source: State Street Global Advisors. Calculations by OHC Trade Room.

The screen

Three weeks ago the S&P 500 fund was moving less than 1% a day and its realised volatility ran near 11%. Last week it ran near 15%. This week it ran at 34%, which describes a typical day of about 2%, and that figure is carried by one day of 4.35%; take Thursday out and the other four days were ordinary. The volatility index, which cannot be printed here, closed on Thursday in the top 1% of its readings of the past year, at a level describing a daily move of under 2%, and by press accounts fell 9% on Friday. So on Thursday evening the market was paying for protection against roughly 2% days, having just lived through a 4% one, and paying less by Friday night.

ONE WORKED EXAMPLE

Reading a volatility spike

What the data shows

One day of 4.35% in a fortnight of days under 2%. Five-day realised volatility of 34% against 15% the week before and 11% the week before that. Implied volatility in the top 1% of its year on Thursday and lower on Friday, with the index itself up a third of a percent and technology up 1.6% on Friday.

What it might mean

Two readings. The first is a shock that fades: a one-day repricing of the AI complex, concentrated in a few of the largest companies, after which the rest of the market resumes what it was doing; Friday's fall in implied volatility is the market saying as much, and the 34% drops out of the five-day window within a week. The second is a change of regime: a market that has fallen in five of six weeks, whose largest sector is being repriced on its funding, and which has just fallen 4% in a day, is one in which large days become more frequent, and implied volatility at the top of its range is pricing that correctly. Under this reading Thursday is the first of several.

What the condition generally supports

Measuring rather than remembering. A 4% day feels like the start of something because it is rare; the five-day figure says how rare, and the ten-day figure, at 26%, says the fortnight was less extreme than the day. Both are free to compute from published values.

Separating the two shocks. Energy's 12% is oil and would have happened without Thursday; technology's 8% is Thursday. An index volatility reading mixes them; a reader following one story should look at that sector's own daily moves.

What would be rejected, and why

Treating the volatility index as a forecast: it is a price, and it rose after the move, not before. Treating one 4% day as a trend: the other nine sessions averaged under 1%. Treating Friday's recovery as the all-clear: a third of a percent after a 4.35% fall is not a round trip.

What it costs

Under the first reading, protection bought on Thursday evening was bought at the top of its price and decays as the market calms. Under the second, protection not bought on Thursday is bought later at a higher price, after the next large day. The cost of the reading is the gap between those two prices, and the data cannot yet say which way it falls.

What would invalidate the reading

For the shock-that-fades: another day of 3% or more in either direction within the next two weeks, or five-day realised volatility still above 20% once Thursday leaves the window. For the regime change: five-day realised volatility back under 15% within two weeks with the implied measure below the middle of its one-year range, which would mean Thursday was an event and not a condition.

Nothing here is a view on whether any reader should buy or sell options or any index fund. It is the reasoning a desk would walk through after a large day. Realised figures are OHC Trade Room calculations from published net asset values; implied volatility is described from Cboe data via FRED and not reproduced.

06 · THE WEEK AHEAD

What is scheduled, and why it matters

TUE 10 NOV	**US consumer price inflation for October.** The first inflation print since the breakeven moved; a hot number with oil at $98 tests whether the bond market still reads the data.
WED 11 NOV	**US bond market closed for Veterans Day;** shares trade. Producer prices follow on Friday.
MID-MONTH	**Nigeria's October inflation figure,** then the next Treasury bill auction on 18 November. Anthropic's roadshow could begin as early as this week, by press accounts, which would set the pricing date the mega-IPO test is waiting for.

Nvidia reports on 19 November. Dates are taken from official release calendars and public reports, and can change.

07 · THE READ

In one paragraph

Two things broke this week and they should not be read as one. Oil fell 14% because the election changed the odds on the war, and the bond market, which had refused to price oil on the way up, priced it on the way down: expected inflation is back to June. The AI complex had its worst day since April 2025 because its funding question has not gone away and the election added a new one. Energy and technology between them explain the week; the other nine sectors averaged a gain. Whether Thursday was an event or the start of a condition is what the volatility figures and the breadth chart will answer over the next two weeks. In Nigeria, Wednesday's auction held every rate and filled twelve times the quantity, which settles neither of last issue's readings and suggests the one-year has found its level for now.

Position disclosure. No position was held in any security, fund or commodity named in this review at the time of writing.

Sources. US Treasury yields, including inflation-protected yields: US Department of the Treasury. Breakeven inflation, volatility indices and crude oil spot prices: Federal Reserve Bank of St. Louis (FRED), with crude from the US Energy Information Administration, which releases its daily prices weekly, so crude figures run to the latest date published; Cboe volatility indices are described in relative terms and not reproduced. Payrolls and productivity: Bureau of Labor Statistics. Jobless claims: US Department of Labor. Manufacturing survey: Institute for Supply Management. Company results: company announcements. Oil futures settlements, rate-futures pricing, election coverage, the Bank of England vote, the Anthropic listing and market commentary: public news reports. German yields: Deutsche Bundesbank. UK yields, Bank Rate and sterling exchange rates: Bank of England, with dollar cross rates calculated by OHC Trade Room. Japanese yields: Ministry of Finance, Japan. Nigerian Treasury bill auctions: Central Bank of Nigeria. Nigerian inflation: National Bureau of Statistics. US equity, sector, international and gold fund returns and realised volatility: change in net asset value as published by State Street Global Advisors, with calculations by OHC Trade Room.

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