FinzData

INSTITUTIONAL DECK

The AI Unwind

The S&P 500 fell 4.36% and the Nasdaq-100 6.36% on Nov 5, 2026.
Sectors, positioning, the midterm cycle and a walk-forward test of what comes next

FinzData Research · US Equities · November 6, 2026

-4.36%	-6.36%	28.18	-7.3%
S&P 500	Nasdaq-100	VIX, +69.7%	Most-owned fund stocks

Index, volatility, positioning and sector data kept point-in-time in the FinzData store

FinzData

Executive summary

Six findings from FinzData data, ranked by what matters most for positioning

1 A positioning shock, not only a news shock

Hedges were off (COT), fund longs crowded (13F: -7.3% for the most-owned names), dealers short gamma (GEX).

2 The damage was narrow

Semis -11.2% and tech -8.0% vs staples and utilities under -1%; equal weight -2.9% vs S&P 500 -4.4%.

3 The policy risk is 2028, not 2027

52 of 96 GW of 2028 data-center capacity faces a pause or conditions; 2027 is 75% built.

4 History favors 3-12 months

After -4% days the median 3-month S&P 500 return was +6.6%; 12 of 12 post-midterm years rose.

5 Out of sample, halve the edge

Walk-forward 'buy the drop': +1.5% excess per trade vs +3.2% in sample (t = 1.07).

6 The risk case is a hiking Fed

2000-01 and Taiwan 2022: rescues and dip-buys failed while rates rose. A Dec 9 hike is about two-thirds priced.

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Agenda

1 **The session**
What fell, by how much, and why

2 **Positioning**
Flows, hedges, crowding, gamma and forced sellers

3 **History**
Every -4% day since 1975, analogs, volatility and semis

4 **The midterm cycle**
Twelve midterms since 1978

5 **Walk-forward**
Out-of-sample tests of buy-the-drop, midterms and sectors

6 **Outlook**
Scenarios, signposts and what to watch

The session in eight numbers

Thursday, November 5, 2026: one session erased the post-election rally and then some

-4.36%

S&P 500

7,353.73; 42nd-worst day since 1975; worst since Apr 2025

-6.36%

Nasdaq-100

26,629.81; -14.7% from the Oct 6 peak (correction)

-2.89%

S&P 500 equal weight

Concentrated damage: 1.5 points better than the cap-weighted index

71 / 431

Advancers / decliners

Only 14% of S&P 500 members rose

28.18

VIX, +69.7%

3rd-largest one-day jump since 1990

135

VVIX, +49.3%

Biggest jump since Feb 27, 2007

11.23mn

Cboe put contracts

Most in Cboe history (prior record 10.22mn, Apr 4, 2025)

-38.7%

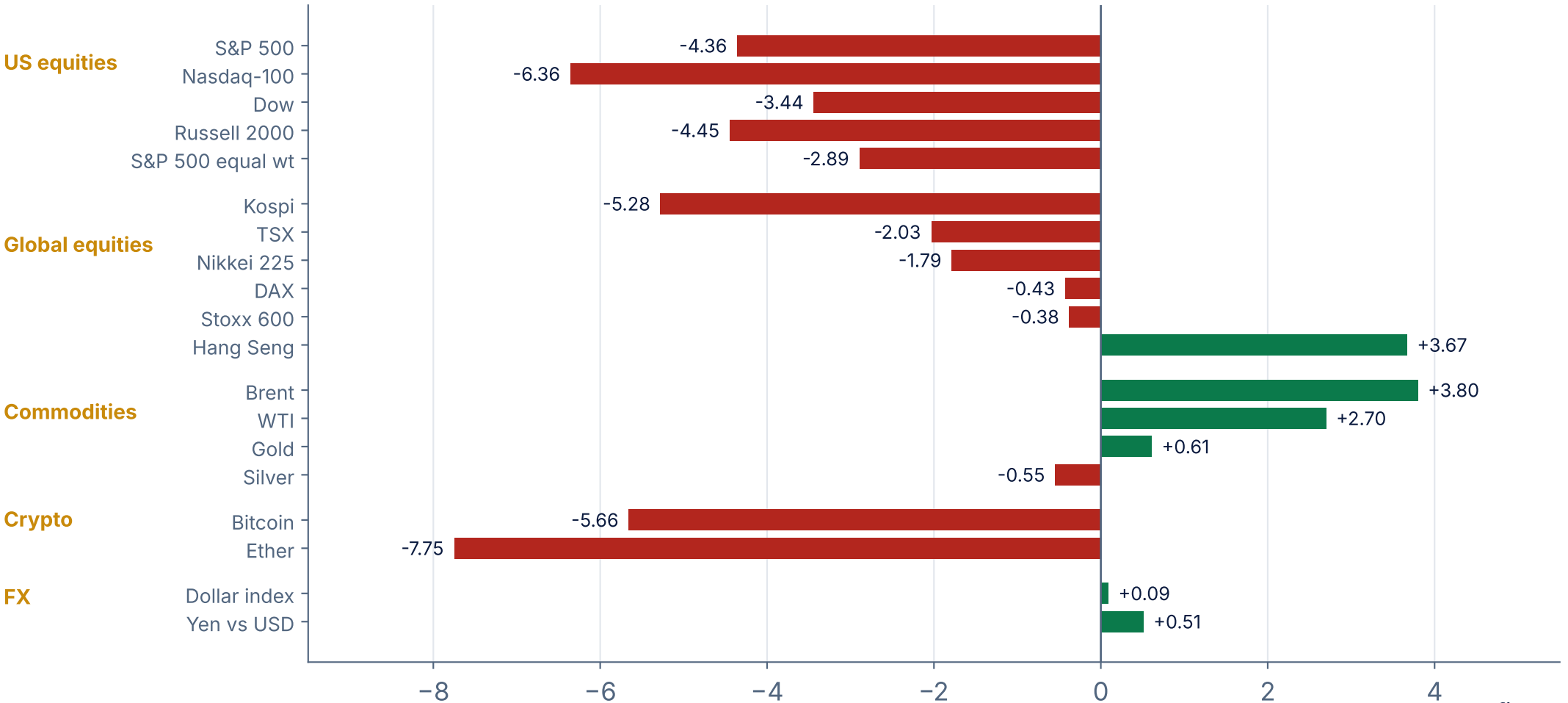
SOXL (3x semis)

Worst day since its 2010 launch

Sources: FinzData (SPX, NDX, VIX, VVIX, SOXL); CappNotes Closing Look (breadth, equal weight); Cboe via Haver Analytics (put volume).

Cross-asset: AI exposure, not risk appetite, set the losers

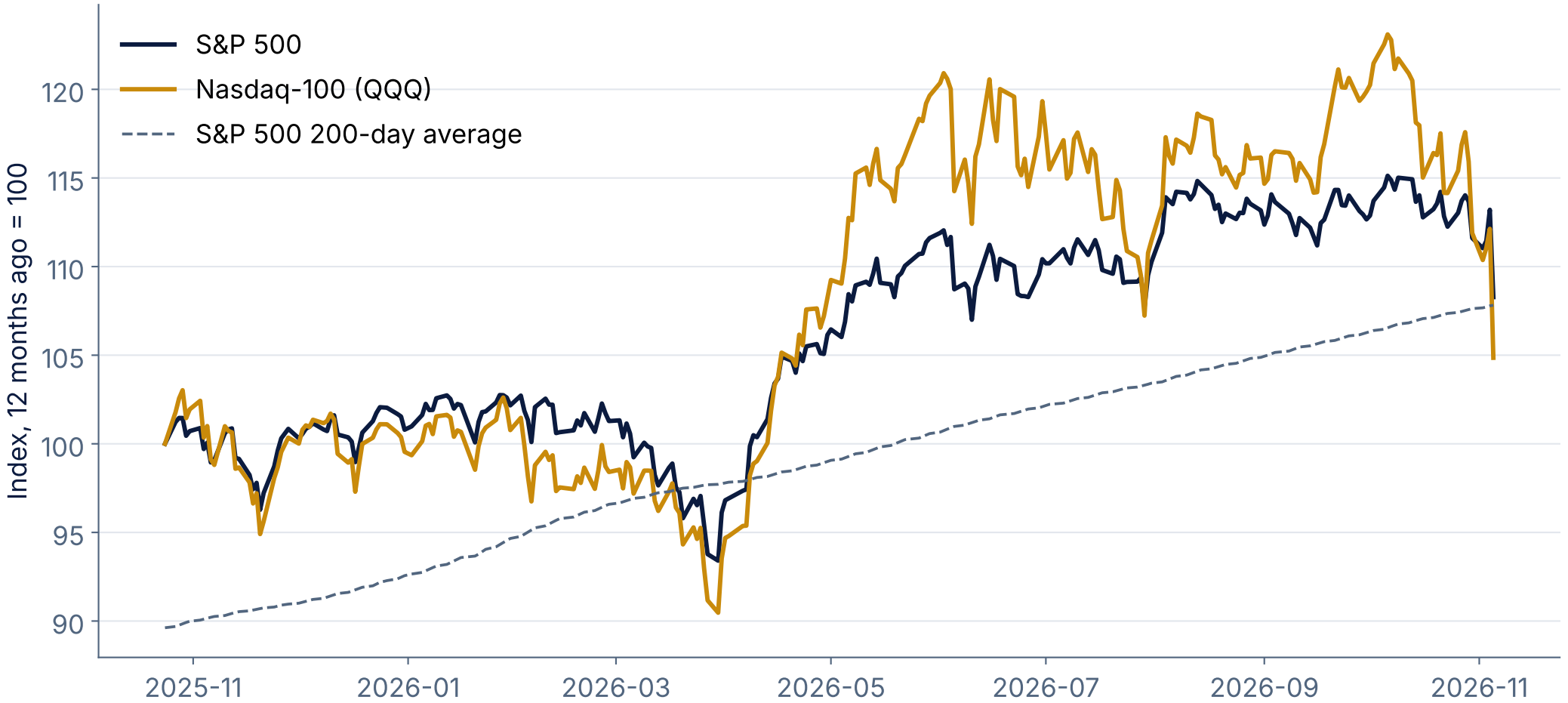
Nov 5 moves, %. Korea and crypto fell with US tech; China and oil rose; Treasuries rallied (2-year -12bp, 10-year -6bp to 4.84%)



Sources: FinzData (SPX, NDX, VIX); CappNotes Closing Look (Nov 5, 2026) for global indexes, commodities, crypto, FX and yields.

The S&P 500 is back at its 200-day average; the Nasdaq-100 is already below it

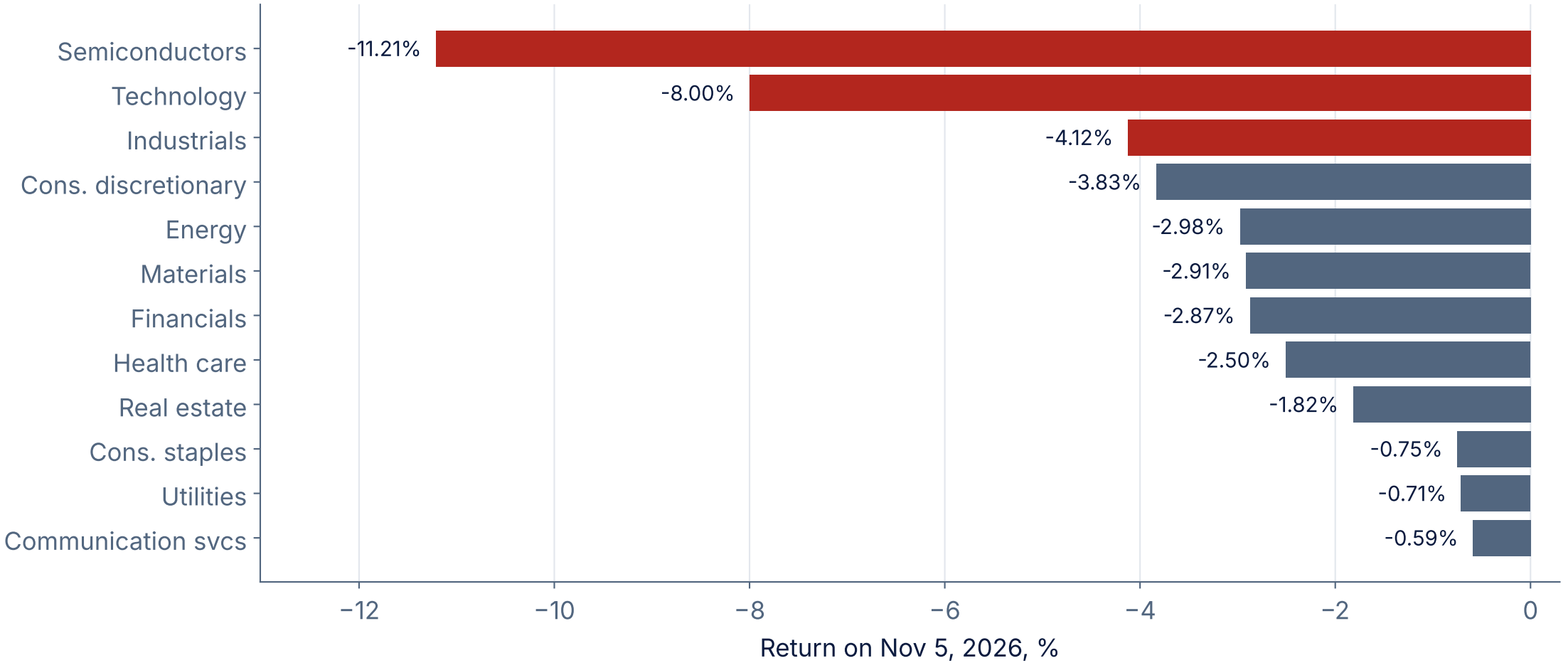
S&P 500: -5.9% from the Oct 6 high, +0.4% vs its 200-day. Nasdaq-100 (QQQ): -14.8% from the high, -4.9% vs its 200-day



Source: FinzData (SPX index history since 1975; VIX since 1990; Nasdaq-100 via QQQ bars since 1999).

Every sector fell; chips, tech and the AI power trade fell hardest

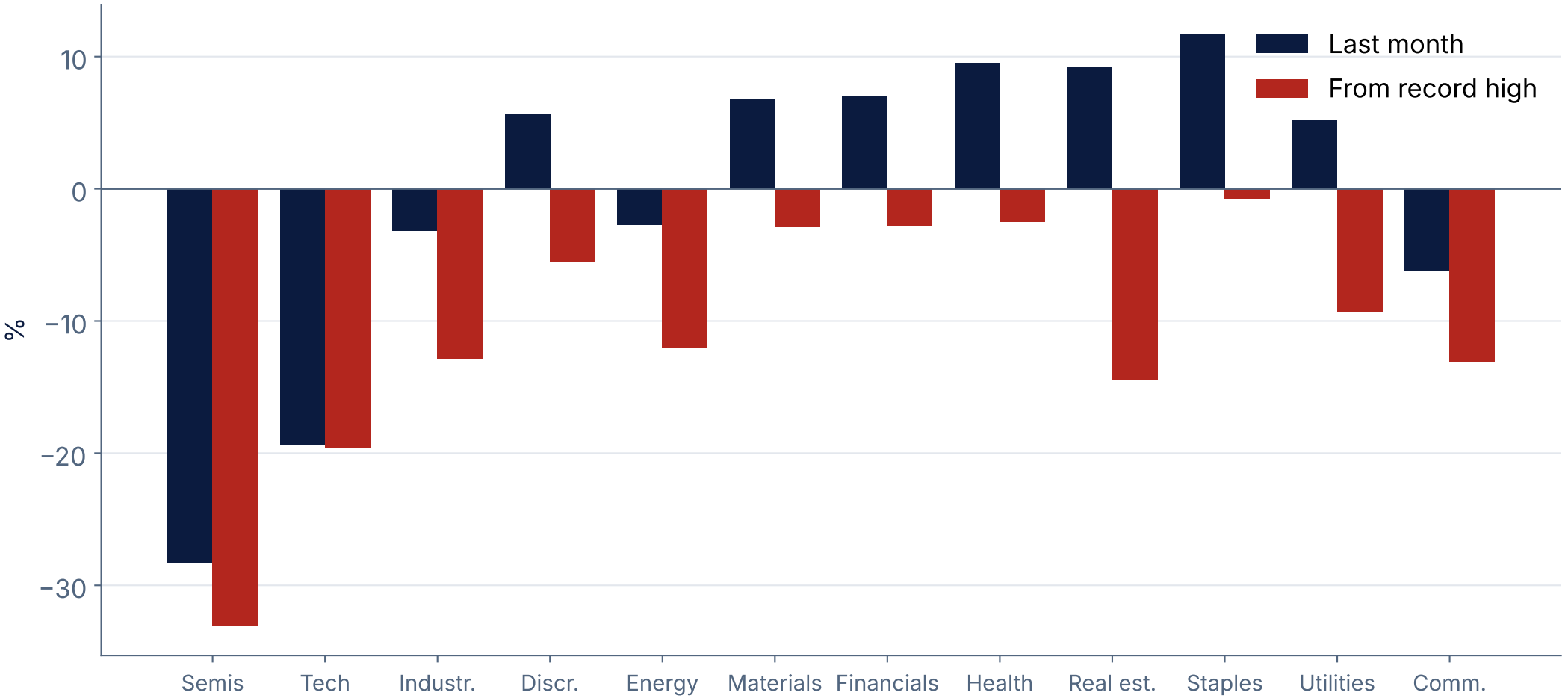
Semiconductors -11.2%, technology -8.0%. Defensives (staples, utilities) and communication services lost under 1%



Source: FinzData (SPDR sector ETF and VanEck semiconductor ETF daily bars, Nov 5, 2026).

This is a month-old rotation out of AI, not a one-day panic

Semiconductors -28.4% in a month and -33.1% from the high; staples +11.7% and health care +9.5% over the same month



Source: FinzData (sector ETF daily bars). One month = 21 sessions to Nov 5, 2026; drawdown from each ETF's record close.

Four catalysts landed on one tape

What moved on Nov 5 and how other markets priced it

Driver	What happened	Market read
Midterm sweep	Democrats won Congress; anti-data-center wins in TX, GA	Slower AI buildout and permitting
Chip earnings	Qualcomm -9.5% on a light guide; Arm -13.1% on mixed results	Demand doubts across semis
Oil and Iran	Tanker attacks near Hormuz; Brent +3.8% to $98.29	Inflation risk, deal odds cut
The Fed	Dec 8-9 hike odds fell to about two-thirds from the low 80s	2-year -12bp to 4.46%, 10-year 4.84%
Cross-asset	Bitcoin -5.7%, Kospi -5.3%; gold +0.6%; Hang Seng +3.7%	AI-exposed markets sold everywhere

Sources: CappNotes Closing Look (Nov 5, 2026); Reuters, Bloomberg and FT as summarised there; CME FedWatch; FinzData midterm results (Nov 4, 2026).

What the street expected, and when: the drop came after the all-clear

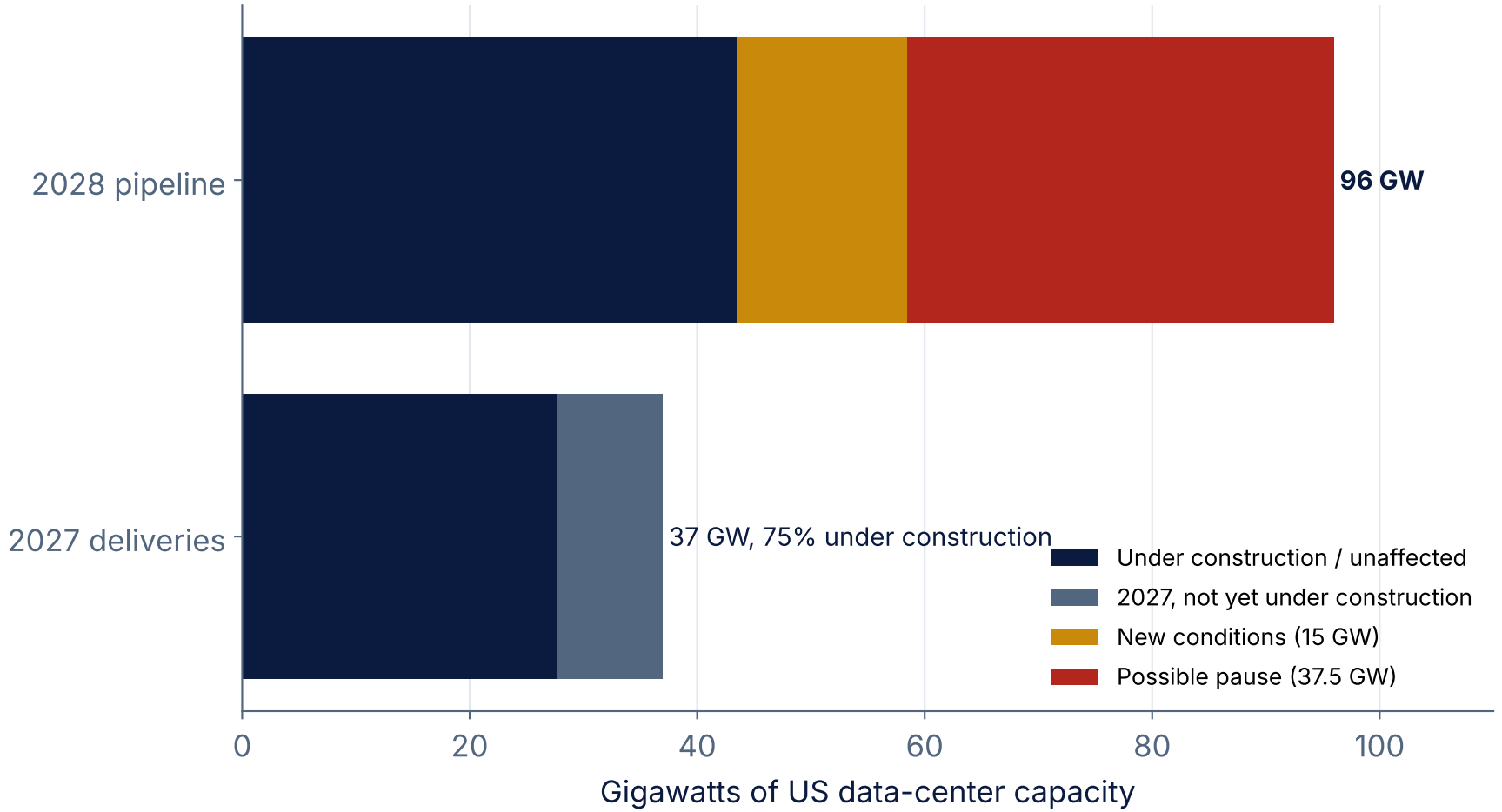
Research is time-stamped. Read in order, the notes show how quickly the post-election relief turned

When (ET)	Source	View at the time
Nov 4	J.P. Morgan AM, Eye on the Market	Midterms rarely move markets; AI risk is 2028 capacity
Nov 4	J.P. Morgan trading desk	Election relief; offensive risk being deployed; VIX 16.8
Nov 5, pre-open	J.P. Morgan Early Look	Hedge-fund de-risking 'likely behind us'; tactically bullish tech
Nov 5, 4:00pm	The tape (FinzData)	S&P 500 -4.36%, Nasdaq-100 -6.36%, VIX 28.18
Nov 5, 9:10pm	WSJ (Morgan Stanley)	October: largest stock-picker unwind in over a decade
Nov 5, 9:53pm	BofA, The Flow Show	Stay risk-off until hikes end, 10-year < 4.5%, oil < $80

Sources: J.P. Morgan AM and J.P. Morgan Early Look (Nov 4-5, 2026); BofA Global Research (Nov 5, 2026); The Wall Street Journal; FinzData.

The ballot hit 2028 AI capacity, not 2027's

52 of 96 GW planned for 2028 faces a pause or new conditions; ~45 local measures in 13 states; 27% of HY-financed data-cer



Sources: J.P. Morgan Asset Management, Eye on the Market (Nov 4, 2026; Aterio, SemiAnalysis); J.P. Morgan Credit Research via Early Look (Nov 5, 2026).

Going in, the money was all-in

Fund flows and positioning in the four weeks before the drop, as published

$265.6bn

Global equity inflows, 4 weeks

Record, to Nov 4; US $92.3bn; counted before Thursday

$44.6bn

Tech fund inflows, 4 weeks

Most since July 2026

9.3%

BofA private-client cash

Record low; equities 65.8% of AUM

7.2

BofA Bull & Bear Indicator

8.0 and above is a sell signal

-5.8z

Momentum factor, October

Worst single month in over 40 years (J.P. Morgan)

$1.3tn

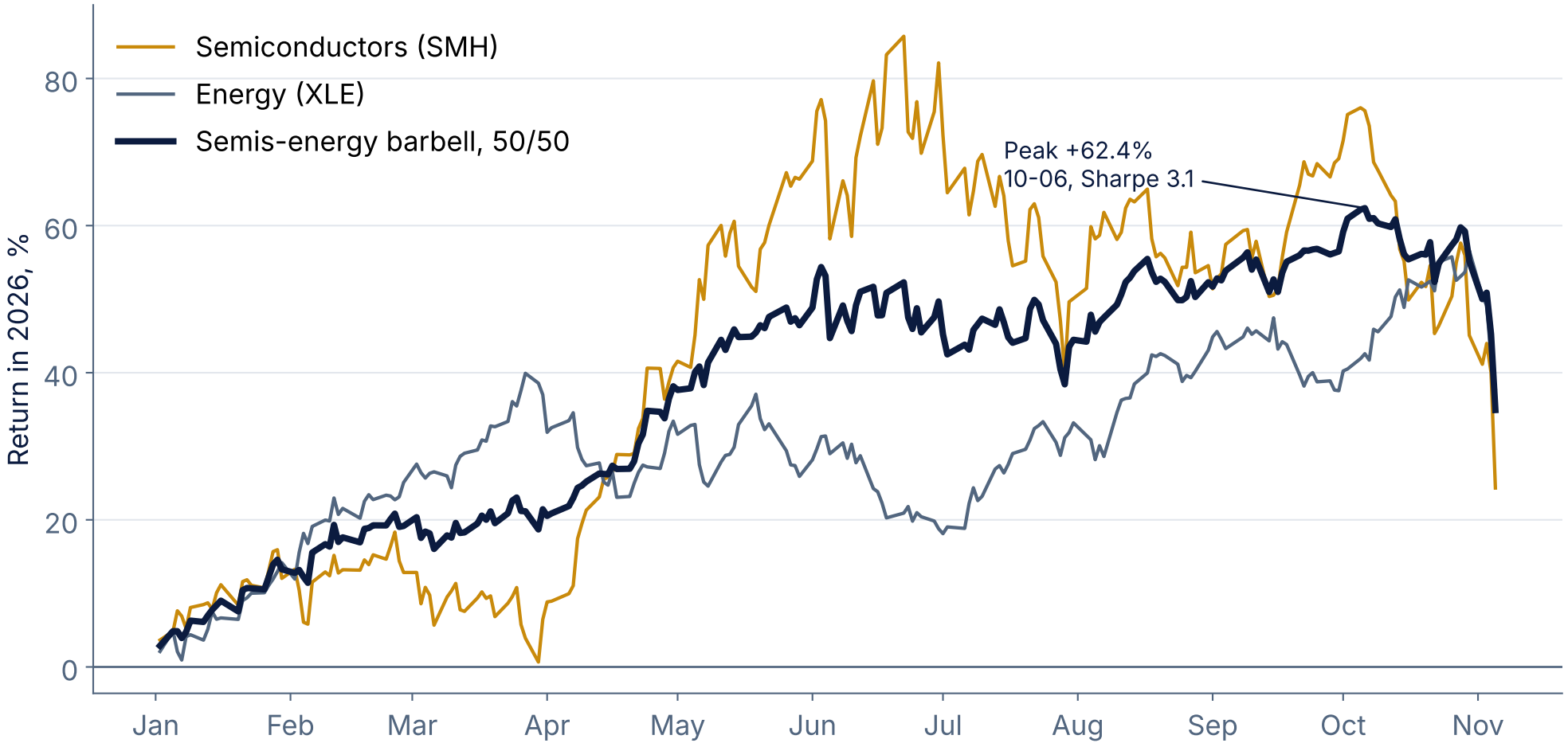
Consensus 2027 AI capex

-$252bn free cash flow for the spenders

Sources: BofA Global Research, The Flow Show (Nov 5, 2026; EPFR flows for the week to Nov 4); J.P. Morgan Early Look (Nov 5, 2026).

The year's best trade got leg-swept: semis and energy fell together

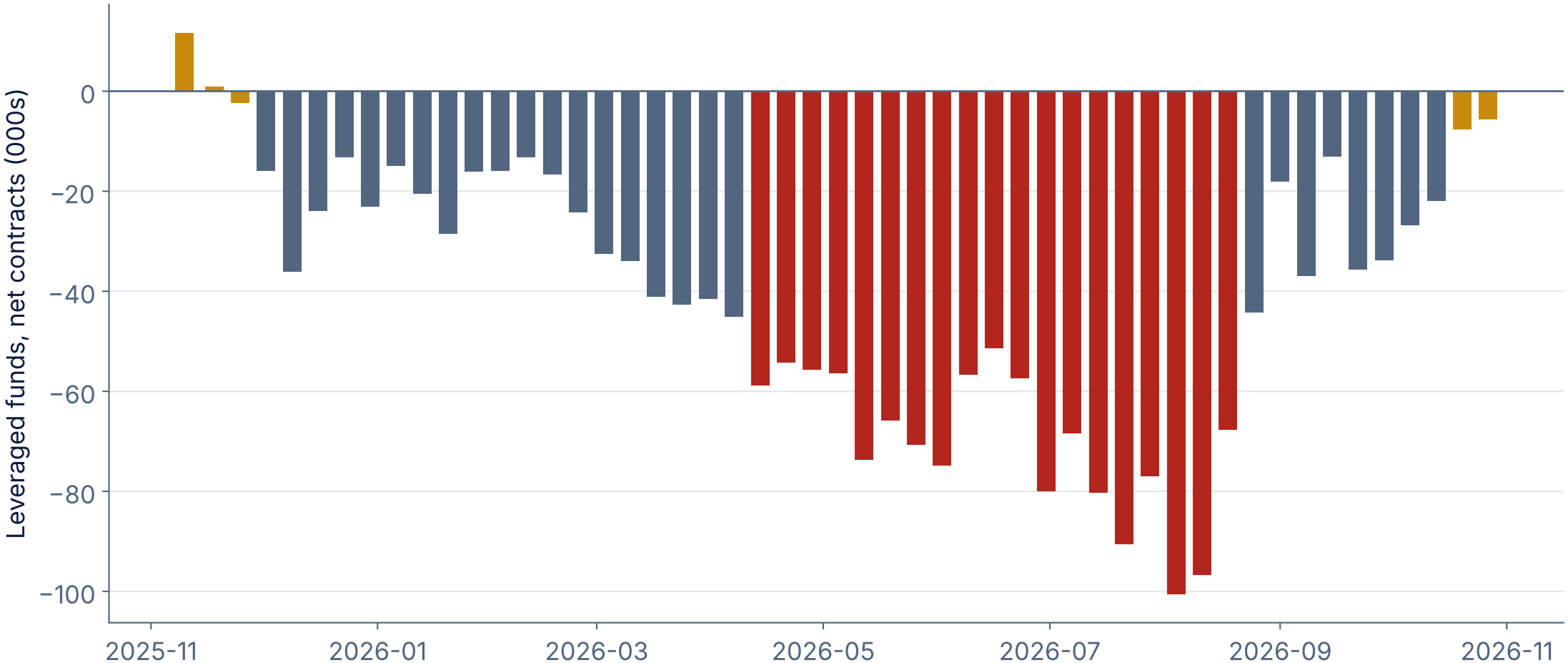
Our 50/50 replication peaked at +62.4% on Oct 6 (Nomura: +66%, Sharpe 3.3); -16.9% since. This week SMH -14.3%, XLE -12.0%



Sources: FinzData (SMH, XLE daily bars; 50/50 daily-rebalanced replication); Nomura (C. McElligott) via ZeroHedge, Nov 5-6, 2026.

Hedge funds went into the drop with their Nasdaq hedges stripped off

Leveraged funds' Nasdaq-100 futures net short: -101k contracts on Aug 4, -5.6k on Oct 27, the least since Nov 2025



Source: FinzData (CFTC Commitments of Traders, Traders in Financial Futures; Nasdaq-100 consolidated E-mini and micro), weekly to Oct 27, 2026.

Stock pickers were already de-grossing before Thursday

Hedge-fund performance and positioning, October to November 5

10+ yrs

Largest active unwind

October, stock-picking hedge funds; net exposure down ~9% since June (Morgan Stanley)

> 1/2

Of 46 major funds red in October

Over 40% of stock pickers flat or down YTD while indexes rose (Bloomberg)

-4%

Tech funds, Thursday alone

Erasing YTD gains that reached 24% before summer (Goldman Sachs)

-811bp

Fundamental TMT, week over week

-2.6 standard deviations; multi-strategy -315bp (GS Prime Brokerage)

-5.6k

Leveraged funds, NQ net (Oct 27)

Least short since Nov 2025: index hedges were off (FinzData COT)

-38.7%

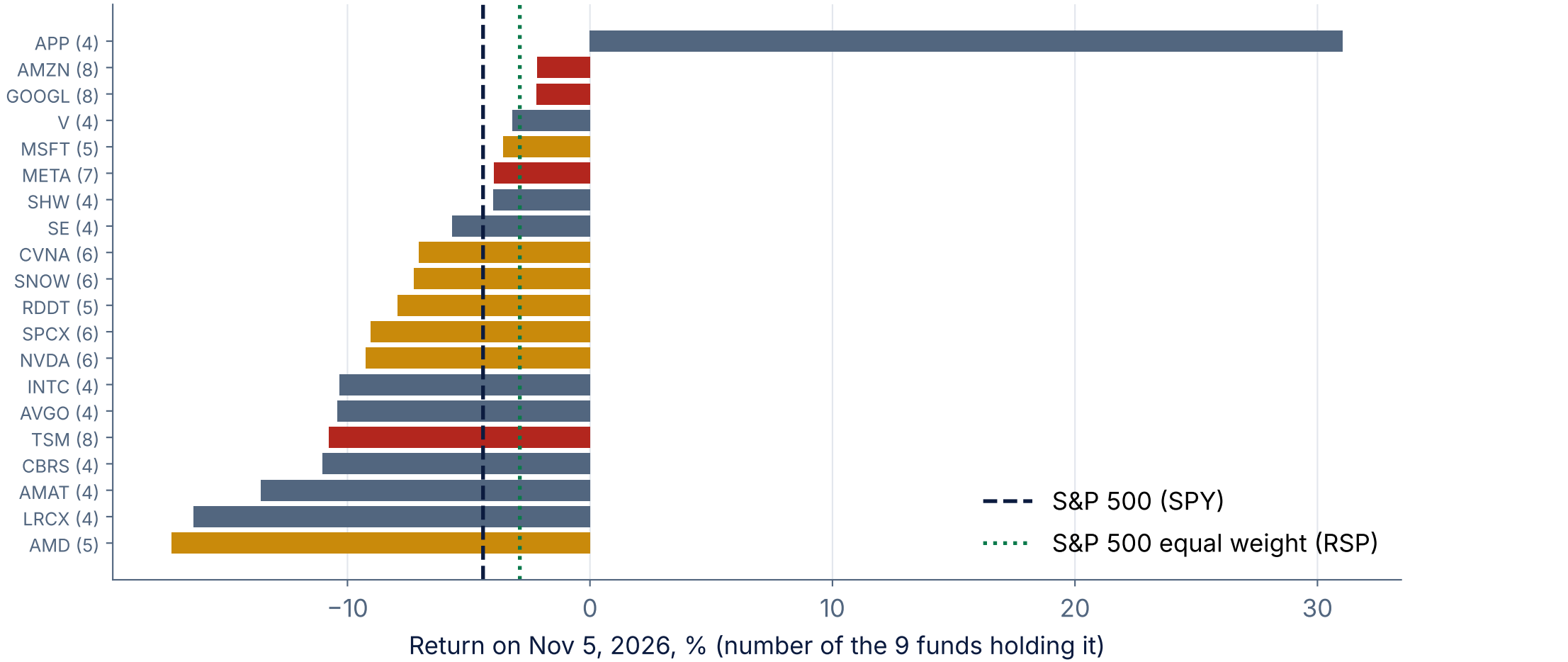
SOXL on Nov 5

3x the NYSE Semiconductor Index that SOXX tracks; worst day since 2010

Sources: Morgan Stanley via The Wall Street Journal; Bloomberg; Goldman Sachs Prime Brokerage (Nov 5, 2026); FinzData (COT, SOXL bars).

The more hedge funds owned a stock, the harder it fell

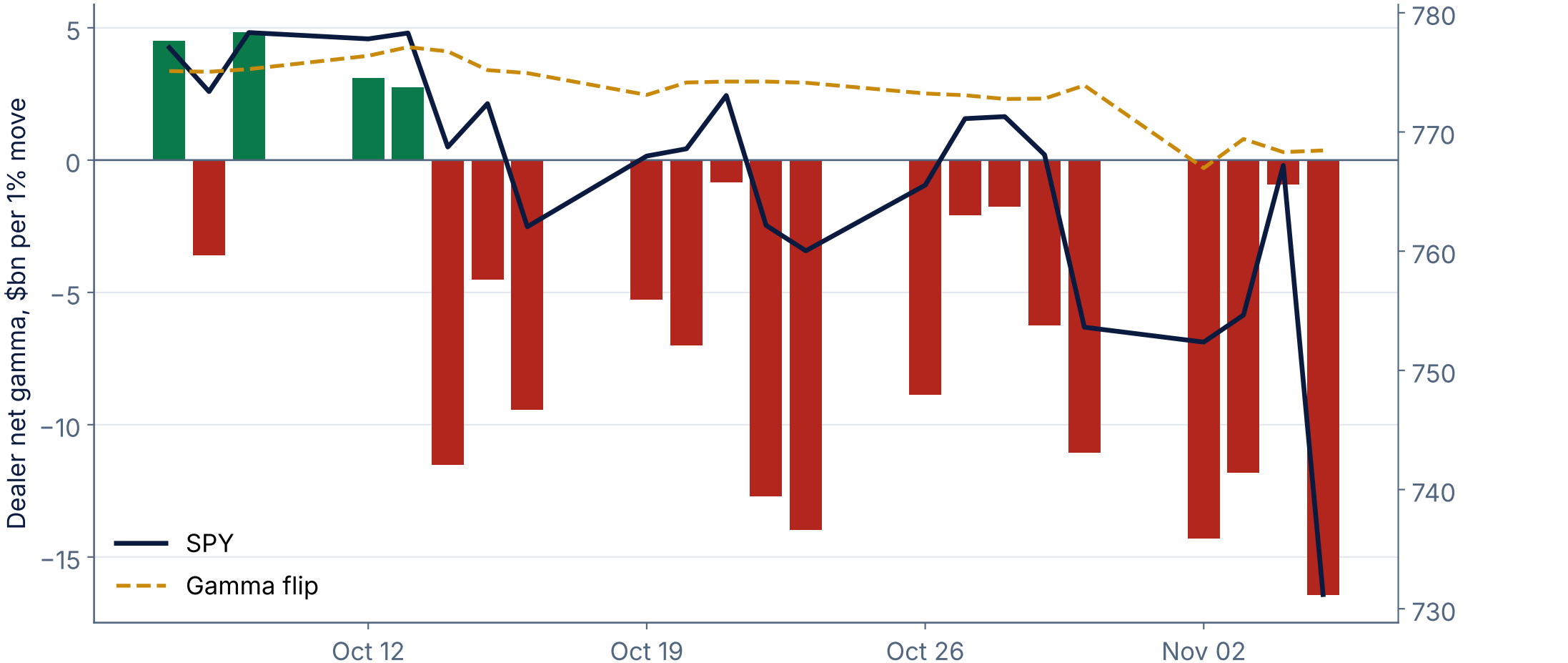
Stocks held by 5+ of 9 growth funds: -7.3% on Nov 5, vs S&P 500 -4.4% and equal weight -2.9%. AppLovin rose 31% on earnings



Source: FinzData 13F (Q2 2026, filed Aug 14) for Lone Pine, Tiger Global, Coatue, Viking, D1, Whale Rock, Altimeter, Maverick, Light Street; FinzData daily bars.

Dealers flipped short gamma in mid-October, so every drop got amplified

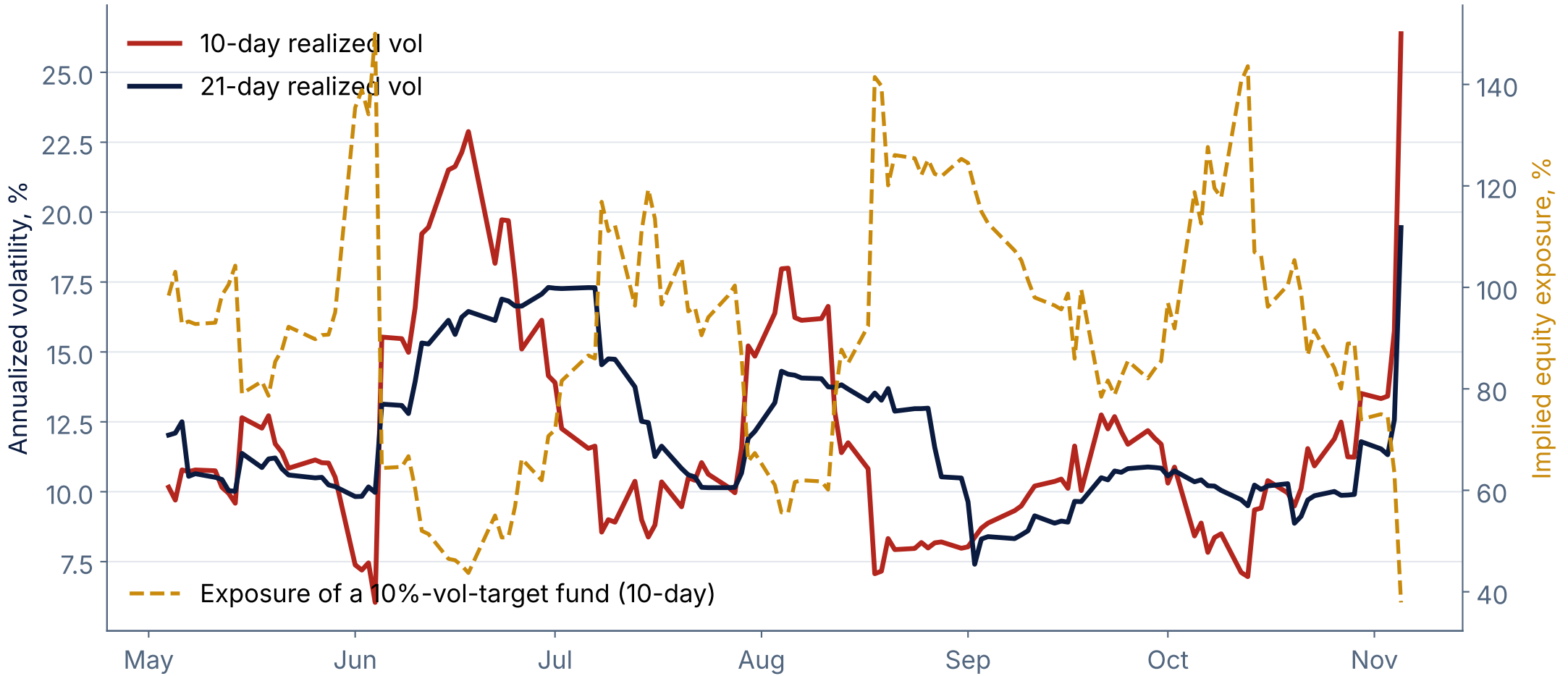
SPY dealer gamma -16.4bn on Nov 5 (5th percentile of its range), with spot -4.8% below the 768 flip and sitting on the 730 put wall



Source: FinzData point-in-time GEX (SPY options; dealer gamma per 1% move, stamped 17:00 New York each session).

Vol-control funds turn into forced sellers when realized vol doubles

S&P 500 10-day realized vol: 15.8% to 26.4% in a session; a 10% target cuts exposure 63% to 38%. Street: up to $135bn to sell



Source: FinzData (SPX daily closes). Exposure = 10% target / realized volatility, capped at 150%; street estimates from published desk research (Nov 5-6, 2026).

Short gamma in the indexes and AI chips; long gamma in the hyperscalers

FinzData GEX, 3,700+ US stocks and ETFs, Nov 5: AI chips sit 6-18% below their gamma flips; MSFT, AMZN, AAPL and gold sit above

Ticker	Net GEX $bn	Spot vs flip	Put wall	ATM IV	Dealer regime
SPY	-16.42	-4.8%	730	38%	Short gamma
QQQ	-6.09	-8.1%	645	60%	Short gamma
IWM	-3.97	-6.1%	265	44%	Short gamma
SMH	-0.54	-16.5%	425	109%	Short gamma
MU	-0.26	-17.8%	650	159%	Short gamma
AMD	-0.18	-14.9%	400	145%	Short gamma
NVDA	-0.25	-5.9%	180	106%	Short gamma
XLE	-0.13	-7.9%	60	56%	Short gamma
MSFT	+1.23	+12.5%	500	46%	Long gamma
AMZN	+0.46	+8.3%	250	57%	Long gamma
AAPL	+0.47	+2.7%	340	43%	Long gamma
GLD	+0.70	+2.2%	350	36%	Long gamma

Source: FinzData point-in-time GEX, Nov 5, 2026 session (published 06:00 New York, Nov 6). Not investment advice.

Everyone reached for protection at once

Hedging demand on Nov 5 by four independent measures

11.23mn

Cboe put contracts

Record; 8 of the 10 biggest put days ever came in 2026

135

VVIX, +49.3%

5th-largest jump since 2006; biggest since Feb 27, 2007

0.50

25-delta put-call skew (x ATM)

1-month; top of its range since 2022 (Tier1Alpha)

$135bn

Potential vol-control selling

Street estimates of futures to sell as realized vol doubles

Sources: Cboe via Haver Analytics; FinzData (VVIX); Tier1Alpha (Nov 5, 2026); published desk research.

FinzData Quantitative Model: full stress, but credit is still benign

Regime labels as known on Nov 6, 2026, each input as published on its date (no revisions from the future)

100%

Market stress probability

2-state Markov-switching model on the S&P 500, Nov 5

Inverted

VIX term structure

Backwardation: front-month fear above 3-month

Tightening

Financial conditions

Risk appetite also tightening; nowcast predicts more

Contracting

Liquidity

Fed and money-market liquidity direction

3.18%

Core PCE nowcast, Oct

Inflation direction nowcast: RISING

Benign

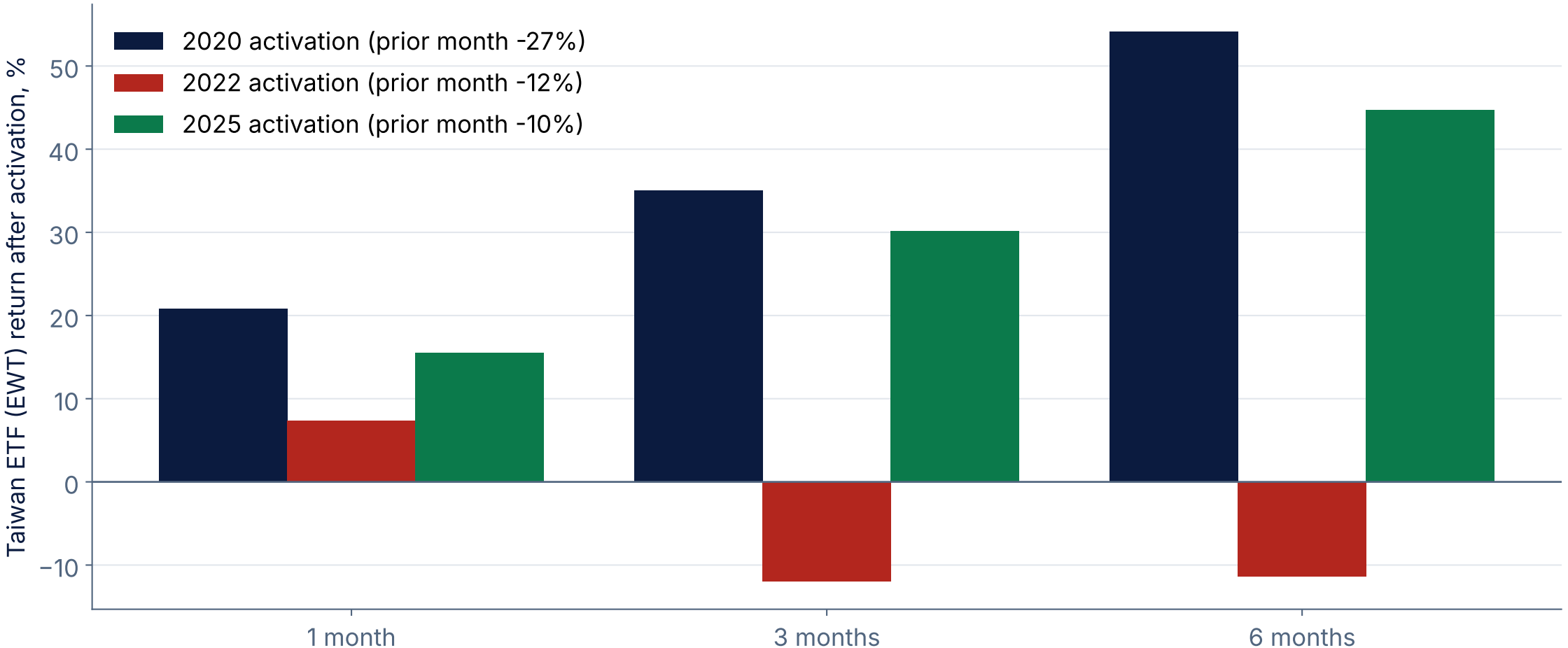
Credit stress

Equity risk premia, not credit: the correction/bear line

Source: FinzData Quantitative Model (get_quant_model), as of Nov 6, 2026.

Taiwan steps in: its rescue fund worked in 2020 and 2025, not in 2022

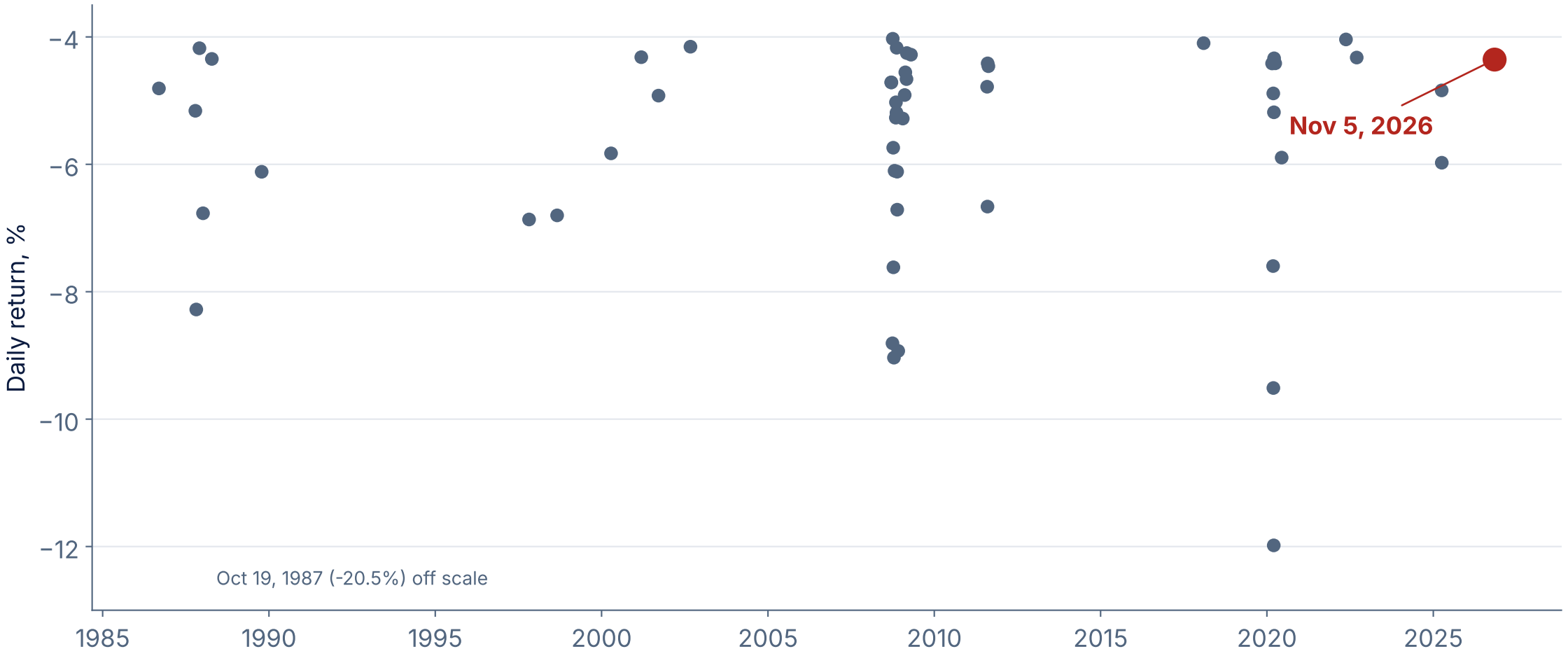
Taiex: worst week since 2001; short-sale curbs from Nov 9, NT$500bn fund. EWT -15.1%, EWY -13.9% Mon-Thu



Sources: FinzData (EWT, EWY daily bars); stabilization-fund dates as announced (Mar 19, 2020; Jul 12, 2022; Apr 9, 2025); Bloomberg (Nov 6, 2026).

Drops this size are rare and they cluster: 54 sessions in 51 years

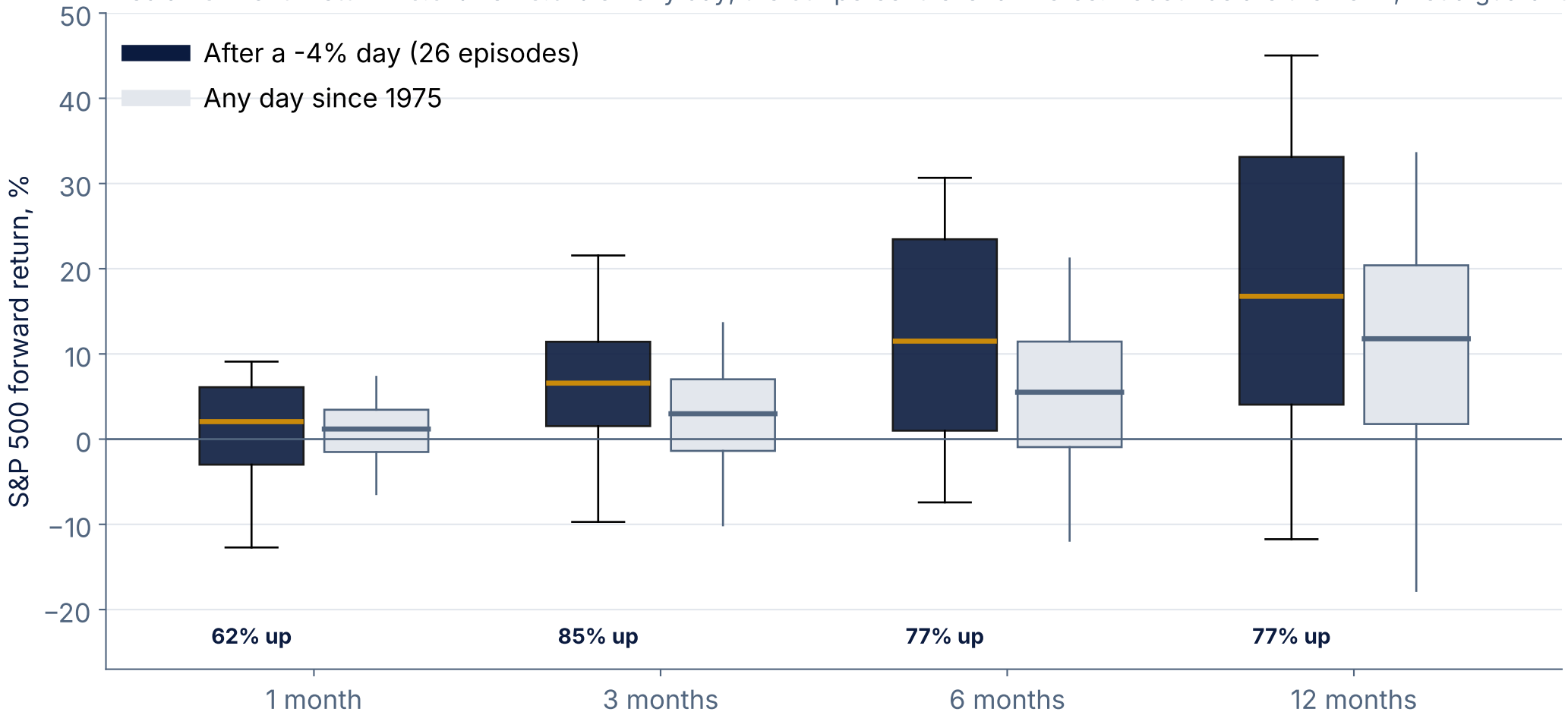
Most came in 1987, 2008 and 2020 bear markets. Nov 5 is one of the few from close to a record high



Source: FinzData (SPX index history since 1975; VIX since 1990; Nasdaq-100 via QQQ bars since 1999). All S&P 500 sessions down 4% or more.

After -4% days, the middle of the distribution shifts up, but the tails widen

Median 3-month return +6.6% vs +3.0% on any day; the 5th percentile is far worse. Rebounds are the norm, not a guarantee



Source: FinzData (SPX since 1975). 26 episodes = first -4% day in any 21 sessions. Boxes: 25th-75th percentile; whiskers 5th-95th; line = median.

The closest analogs: -4% days with the market still in an uptrend

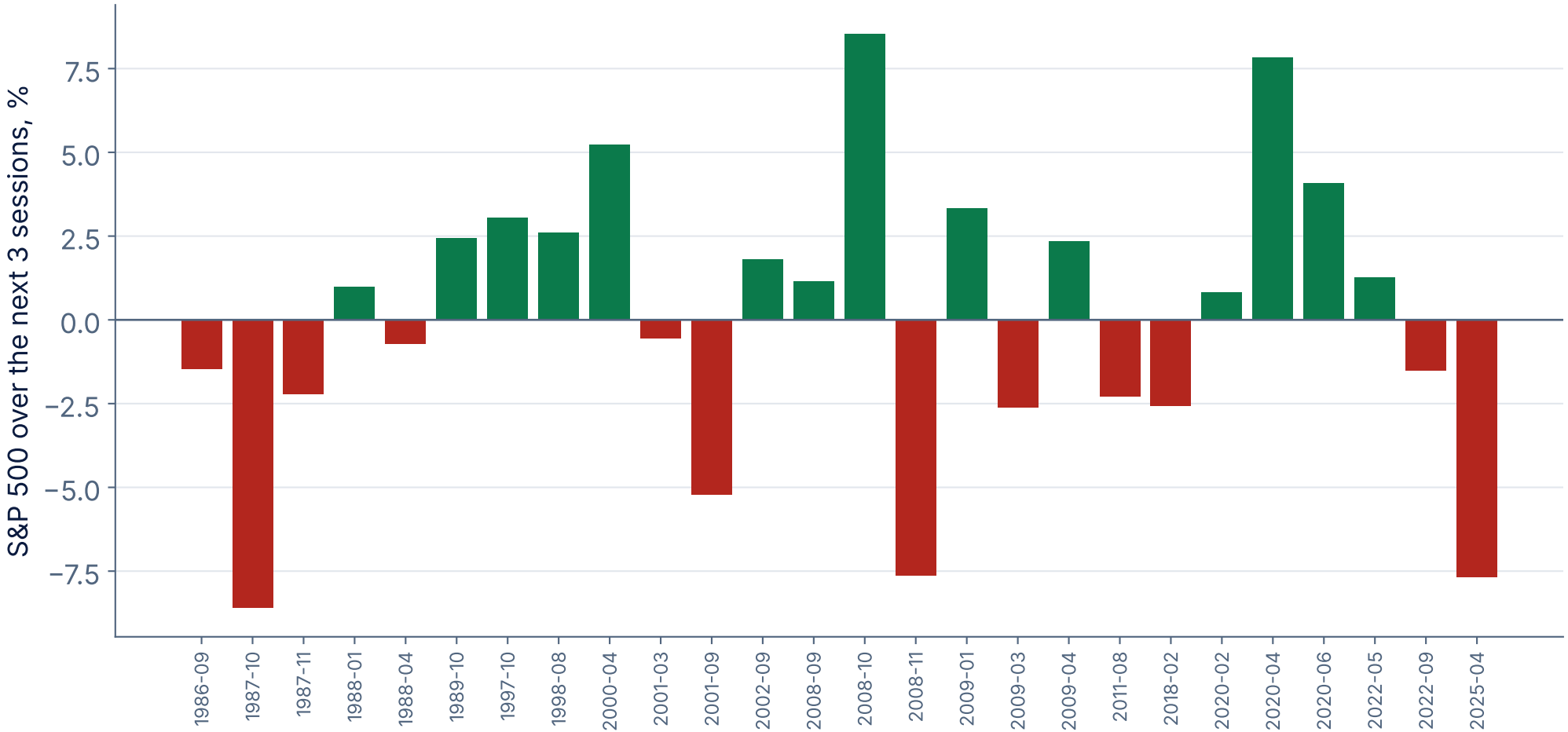
S&P 500 sessions down 4%+ while above the 200-day average, and what came next. All seven were higher six months on

Date	Day	1 month	3 months	6 months	12 months
1986-09-11	-4.8%	+0.1%	+6.7%	+23.8%	+34.8%
1989-10-13	-6.1%	+1.8%	+1.0%	+3.3%	-10.1%
1997-10-27	-6.9%	+8.4%	+11.5%	+24.8%	+21.5%
2000-04-14	-5.8%	+8.1%	+11.3%	+1.3%	-12.1%
2018-02-05	-4.1%	+2.9%	+0.9%	+7.6%	+3.1%
2020-02-27	-4.4%	-14.7%	+1.7%	+16.8%	+27.9%
2020-06-11	-5.9%	+5.1%	+11.2%	+22.3%	+41.5%

Source: FinzData (SPX index history since 1975; VIX since 1990; Nasdaq-100 via QQQ bars since 1999). Uptrend = prior close above its 200-day average.

The 'wait three sessions' rule has cost almost nothing on average

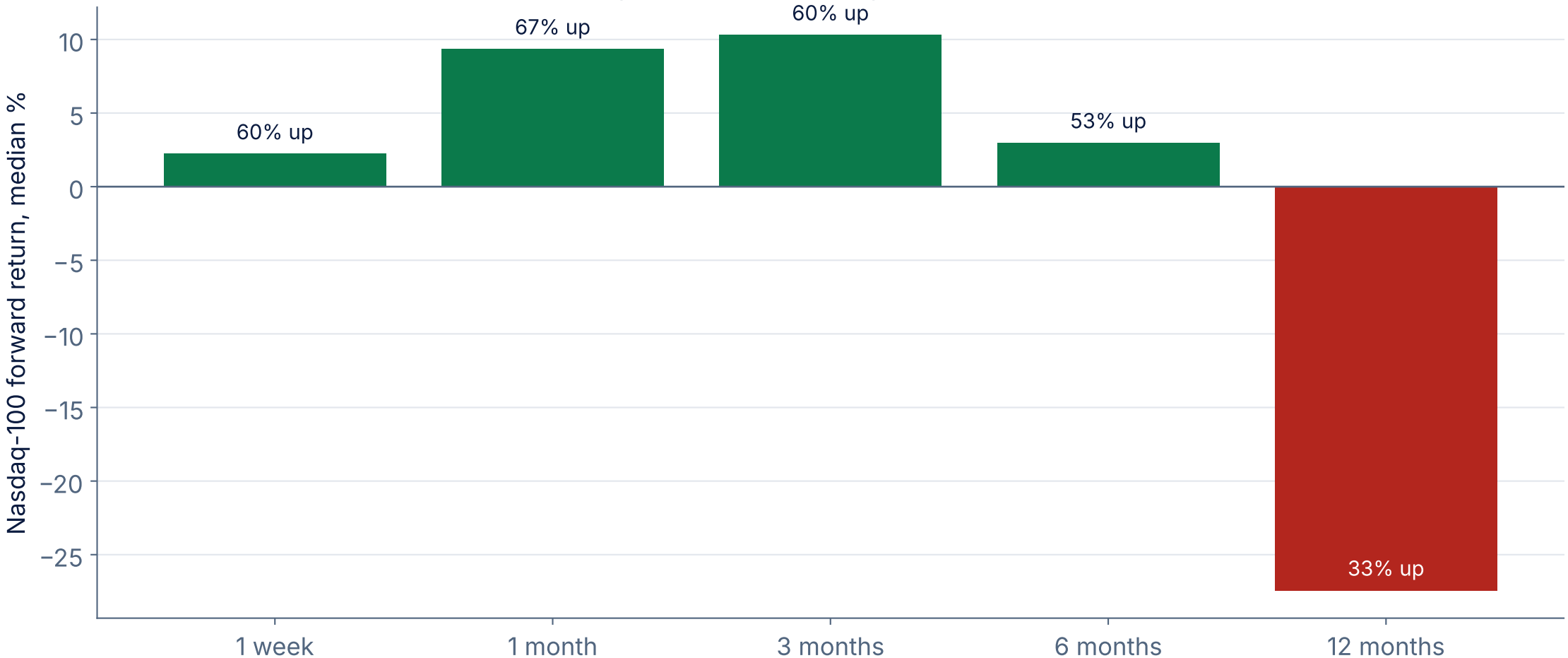
Next 3 sessions: mean +0.1%, median +0.9%, cheaper 46% of the time. 3 months, buy at shock vs 3 days later: +6.7% vs +6.6%



Source: FinzData (SPX since 1975). 26 episodes = first -4% day in any 21 sessions. Return from the shock-day close to the close three sessions later.

The bear case: -6% Nasdaq-100 days have a poor 12-month record

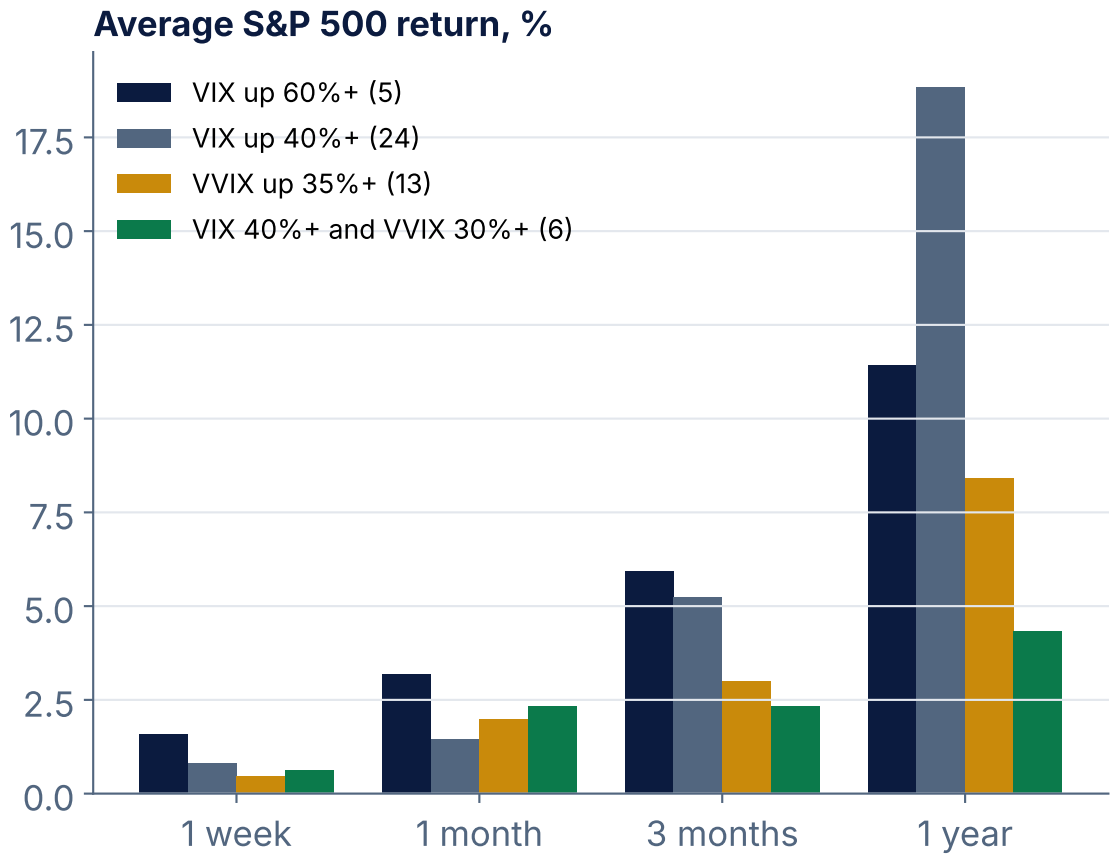
15 episodes; 10 came in 2000-01, when a hiking Fed met an unwinding tech boom. Median 12 months later: -27.4%

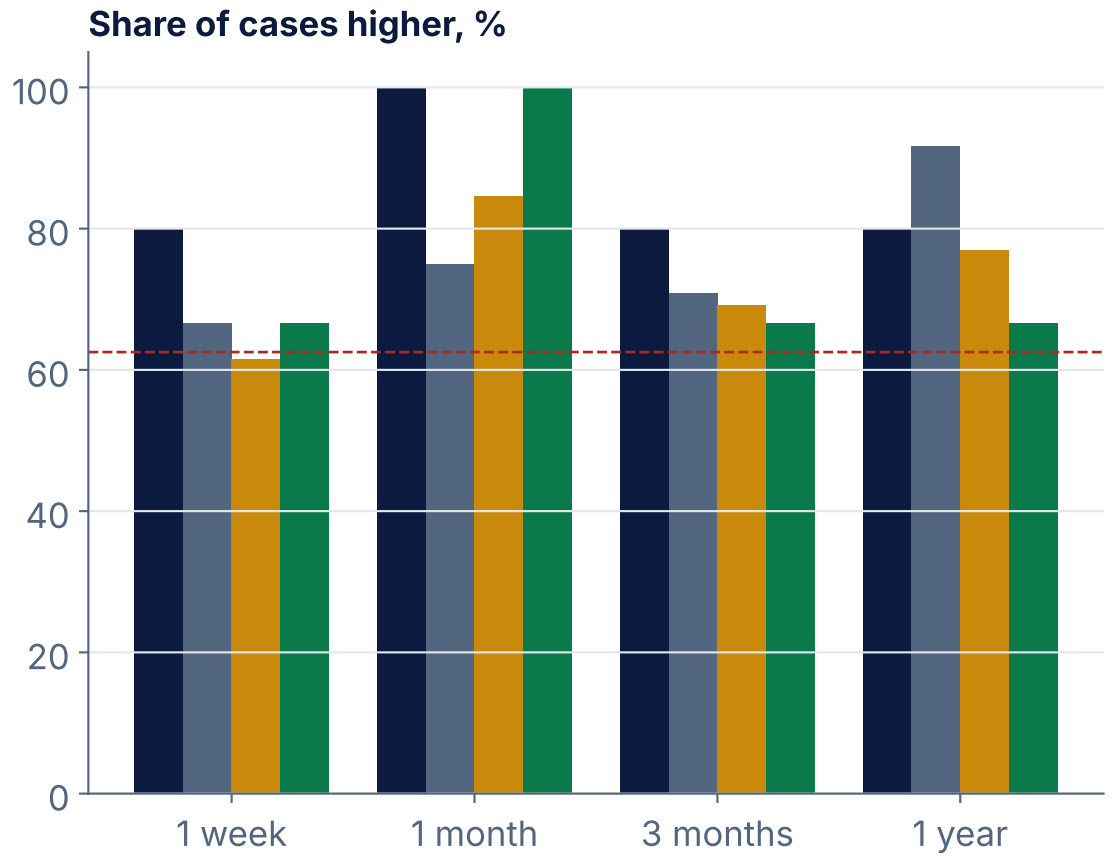


Source: FinzData (QQQ daily bars since 1999). Episodes = first -6% day in any 21-session window.

Volatility spikes like this one have tended to fade within a month

VIX +69.7% and VVIX +49.3% on Nov 5. After the 5 prior VIX jumps of 60%+, the S&P 500 was higher a month later every time (avg +3.2%). Independent check: our counts match Sethi Associates' published study case for case

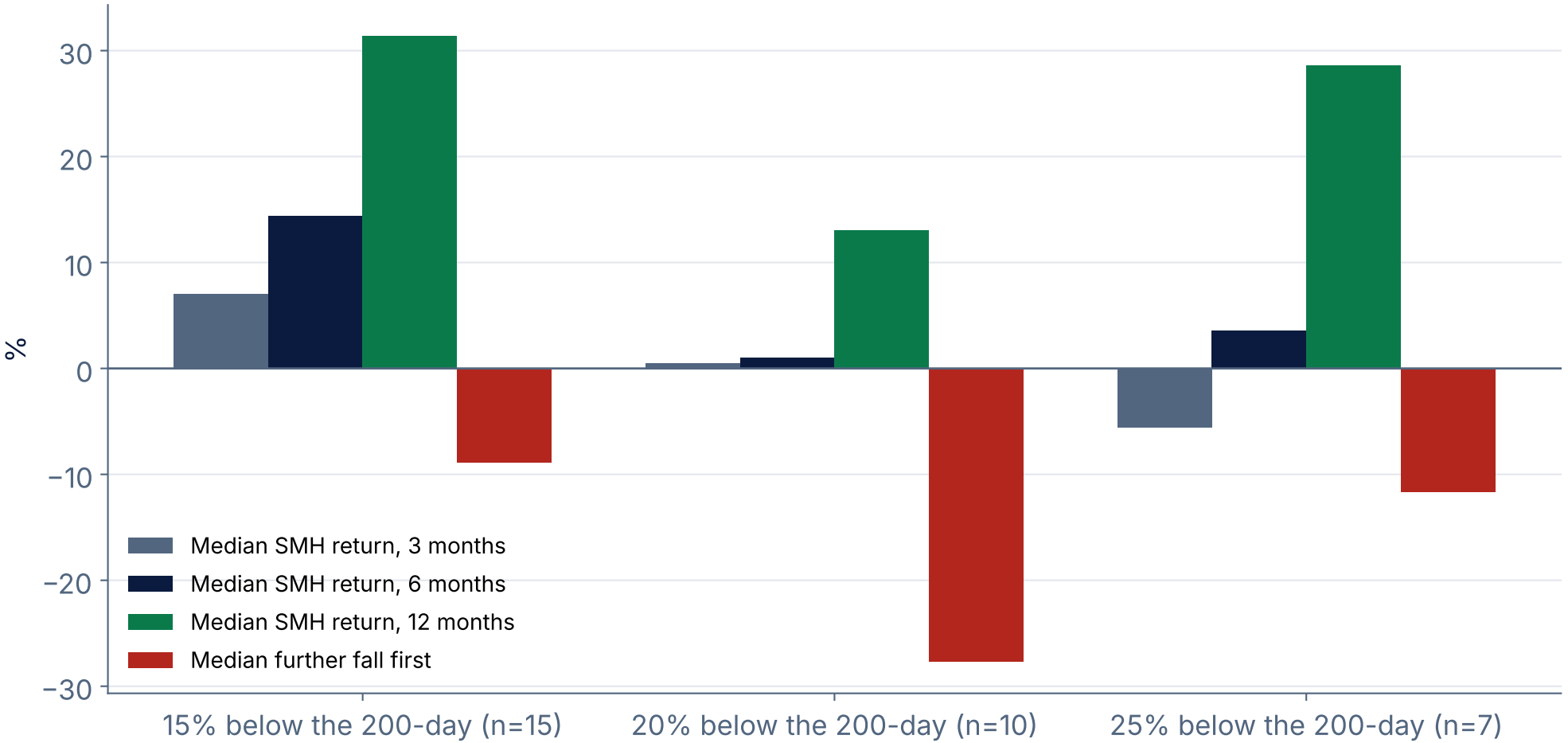




Source: FinzData (VIX since 1990, VVIX since 2006, SPX). Groups overlap; small samples. Nov 5 excluded and qualifies for all four.

Semis are 14% below their 200-day: good 12-month odds, rarely the low

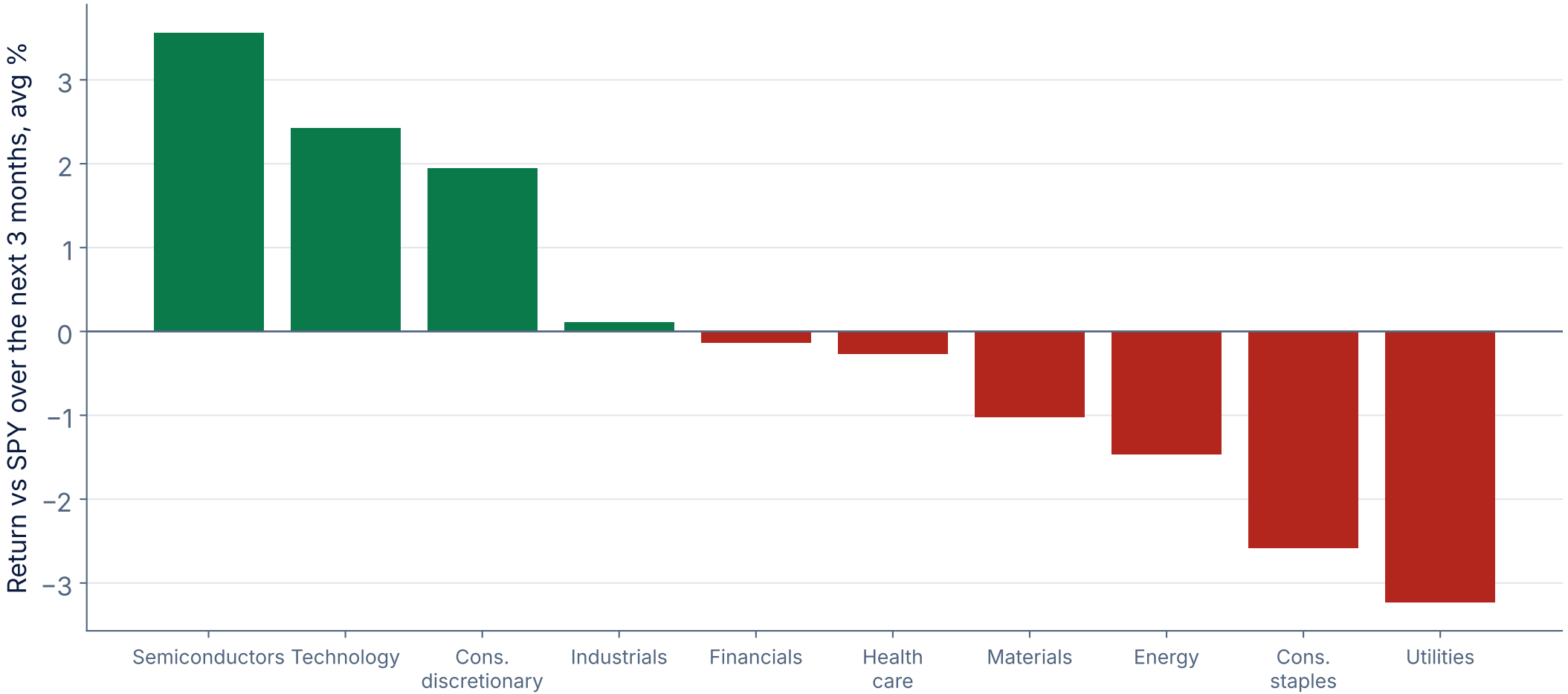
BofA flags 20-25% below as the historical entry zone. Our test: 12-month medians +31%, +13%, +29%, but a further fall came first



Source: FinzData (SMH daily bars since 2000). Each case = first close beyond the threshold, at most one per 6 months. Small samples; not investment advice.

After big down days, chips and tech have led the rebound; defensives lagged

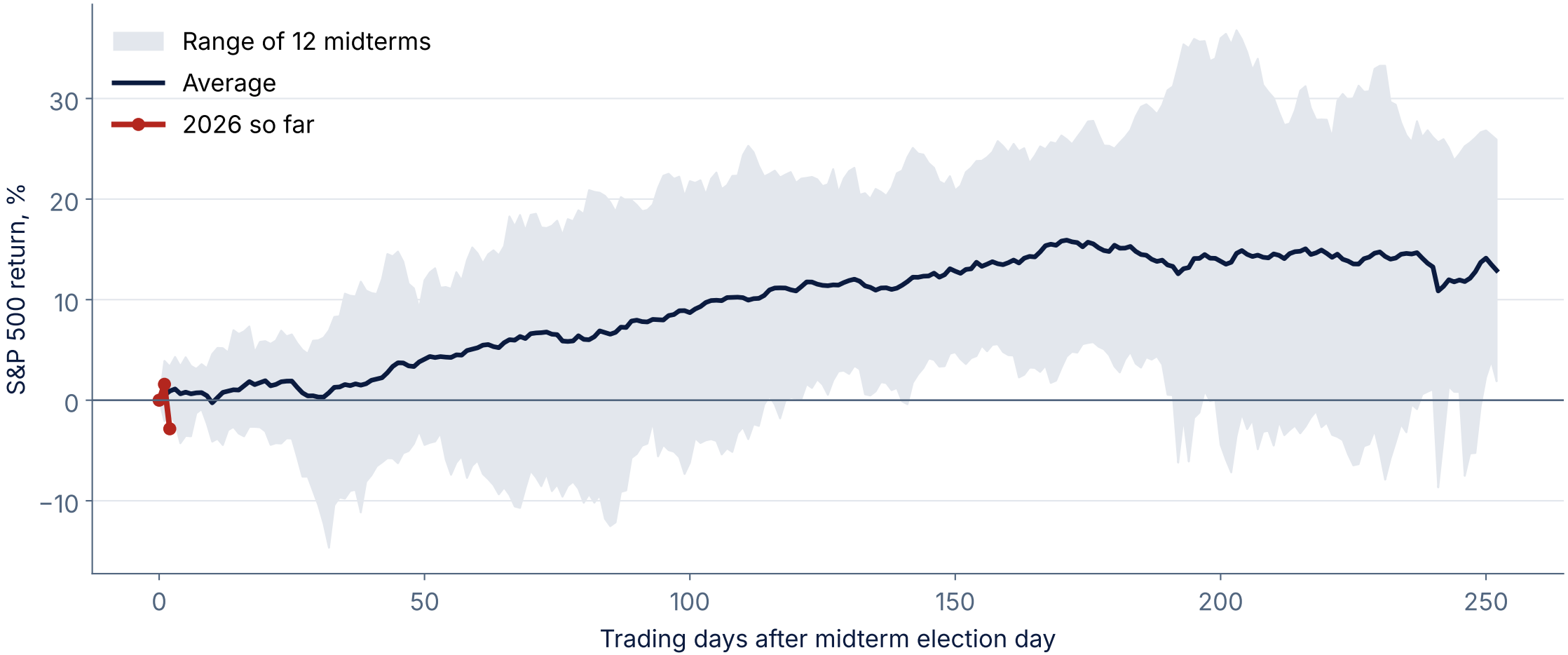
Average 3-month return relative to the S&P 500: semiconductors +3.6%, technology +2.4%, utilities -3.2%, staples -2.6%



Source: FinzData (sector ETF and SPY daily bars since 1999). 38 SPY episodes down 3%+ (first in any 21 sessions).

The midterm cycle: the 12 months after every midterm since 1978 were positive

Average +12.9%, worst +1.9%. But 2026 started -2.8% two days in, worse than any of the 12 (worst was -1.4%)



Source: FinzData (SPX since 1975). Day 0 = close on midterm election day, 1978-2022 (12 cycles) and Nov 3, 2026.

Losing Congress has not hurt stocks

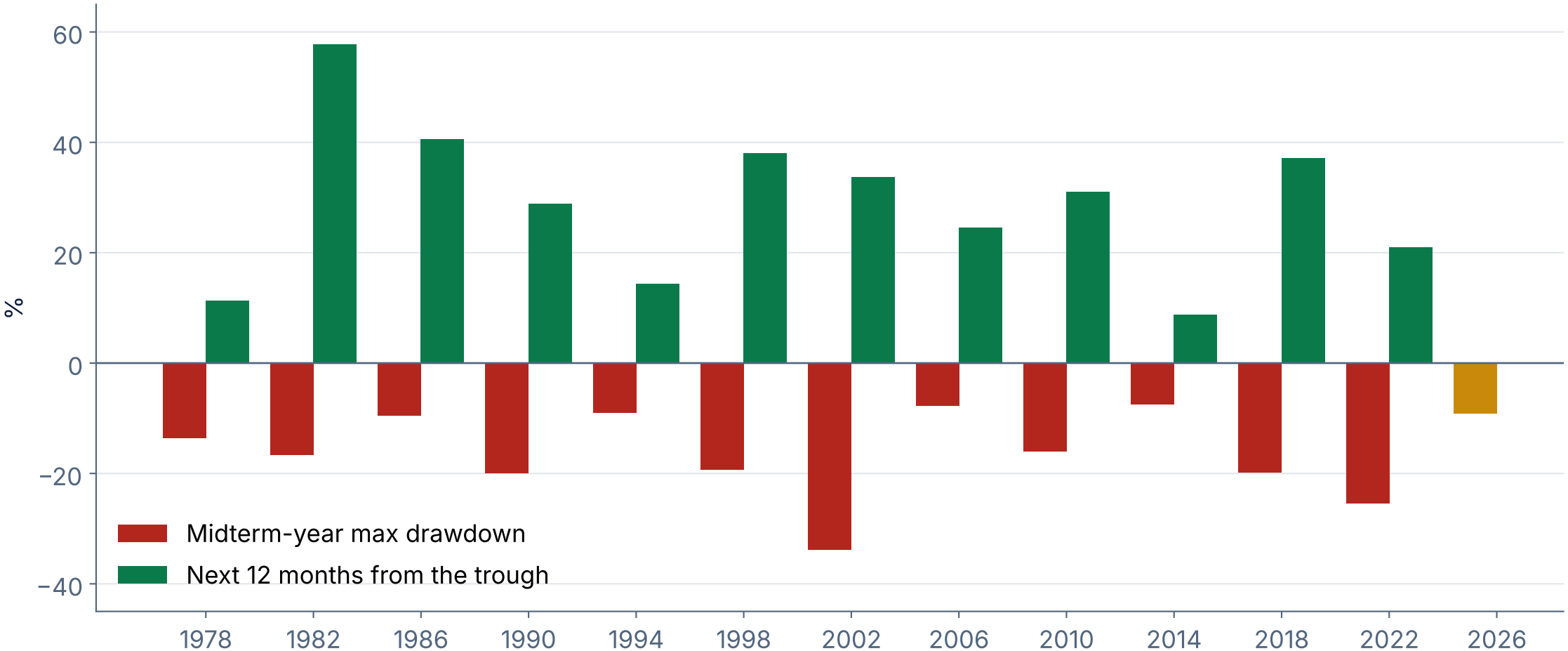
6th time since 1910 the President's party lost both chambers (1918, 1946, 1954, 1994, 2006). Since 1975: 1994 +25.9%, 2006 +6.6%

Midterm	President's party	2 days	3 months	6 months	12 months
1978	Kept control	+0.6%	+3.5%	+6.0%	+7.8%
1982	Kept control	+3.2%	+4.0%	+18.1%	+19.0%
1986	Lost Senate	-0.1%	+13.6%	+20.0%	+1.9%
1990	Kept control	-1.3%	+14.9%	+21.5%	+24.7%
1994	Lost both	-0.3%	+3.3%	+12.6%	+25.9%
1998	Kept control	+2.1%	+12.4%	+19.9%	+22.0%
2002	Kept control	-1.4%	-8.4%	+0.5%	+14.9%
2006	Lost both	-0.3%	+4.0%	+8.9%	+6.6%
2010	Lost House	+2.3%	+9.3%	+12.9%	+2.1%
2014	Lost Senate	+0.9%	+2.5%	+3.8%	+4.5%
2018	Lost House	+1.9%	-1.7%	+4.6%	+12.0%
2022	Lost House	+3.4%	+6.6%	+7.9%	+13.6%

Source: FinzData (SPX); party control of Congress from the public record; 2026 from FinzData midterm results (Nov 4, 2026); J.P. Morgan AM (Nov 4, 2026).

Midterm years usually hold a deep drawdown; 2026's has been shallow so far

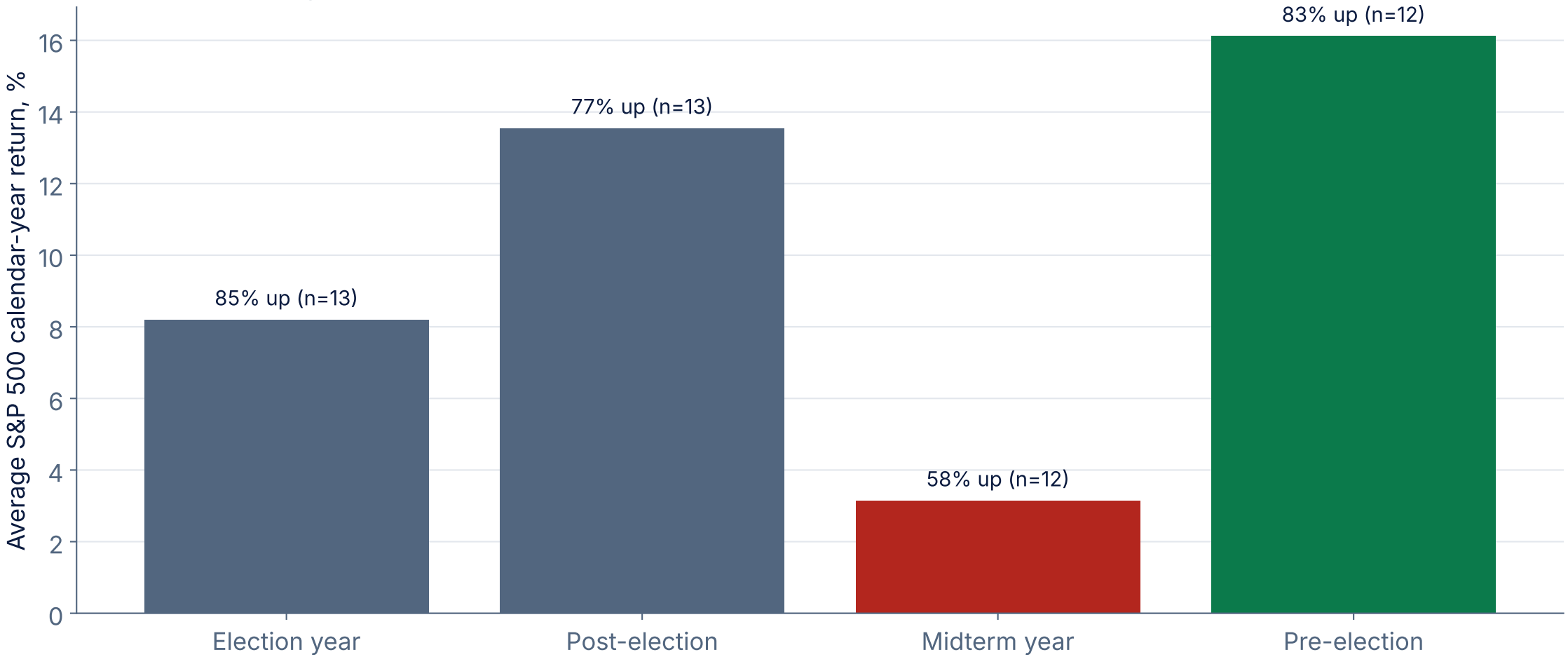
1978-2022: median drawdown -16.3%, then median +29.9% from the trough. 2026 so far: -9.1% (Mar 30)



Source: FinzData (SPX since 1975). Drawdown = worst peak-to-trough within the calendar year; forward = 12 months from that trough (known only with hindsight).

Midterm years are the weakest; pre-election years have been the strongest

Midterm years averaged +3.1%, pre-election years +16.1%. 2026 was +7.4% for the year at the Nov 5 close



Source: FinzData (SPX calendar-year returns, 1975-2025).

Walk-forward test: does 'buy the big drop' survive out of sample?

Every decision uses only data available at the time; 1990-2026, 39 out-of-sample trades

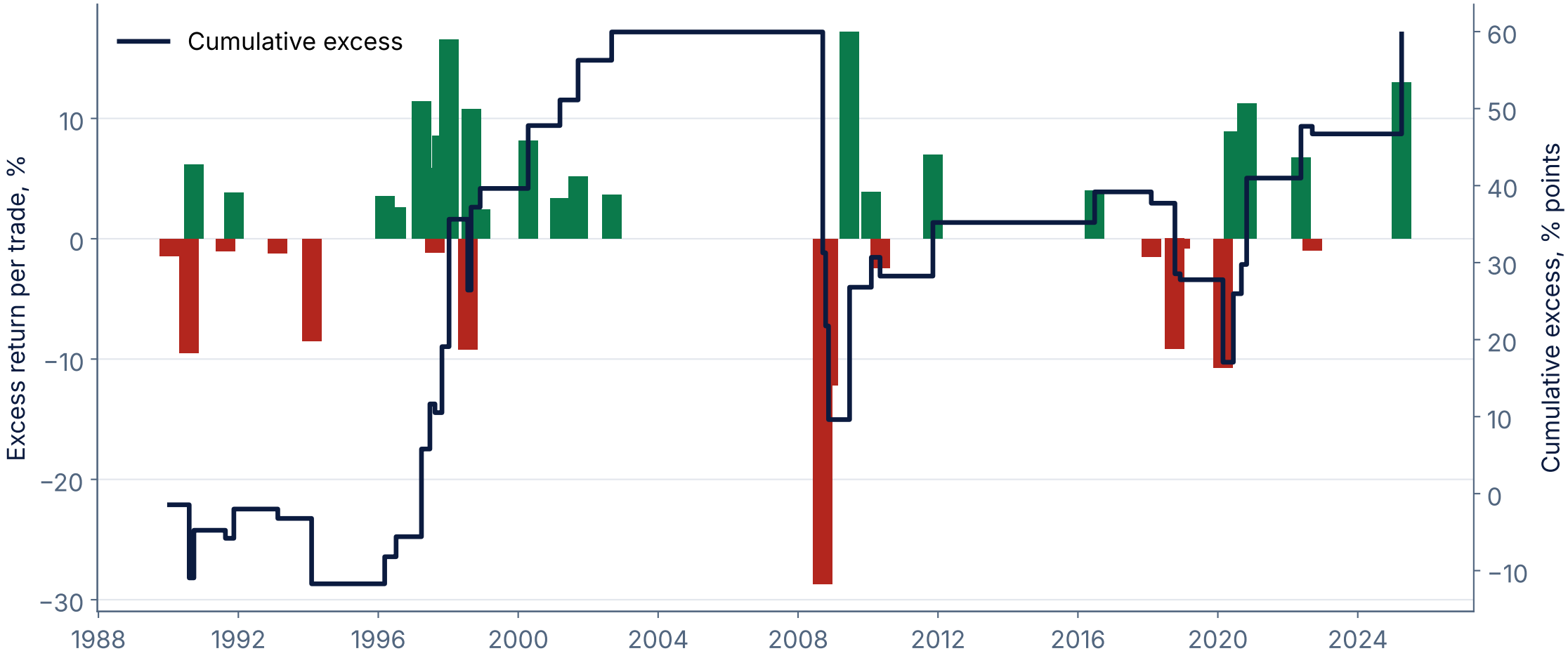


Result: +1.5% excess per trade out of sample vs +3.2% in sample, 59% hit rate, t = 1.07. The same test is run on midterms and sectors.

Method: FinzData research. Data: FinzData SPX index history since 1975, sector ETF bars since 1999.

Out of sample the edge shrinks to half, and is not statistically significant

In-sample edge +3.2% per trade; out of sample +1.5% (59% hit rate, t = 1.07). 77% of trades made money; 2008 is the tail

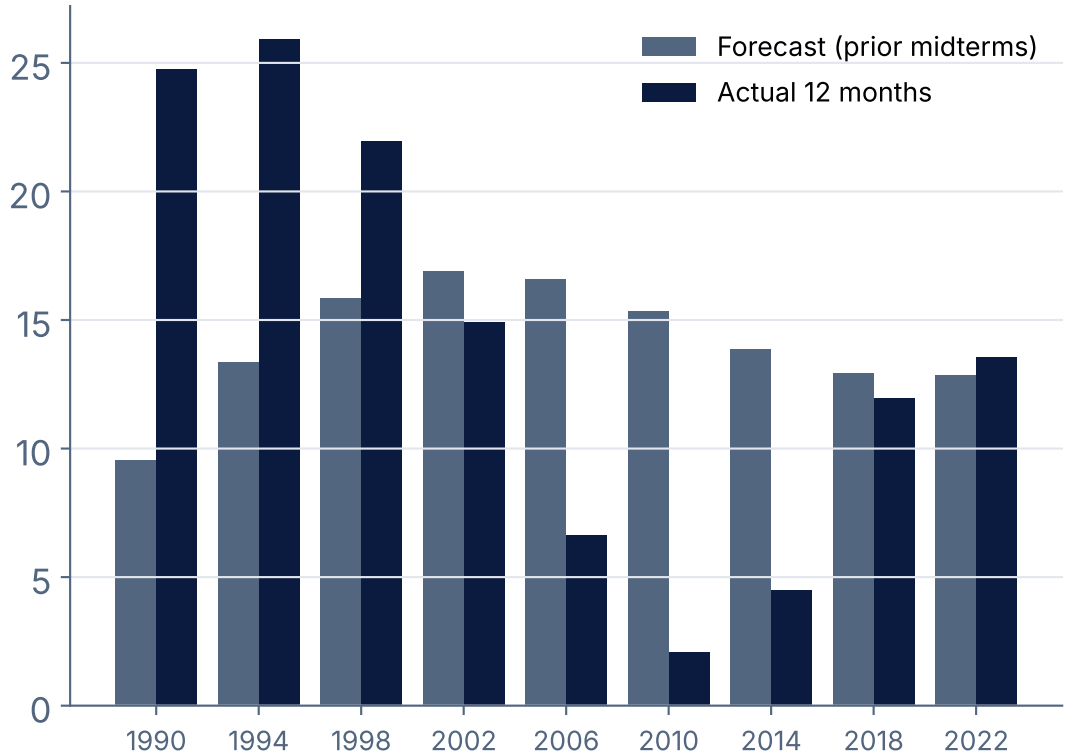


Source: FinzData walk-forward on SPX, 1990-2026. Excess = trade return minus the average return over the same hold, from prior data only.

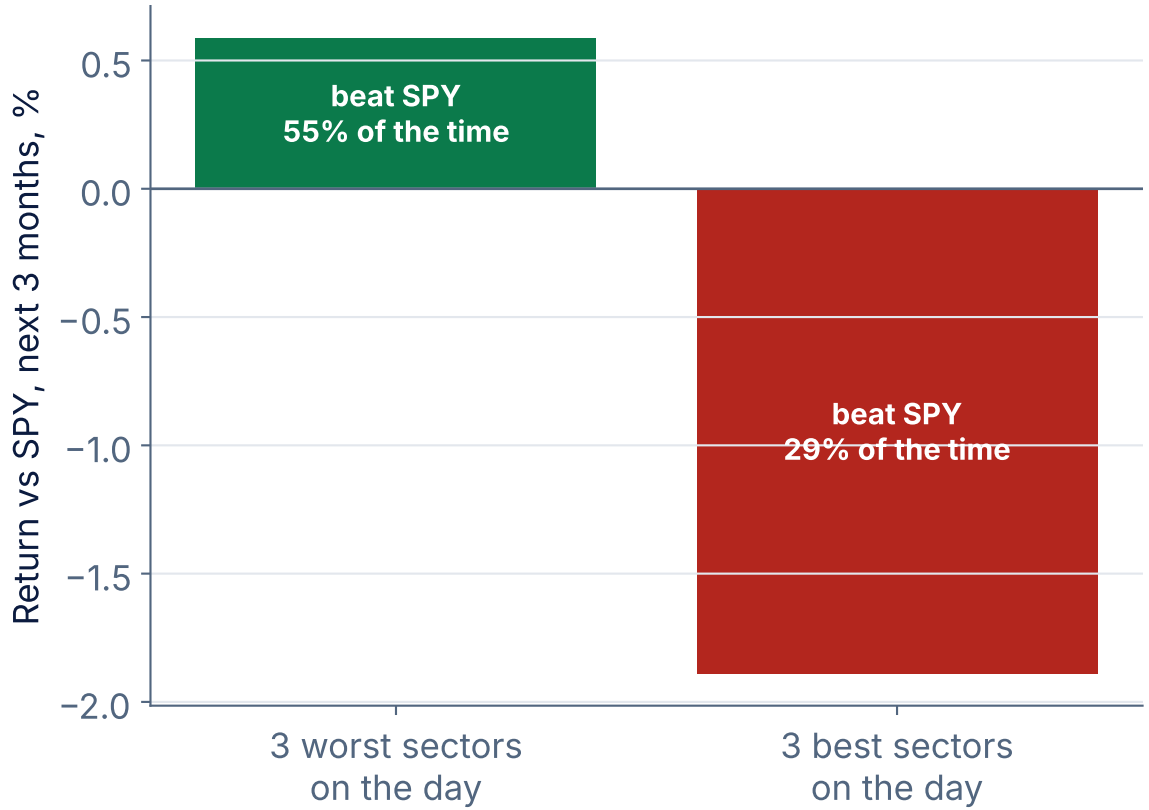
The midterm call held out of sample; the sector edge is in avoiding defensives

9 of 9 out-of-sample midterms were up a year later. Buying the day's losers added just +0.6% out of sample (t = 0.76); the day's winners lagged the S&P 500 by 1.9% on average

Midterm cycle, out of sample



Sectors after 38 big down days



Source: FinzData walk-forward (SPX since 1975; sector ETFs since 1999). Forecasts use only midterms and episodes dated earlier.

Three paths from here, and the signposts that tell them apart

Historical evidence from this deck; no probabilities are implied. The 200-day (7,323) and the Dec 9 FOMC are the hinges

Path	Signposts to watch	Historical evidence (FinzData)
Snap-back	S&P 500 holds 7,323; VIX back under 22;	After -4% days in uptrends: 7 of 7 up in 6 months
	SPY reclaims its gamma flip (~768)	VIX +60% spikes: 5 of 5 higher a month later
Rotation	Semis stay below their 200-day;	Midterm years: median +30% from the trough
	equal weight and defensives lead; credit benign	Equal weight -2.9% vs S&P 500 -4.4% on Nov 5
2000-style	Fed hikes Dec 9 and signals more; 10-year > 5%;	After -6% Nasdaq-100 days: 12-month median -27%
	Brent > $100; credit stress turns	Taiwan's 2022 rescue failed under Fed hikes

Our read: an AI valuation shock, amplified by forced selling

What the evidence in this deck adds up to; a hawkish Fed is the main risk

+6.7%

History after -4% days

Avg S&P 500 return 3 months after the 26 prior -4% episodes (85% up). The walk-forward rule for 2026 triggered on Nov 5; halve the edge for out-of-sample decay

12 / 12

Post-midterm years up since 1978

Including 1994 and 2006, when the President's party lost both chambers. Gridlock removes more policy risk than it adds

Forced

Selling, not new information

Hedges off (COT), most-owned fund longs -7.3% (13F), dealers short gamma (GEX), vol-control de-risking. It ends when gross is cut

2000-01

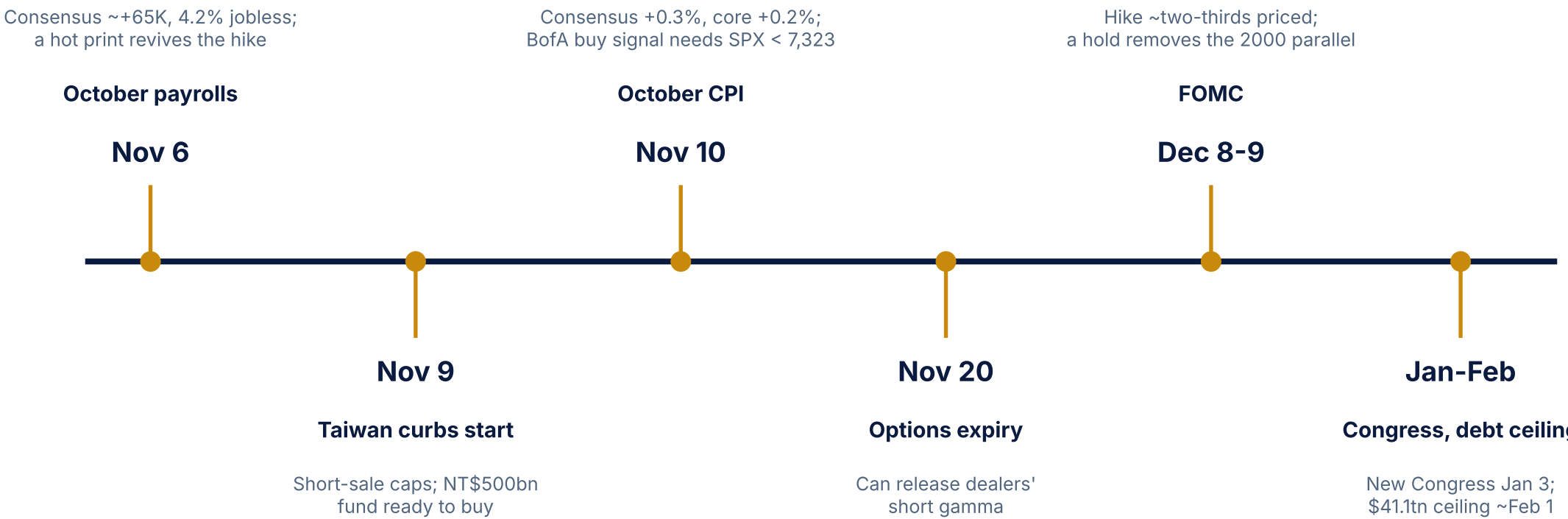
The case to respect

Rescues and dip-buys failed while the Fed hiked (2000-01, Taiwan 2022). A Dec 9 hike, $98 Brent and a rising inflation nowcast keep it open

Analysis, not investment advice. Sources: FinzData (SPX, NDX, VIX, GEX, COT, 13F, Quantitative Model); CME FedWatch (Nov 5, 2026).

What to watch: the next five weeks

Dated catalysts that decide which path the market takes



Not investment advice. Sources: BofA Global Research (Nov 5, 2026); CME FedWatch; Bloomberg (Nov 6, 2026).

FinzData

The data behind this deck, in FinzData

```
SPX, NDX, RUT  index bars, 1-minute to daily (get_index)

VIX, VVIX, VXN, VIX3M  volatility indexes (get_index)

SPY QQQ SMH EWT EWY + 11 sector ETFs  bars (get_bars)

GEX  dealer gamma, 3,700+ stocks and ETFs (get_gex)

NASDAQ-100 COT  leveraged funds, asset managers (get_cot)

Quantitative Model  stress, regimes, nowcast (get_quant_model)

13F holdings  hedge-fund crowding (get_13f)

Midterm results and PoliSpend  election money (get_political_spending)
```

Point-in-time: pass as_of=... to any call, in Python, REST or MCP. The walk-forward here never sees a later bar.