



Coffee & Commentary

November 10, 2025

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- The large technology stocks that had propelled major U.S. indexes higher the previous week reversed course, weighing on markets as investors grew more cautious about the outlook for artificial intelligence. The NASDAQ was hit hardest while the S&P 500 and Dow followed suit, with all three declining by more than 1%. Final results on the week were; **S&P 500 -1.6%**, **NASDAQ -3.0%**, and the **Dow -1.2%**.
- As the government shutdown stretched into its sixth week, the continued delay of Friday's monthly jobs report left investors without official insight into labor market conditions. However, private data offered some clues, as the consulting firm Challenger, Gray & Christmas reported that U.S. employers announced 153,000 job cuts in October—almost triple the number recorded in September.
- On Wednesday, the U.S. Supreme Court heard arguments in a case challenging the legal authority the Trump administration relied on to impose tariffs earlier this year. The Court did not specify when a decision might be announced, leaving another element of uncertainty for the economy and financial markets.

2. How are we to prepare and act?

- After months of steady gains, U.S. equity markets stumbled to start November as investor enthusiasm around artificial intelligence hit a pause. Concerns over lofty valuations and market concentration led to profit-taking, especially in the technology sector, which had driven much of this year's rally. Yet despite the cooling sentiment, corporate fundamentals remain solid, with third-quarter earnings continuing to exceed expectations across most sectors. Roughly 85% of S&P 500 companies have now reported results, and 82% have surpassed earnings forecasts, led by major technology firms that continue to post double-digit profit growth. While the pullback reflected valuation adjustments rather than deteriorating business performance, it underscored the risks of relying too heavily on a handful of mega-cap companies that now account for more than 40% of the S&P 500's total market value. Comparisons to the dot-com era have become more frequent, but today's environment appears notably different: the leading tech firms are highly profitable, generate strong cash flows, and are funding AI investments internally rather than through excessive borrowing. With the Federal Reserve moving toward a more accommodative stance and inflation easing, the broader backdrop remains supportive, suggesting the recent volatility is more likely a healthy reset than the start of a downturn.
- At the same time, the economic and labor implications of rapid AI adoption are becoming more visible. Early evidence suggests that sectors most exposed to generative AI, such as computer science and mathematics, are seeing higher unemployment, while service-oriented roles remain relatively stable. Historically, technological revolutions have led to temporary disruptions in employment before ultimately boosting productivity and creating new industries—and AI may follow that same trajectory. While near-term labor challenges could persist, the long-term potential for AI-driven efficiency and innovation remains strong.

3. Taking a look at the week ahead.

- Monday — No major reports
- Tuesday — Veterans Day
- Wednesday — No major reports
- Thursday — Consumer Price Index (CPI)
- Friday — Producer Price Index (PPI)

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As always, here at Alpha Zero we believe knowledge is power and look forward

to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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