THEMATIC RESEARCH · TECHNOLOGY SELL-OFF

Tech's Worst Day Since June: Intel, Chips and the AI Payoff Question

The Nasdaq fell 2.9% and the semiconductor index 7.2% on the last trading day of October. Intel lost 29% in one of its worst sessions on record despite beating expectations, Amazon's cash burn weighed on the AI trade and memory stocks fell on fears that prices have peaked. This report explains what moved, why it spread, and what it says about where the AI cycle stands.

Global Markets Research · Equity Strategy Desk Prepared by ANDRA MARKETS

~$16B

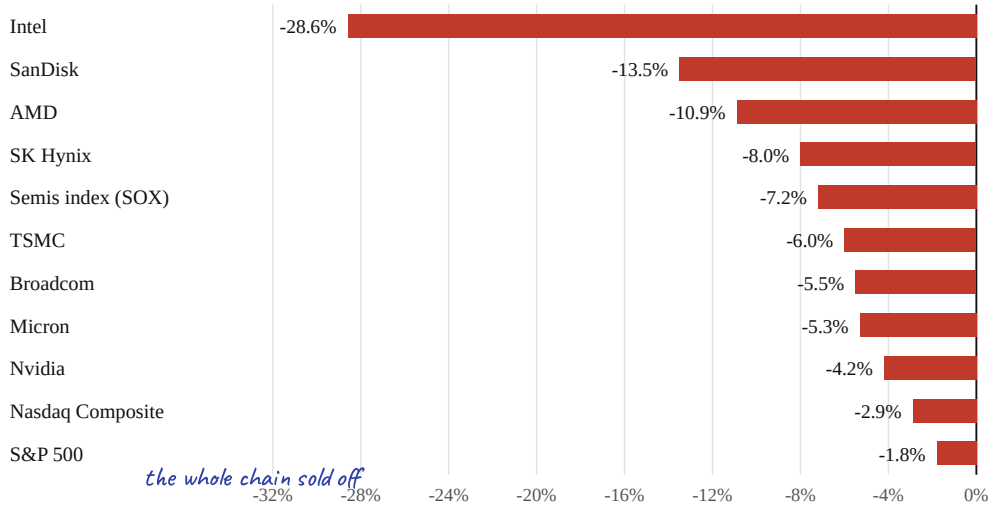
beat, then -29%

Coverage summary. Intel reported third-quarter revenue of $16.5 billion, up 21%, non-GAAP EPS of $0.52 against $0.41 expected, and data centre and AI revenue up 78% to $7.3 billion, its strongest growth in 15 years. Then it guided fourth-quarter revenue to $15 to 16 billion against roughly $17.1 billion expected, EPS to $0.25 against $0.43 and gross margin down to about 38%. The shares fell 28.6% to $65.76, their steepest drop in decades. The selling spread across the chain: AMD lost about 11%, SanDisk 13%, SK Hynix 8%, TSMC 6%, Broadcom 5.5% and Nvidia 4%, whose market value slipped below $5 trillion and ceded first place to Apple. The Nasdaq Composite fell 2.86% and the S&P 500 1.82%, each its worst day since June, and the VIX rose more than 30% intraday.

good quarter, bad guide

INTEL	SEMIS INDEX (SOX)	NASDAQ COMPOSITE	INTEL Q4 GUIDE
−28.6%	**−7.2%**	**−2.9%**	**$15.5B**
to $65.76; worst in decades	*worst since 5 June*	*worst day since June*	*vs ~$17.1B expected*

EXHIBIT 1. PRICE CHANGE ON 30 OCTOBER 2026 (%)



the whole chain sold off

from Intel to everyone

Sources: Seoul Economic Daily (closing moves); Fool.com and StockTitan (indices); TokenPost and Reuters via FinanceFeeds (intraday references). Approximate closing changes.

1.0 Executive Summary

Key takeaways

The market traded the guide, not the quarter. Intel beat on revenue, margin and EPS for an eighth straight quarter. What it could not do was show the improvement continuing: revenue, margin and EPS all step down in the fourth quarter, and management warned that PC weakness runs at least through the first half of 2027.

Two problems sit behind the guide. PC demand is soft, with client revenue down 5%, and Intel cannot make enough server chips: supply constraints in data centre, an Israel plant shutdown costing about $300 million and roughly two points of margin, and higher memory costs that raise PC prices and hurt demand.

The sell-off spread through the PC and memory chain. AMD, Qualcomm and Arm, which share Intel's exposure to PCs, fell 9% to 12%. Memory names fell on fears that pricing is peaking, despite SanDisk reporting revenue up 378% and an 8-for-1 split. Equipment makers Applied Materials, Lam and ASML fell 6% to 7%.

It landed on an already nervous market. Amazon's −$42 billion trailing free cash flow, Alphabet's first negative free-cash-flow quarters and a 3.6% PCE inflation print had already raised the question of who pays for AI and at what interest rate. Intel added a third question: what happens to the rest of the chip market while AI absorbs supply and capital.

Data centre demand is not the problem. Intel's server business grew 78% and management says it cannot meet demand for Xeon. The fall reflects how far the shares had run, from a 52-week low of $32.89 to $142.35, and how little room that left for a sequential decline.

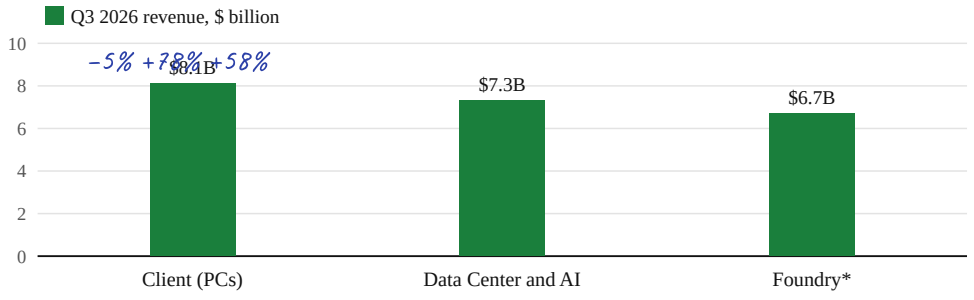
Our reading. Friday was a positioning event inside a durable AI cycle rather than a verdict on it. The question for November is breadth: whether AI demand can carry the parts of the semiconductor market that depend on PCs, phones and memory pricing, at a time when rates are rising and the market is paying for cash flow, not promises.

2.0 Intel's Quarter

Strong results, weak outlook

Intel's third quarter was its best in years by most measures. Revenue rose 21% to $16.5 billion, GAAP gross margin reached 43.0% and non-GAAP 44.1%, up four points, and the non-GAAP operating margin rose to 19.6% from 11.2%. Data Center and AI revenue grew 78% to $7.3 billion, up 17% sequentially, and is now almost as large as the PC business, whose revenue fell 5% to $8.1 billion. Intel Foundry revenue rose 58% to $6.7 billion including internal sales, but the unit still lost $1.85 billion. Operating cash flow was $5.1 billion. Chief financial officer David Zinsner called it the strongest data centre growth in 15 years.

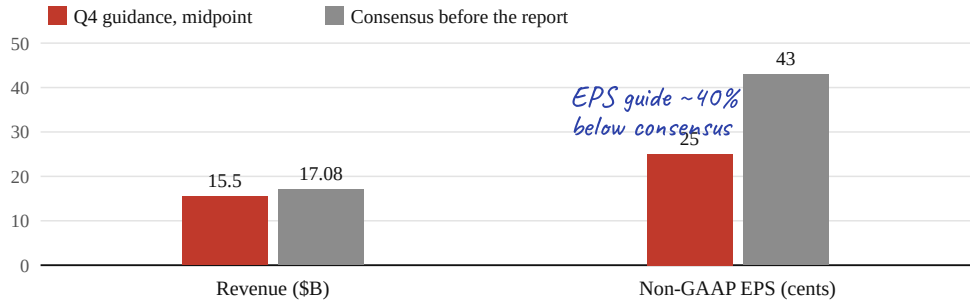
Exhibit 2. Intel revenue by segment, Q3 2026 ($ billion)



*Source: Intel Q3 2026 earnings release (8-K). *Foundry includes intersegment revenue and does not add to the group total.*

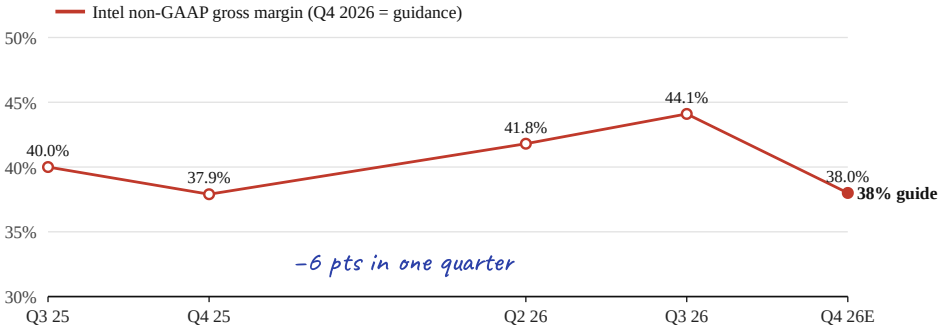
The guidance changed the story. Intel expects fourth-quarter revenue of $15.0 to 16.0 billion, a midpoint of $15.5 billion against a consensus near $17.1 billion, with some forecasts above $18 billion, according to Bloomberg. Non-GAAP EPS is guided to $0.25 against $0.43 expected, and non-GAAP gross margin to about 38%, six points below the third quarter. Management cited PC weakness lasting at least through the first half of 2027, data centre supply constraints, the Israel plant shutdown and investment in capacity and working capital, and gave no segment guidance.

Exhibit 3. Intel fourth-quarter guidance vs consensus



Sources: Intel Q4 2026 outlook; consensus via Bloomberg (revenue ~$17.08B, EPS $0.43) reported by Quartz and Yahoo Finance.

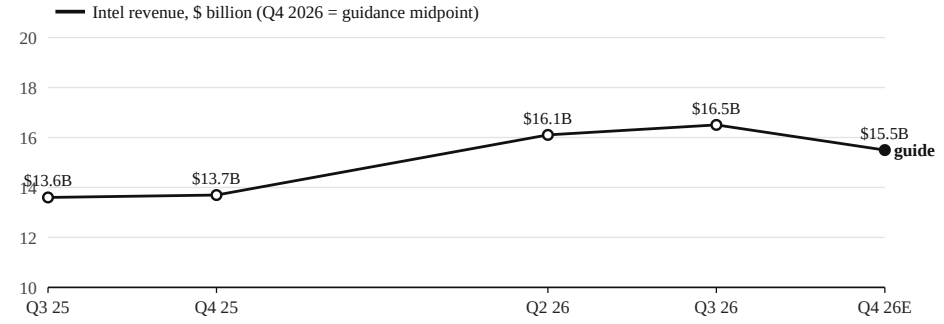
Exhibit 4. Intel non-GAAP gross margin by quarter (%)



margin back to 2025

Sources: Intel earnings releases (Q3 2025, Q4 2025, Q2 2026, Q3 2026); Q4 2026 is company guidance. Q1 2026 not shown.

Exhibit 5. Intel revenue by quarter ($ billion)



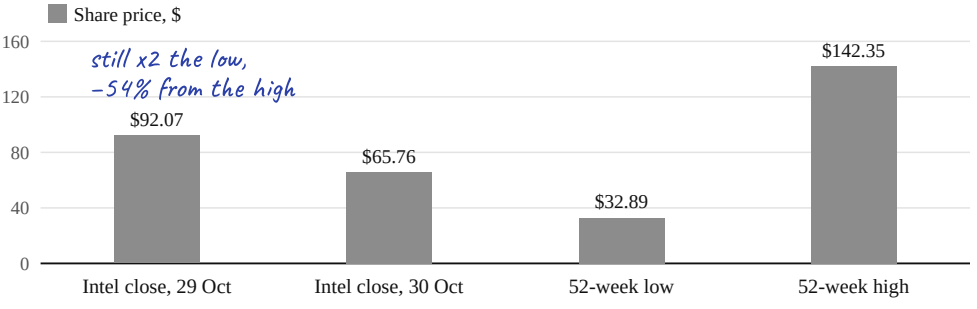
Sources: Intel earnings releases; Q3 2025 derived from reported 21% growth; Q4 2026 is the guidance midpoint.

~$32.9

The size of the fall reflects positioning as much as news. Intel traded at $32.89 at its 52-week low and $142.35 at its high; it closed Thursday at $92.07 and Friday at $65.76, on volume of about 448 million shares, more than four times the three-month average. A stock priced for continuous improvement met a guide that showed a pause, and holders who had made multiples of their money sold at once.

-54% from the high

Exhibit 6. Intel share price reference points ($)



Sources: Fool.com (close and 52-week range, 30 Oct 2026); Thursday close derived from the reported $26.31 decline.

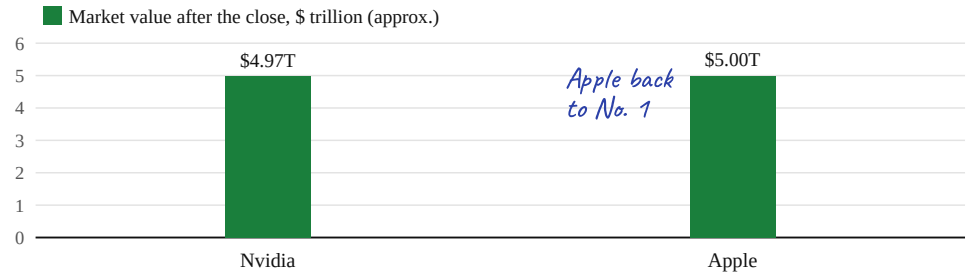
3.0 Contagion

Why the whole chain sold off

The sell-off followed the supply chain. Companies with direct exposure to PCs fell hardest: AMD about 11%, Qualcomm 11% and Arm 10% intraday. Memory followed: SanDisk lost 13.5% despite beating forecasts and announcing an 8-for-1 split, as Wells Fargo cut targets and investors questioned whether memory pricing is near a peak; SK Hynix fell 8% and Micron 5%. The reason connects back to Intel's warning: AI demand is driving memory prices up, which raises PC costs and hurts PC demand, which in turn hurts the CPU and memory makers that depend on PCs. AI is absorbing supply, capital and pricing power from the rest of the chain. Equipment makers fell 6% to 7% and TSMC 6%.

Nvidia fell least among the large chip names, about 4%, but enough for its market value to slip below $5 trillion and for Apple, which fell only 1.2%, to retake first place. Broadcom lost 5.5%. Nvidia reports in the second half of November, and its numbers will test whether the AI-specific part of the chain is as strong as the Amazon, Alphabet and Microsoft cloud results suggest.

Exhibit 7. Market value after the close, approximate ($ trillion)



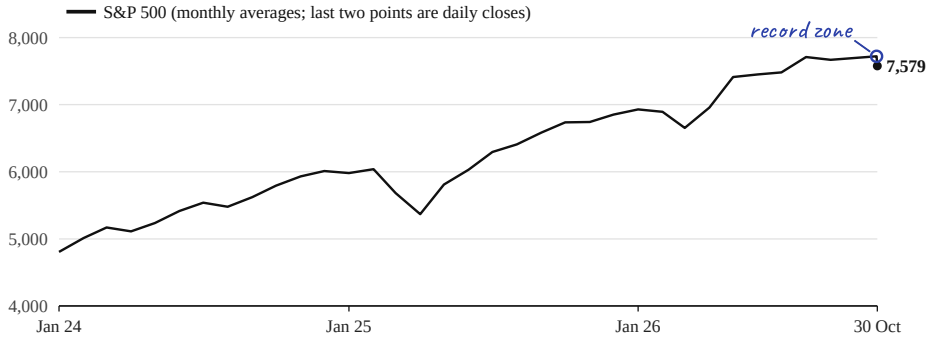
Sources: Seoul Economic Daily; PANews; Trading Economics (30 October 2026). Approximate.

4.0 The Macro Backdrop

Rising rates meet expensive tech

The day did not happen in a vacuum. On Thursday the Fed's preferred inflation gauge, the PCE price index, rose 3.6% year on year in September with core at 3.1%, after the Fed held rates at 3.75% to 4% on 28 October with two officials voting for a hike. On Friday St. Louis Fed president Alberto Musalem said further tightening will be needed "soon" and Dallas Fed president Lorie Logan argued for at least two more quarter-point hikes. Futures priced roughly a 70% to 80% chance of a December hike. The ten-year Treasury yield reached 5.31% on 5 October, its highest since 2002. Higher discount rates hurt long-duration growth stocks most, and the semiconductors had led the market up.

Exhibit 8. S&P 500 since January 2024



Sources: S&P 500 monthly averages (Shiller data) to September 2026; daily closes for 29 and 30 October from Zacks via Yahoo Finance and StockTitan.

Not everything fell. On Thursday nine of eleven S&P sectors rose, with health care and real estate up more than 2%, and on Friday Exxon and Chevron touched record highs after strong results. The rotation is consistent with a market moving from growth to cash flow and from long duration to defensive and energy exposure, rather than a broad liquidation.

5.0 What It Means

Breadth is the issue, not demand

Guidance has become the main event. Intel, Amazon and Alphabet all beat or met on the quarter and were sold on the outlook or the cash flow. With valuations high, the market is paying for the next quarter, not the last one.

1. guides matter more

AI demand is narrowing the winners. Server CPUs, accelerators and high-bandwidth memory are short of supply; PCs, phones and parts of memory face higher costs and softer demand. The same cycle that lifts one part of a company can squeeze another, as Intel showed within one release.

2. AI vs the rest

Rates are the swing factor for multiples. A December Fed hike is largely priced; a second or a 50-basis-point move would hit long-duration tech hardest. The jobs report on 6 November and the CPI in mid-November are the next tests.

3. rates are the swing

6.0 Scenarios and Calendar

Into Nvidia's results

Exhibit A. Andra Markets scenarios for semiconductors to year-end

Scenario	Prob.	What happens	Signal
Rotation, not retreat	50%	AI leaders stabilise; PC and memory names stay weak	Nvidia guide strong; SOX recovers half the drop
Broader de-rating	35%	rates and cash-flow worries compress tech multiples	10-year above 5.3%; Dec hike plus hawkish dots
Quick rebound	15%	dip bought; Friday seen as positioning	Nvidia beat, soft jobs data, yields fall

Andra Markets scenarios; probabilities are judgemental. Not a recommendation on any security.

Exhibit B. Calendar

Date	Event	Why it matters
6 Nov	US October jobs report	rates and the December hike
Mid-Nov	US October CPI	inflation trend
Second half of Nov	Nvidia Q3 results	AI demand signal for the whole chain
Early Dec	Intel and peers at investor conferences	PC and supply commentary
9 Dec	Fed decision with projections	discount rate for tech

Andra Markets selection; dates indicative.

reading: AI demand is fine; the rest of the chip market is paying for it, and rates are rising. breadth, not demand, is the question

Methodology and Source Notes

Method. This report uses Intel's Q3 2026 earnings release and call, consensus as reported by Bloomberg, and market data from closing reports by Fool.com, StockTitan, Seoul Economic Daily, TokenPost and Reuters, as available on 30 October 2026. Some single-stock moves are intraday references. Scenario probabilities are judgemental. Not a recommendation on any security. Handwritten notes and highlights are informal commentary by the desk. This note is analysis, not investment advice.

Principal sources. Intel 8-K (29 Oct 2026); Investing.com transcript; Bloomberg via Quartz and Yahoo Finance; Jon Peddie Research; Wccftech; 24/7 Wall St.; Fool.com; StockTitan; TheStreet; CNN; Seoul Economic Daily; TokenPost; FinanceFeeds; Invezz; PANews; TradingKey; Yahoo Finance; CNBC; Zacks; S&P 500 monthly data.

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