LONG-FORM RESEARCH · MARKET CRASH ANATOMY

Six Minutes, $2 Trillion: The Day the AI Trade Cracked

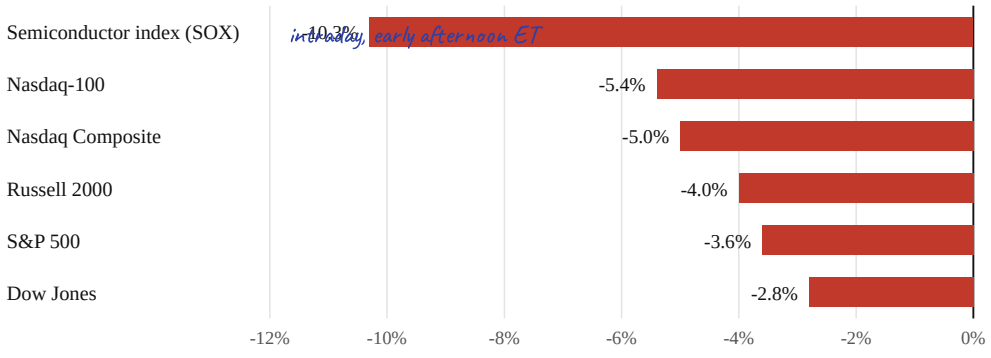
It took the Nasdaq six minutes to erase Wednesday's post-election rally. By midday the S&P 500 had lost more than $2 trillion, the semiconductor index was down more than 10%, its worst day since March 2020, and the Nasdaq had entered a correction. Nvidia turned negative for the year. This report reconstructs the sell-off, explains the three forces behind it, from data-centre politics to memory chips and rates, puts it in historical context and sets out what comes next. Figures are intraday and will change by the close.

Global Markets Research · Equity Strategy Desk Prepared by ANDRA MARKETS

Coverage summary. On Wednesday the Dow rose 3% to 53,356, its best day since April 2025, the S&P 500 1.6% to 7,689 and the Nasdaq 1.4% after the Democratic sweep of Congress. On Thursday the Dow opened higher, then the floor gave way: the Nasdaq erased the post-election gain in six minutes, more than $2 trillion of US market value disappeared within about 50 minutes of the open, and by early afternoon the S&P 500 was down about 3.7%, the Nasdaq about 5% and the Dow about 2.9%, or 1,578 points. The PHLX semiconductor index fell more than 10%, its worst session since March 2020. AMD lost about 16%, Micron 16%, SanDisk 18%, Nvidia 8%, pulling it below where it started 2026. The Nasdaq closed more than 10% below its 6 October record, a correction; the S&P 500 is heading for its worst day since the 'Liberation Day' tariffs of April 2025 and the Dow for its worst second day after a midterm in data going back to 1896. This was not a broad panic: about two in five S&P 500 stocks rose and Berkshire Hathaway hit a record. It was the AI build-out trade breaking.

NASDAQ	SEMIS (SOX)	MARKET VALUE LOST	NVIDIA
−5%	**−10% to −11%**	**> $2T**	**−8%**
correction: >10% off record	*worst since March 2020*	*in ~50 minutes*	*negative for 2026*

EXHIBIT 1. INDEX MOVES ON 5 NOVEMBER, INTRADAY (%)



Sources: Yahoo Finance live blog (SOX −10.34%, Nasdaq −4.90%); Trading Economics (S&P 500 −3.56% to 7,415, Dow −2.79%, Nasdaq-100 −5.40%, Russell 2000 −4.01%). Afternoon ET; not closing levels.

1.0 Executive Summary

Eight takeaways

1. The speed was the story. Six minutes to erase a rally, $2 trillion in under an hour and the largest one-day jump in the VIX in more than two years. Positioning, not news, made it violent.

2. Chips took the hit. Chipmakers alone lost well over $1 trillion of value by midmorning. Nvidia lost about $430 billion, TSMC $220 billion, and Micron, Broadcom and SK Hynix about $150 billion each.

3. Data-centre politics was the spark. After voters restricted data centres in 38 of 39 local ballots, UBS estimated that about 30% of data-centre capacity additions expected in 2028 could be delayed. Fewer data centres means fewer chips.

4. Memory and phones added fuel. Qualcomm's weak handset outlook and concern about smartphone demand and component costs hit memory makers hardest: SanDisk −18%, Micron −16%.

5. Rates and oil removed the cushion. Cleveland Fed president Beth Hammack backed further gradual hikes, the Bank of England raised rates and warned inflation will near 5%, and oil rebounded from Wednesday's plunge.

6. Breadth held. Roughly 40% of S&P 500 stocks rose, Treasuries rallied and Berkshire Hathaway hit an all-time high. Money rotated out of AI rather than out of stocks.

7. Corrections are common. Since 1950 the S&P 500 has fallen 10% below a prior peak, on monthly averages, 17 times; a year later it was higher in 11 of them, by about 9% on average.

8. Our reading. The AI trade has moved from pricing unlimited demand to pricing the constraints: power, permits, capital and rates. Nvidia's results on 17 November and Friday's jobs report are the next tests. The close and the next few sessions will show whether this was a flush or the start of a deeper de-rating.

Exhibit A. The day in twenty numbers

Measure	Value	Source
Time for Nasdaq to erase Wednesday's rally	6 minutes	Yahoo Finance
US market value lost within ~50 minutes	> $2 trillion	Proactive
S&P 500 (afternoon)	−3.56%, ~7,415	Trading Economics
Dow (afternoon)	−2.79%, −1,487 pts	Trading Economics
Nasdaq Composite	≈ −5%; >10% below 6 Oct record	Yahoo Finance; Reuters
Nasdaq-100	−5.40%	Trading Economics
Russell 2000	−4.01%	Trading Economics
Semiconductor index	−10% to −11%; worst since Mar 2020	Yahoo Finance; Wall St Engine
VIX	~25; largest one-day jump in 2+ years	Trading Economics; Futurum
Nvidia	−7.7% to $184.74; negative YTD	Trading Economics; StockTitan
Nvidia value lost by midmorning	~$430B	Yahoo Finance
AMD	−13% to −16%	AP; Yahoo Finance
Micron	−13% to −16%	Proactive; CNBC
SanDisk	> −18%	TipRanks
Qualcomm	−9% to −12%	Reuters; BeInCrypto
CoreWeave	≈ −15%	AP
S&P 500 new highs vs new lows	69-74 vs 3-6	Reuters; YourNews
Nasdaq new highs vs new lows	132 vs 247	Reuters
Bank of England Bank Rate	4.00% (+25bp, 8-1)	Bank of England
UK inflation peak forecast	~4.9% (mid-2027)	Bank of England

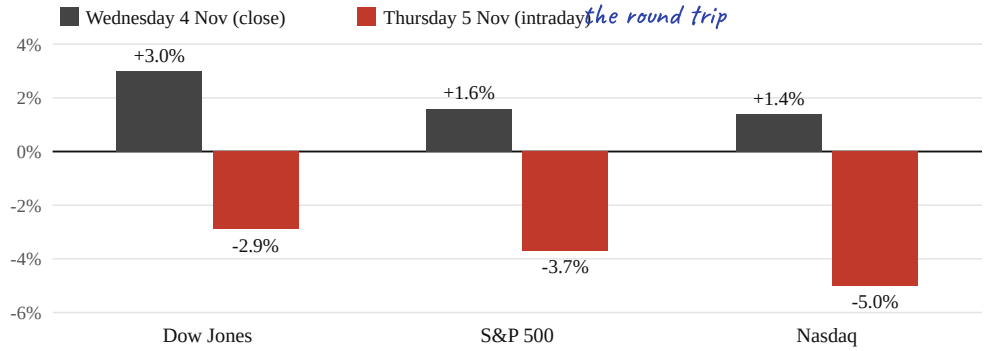
Intraday figures from different times of day; not closing levels.

2.0 The Session

How the day unfolded

The Dow opened 334 points higher, extending Wednesday's rally. Within minutes the selling started in chips and spread: the S&P 500 fell 1.8% in its first 30 minutes, wiping out its post-midterm gain, and more than $2 trillion of market value had gone within 50 minutes, according to Proactive and Yahoo Finance. Losses deepened through the morning. At about 10:00 ET twelve AI-linked stocks had lost $930 billion between them, led by Nvidia; by 11:00 the S&P 500 was down 3.2% and the Nasdaq 5%; by early afternoon the S&P 500 was down 3.7%, the Nasdaq 5% and the Dow 2.9%. Nvidia traded at about $185 in the afternoon, down 7.7%, below its 31 December close of $186.50 and therefore negative for 2026. Futurum's Shay Boloor noted the biggest one-day jump in the VIX in over two years.

Exhibit 2. The round trip: Wednesday's close vs Thursday intraday (%)



Sources: AP via FinChannel (Wednesday closes: Dow 53,356.12, S&P 500 7,688.62, Nasdaq 25,736.51); Yahoo Finance and CNBC (Thursday intraday).

Exhibit B. Session timeline (ET, approximate)

Time	What happened
09:30	Dow opens 334 points higher; S&P 500 −0.1%; Nasdaq −0.7%
~09:36	Nasdaq has erased Wednesday's post-election rally (six minutes)
~10:00	S&P 500 −1.8% in its first 30 minutes
10:04	twelve AI-linked stocks down a combined ~$930B
~10:20	more than $2 trillion of US market value lost within 50 minutes of the open
~10:53	SOX −11.2%, worst since March 2020; Nasdaq −5.3%
11:00	S&P 500 −3.2%, Dow −1,146, Nasdaq −5%
~11:08	Nvidia turns negative for 2026
Early afternoon	Dow −1,578 (−2.9%), S&P 500 −3.7%, Nasdaq −5%: correction

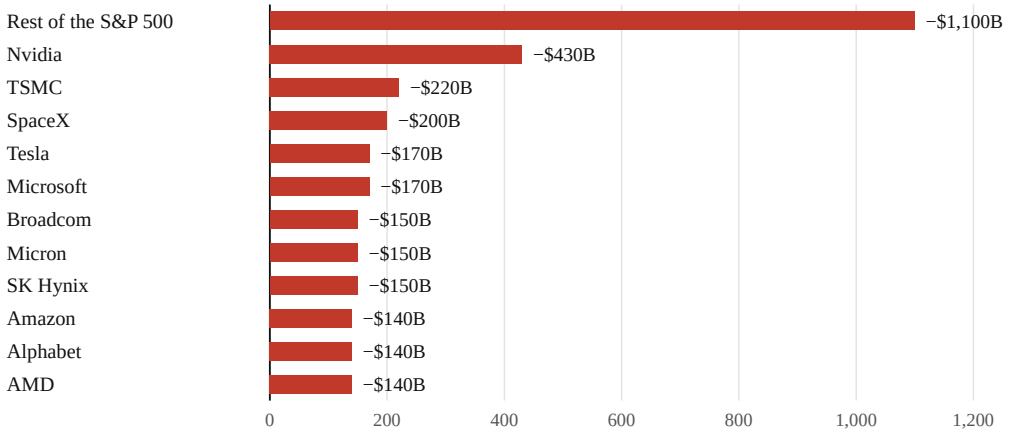
Sources: CNBC; Yahoo Finance; Proactive; FourWeekMBA (citing Wall St Engine, @DeItaone, zerohedge); AP. Times approximate.

3.0 The Chip Wipeout

$1 trillion-plus in chips alone

The PHLX semiconductor index fell between 10% and 11% intraday, its worst day since March 2020, and the iShares Semiconductor ETF as much as 11%. The damage reached every part of the chain. AMD, which on Tuesday had reported data-centre revenue up 97% and guided above expectations, fell about 16%; Micron 13% to 16%; SanDisk more than 18%; Qualcomm about 12%; Nvidia about 8%, after a 3.2% drop on Wednesday; Broadcom about 5%. Outside chips, CoreWeave fell about 15%, Tesla about 10% and GE Vernova 9%. A 1% move in Nvidia now moves the S&P 500 more than almost any other stock, which is why chip weakness became index weakness so quickly.

Exhibit 3. Market value lost by midmorning, 5 November ($ billion)



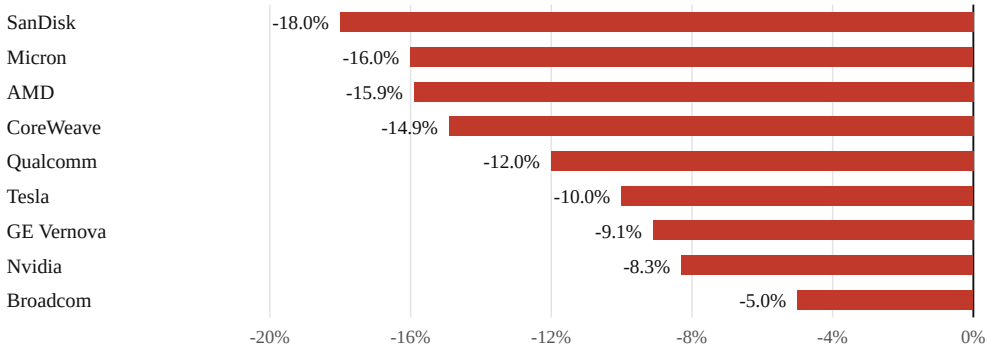
Nvidia −$430B

Source: Yahoo Finance via AOL (chart of market value lost through midmorning). Approximate.

The pattern within chips is telling. The deepest falls were in memory (SanDisk, Micron) and in AMD, whose valuations have risen most on expectations of AI-driven pricing and share gains, and in CoreWeave, the most leveraged expression of GPU demand. Broadcom, whose custom-chip business is tied to long-term hyperscaler programmes, fell least. The market discriminated by sensitivity to the pace of deployment and to financing, not by exposure to AI as such.

memory hit hardest

Exhibit 4. Selected stock moves on 5 November (%)



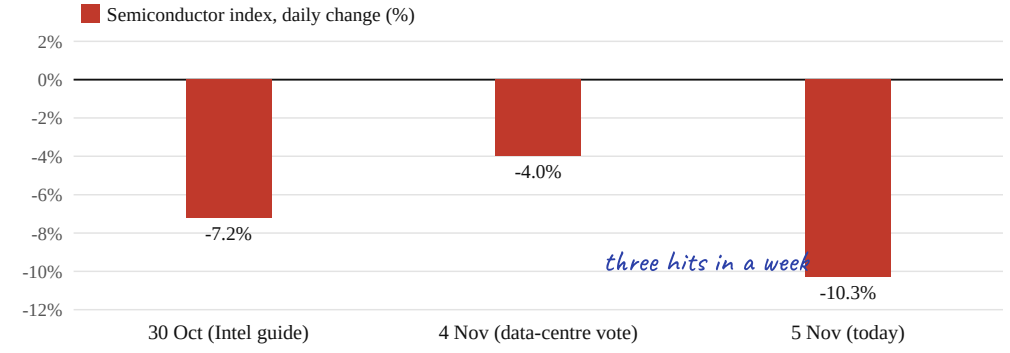
Sources: Yahoo Finance; CNBC; AP via BNN Bloomberg; BeInCrypto (TradingView data); TipRanks. Intraday levels at different times; approximate.

three hits

Thursday was the third heavy blow to semiconductors in a week. On 30 October Intel's guidance knocked the index down 7.2%; on 4 November data-centre builders and power suppliers collapsed after the vote; on 5 November the selling reached the chipmakers themselves. Each episode hit a different link in the chain, which is why investors increasingly treat the AI build-out as a single trade with several points of failure.

~7.2%

Exhibit 5. The week the chip trade broke: semiconductor index daily moves (%)



Sources: Andra Markets 2026-75 (30 Oct, −7.2%); Andra Markets 2026-91 and Reuters (4 Nov, approximate); Yahoo Finance (5 Nov intraday).

3.5 Nvidia: Strong Numbers, Falling Stock

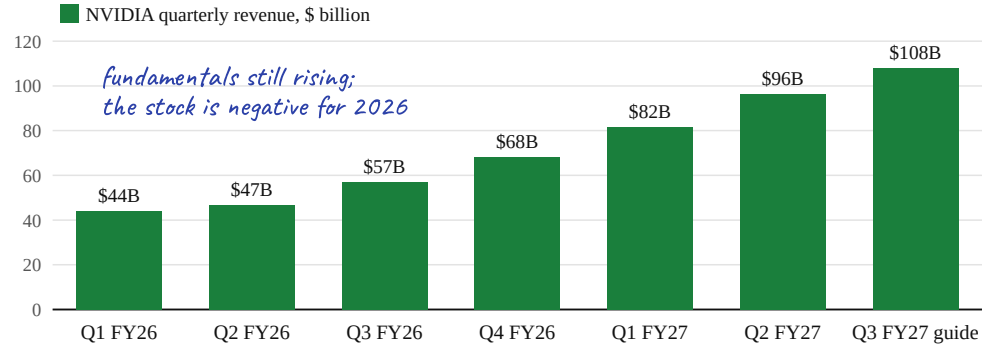
The disconnect

~$44B

No company illustrates the day better than Nvidia. Its revenue has more than doubled in eighteen months, from $44 billion in its fiscal first quarter of 2026 to a guided $108 billion for the quarter just ended; it reports on 17 November. Yet the stock fell 3.2% on Wednesday and about 8% on Thursday, to around $189, its lowest since mid-April and below where it started 2026, according to Nasdaq data cited by FourWeekMBA. Its market value fell by about $430 billion by midmorning, more than the entire value of most S&P 500 companies. The market is no longer paying for this quarter's numbers but for 2027-28 deployment, which is exactly what the data-centre backlash puts in doubt.

$108B guide, YTD negative

Exhibit 6. NVIDIA quarterly revenue ($ billion)



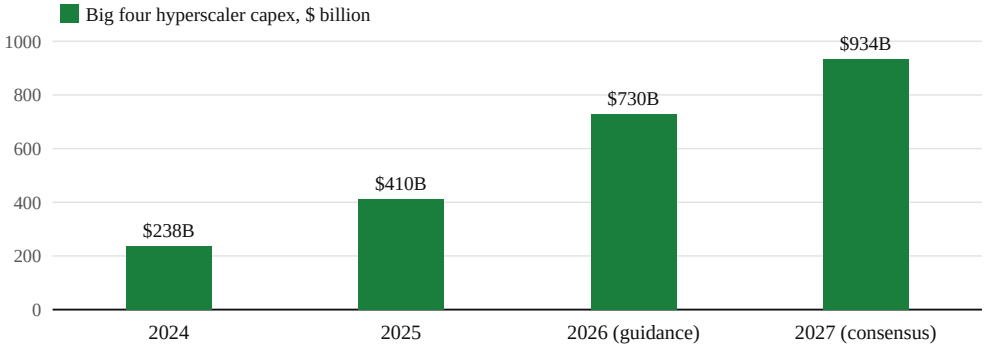
Sources: NVIDIA 8-K releases; Q3 FY27 is company guidance (Andra Markets 2026-79).

owners hit too

The hyperscalers, which rose 3% to 7% on Wednesday because slower construction would limit their capex, also fell on Thursday: Microsoft lost about $170 billion of market value and Amazon and Alphabet about $140 billion each by midmorning. The spending they plan, about $730 billion this year and $935 billion next, is the revenue of the chipmakers, and the market sold both sides of that equation.

~3%

Exhibit 7. Big four hyperscaler capital expenditure ($ billion)



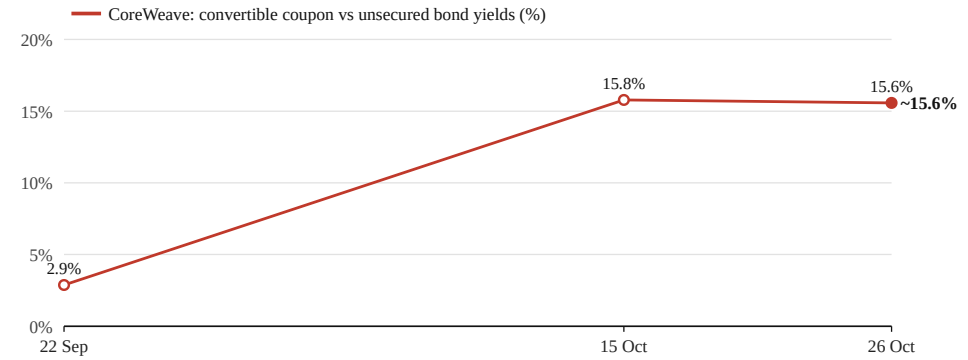
Sources: Andra Markets 2026-73 (Forbes, ValueAdd VC, FactSet via IO Fund).

~15%

Credit was already flashing warnings. CoreWeave, which fell about 15% on Thursday, saw its unsecured bond yields move from a 2.875% convertible coupon in September to about 15.6% in late October, as Andra Markets 2026-81 detailed. Neoclouds borrow against GPUs and customer contracts; any delay in data-centre deployment raises the risk that their debt cannot be refinanced on acceptable terms, which feeds back into GPU demand.

credit link

Exhibit 8. CoreWeave: from cheap convertible to distressed yields (%)



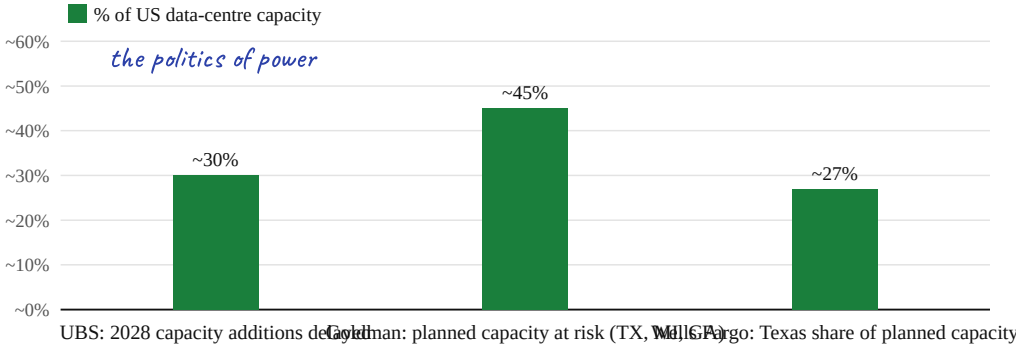
Sources: CoreWeave; BigGo Finance; RoboForex (via Andra Markets 2026-81).

4.0 Cause One: The Politics of Power

From ballot boxes to order books

The first driver is the one Andra Markets examined this morning in 2026-91. On 3 November voters restricted data centres in 38 of 39 fully counted local ballot measures, and candidates who promised curbs won statewide. Texas governor-elect Gina Hinojosa campaigned on extending a moratorium on new data-centre approvals; Georgia elected a Democrat who backed restrictions; New York Governor Kathy Hochul had already ordered a one-year suspension of large facilities. UBS strategists estimate that delays could affect about 30% of data-centre capacity additions expected in 2028; Goldman Sachs puts about 45% of planned capacity at risk across Texas, Michigan and Georgia. On Wednesday the market treated this as a problem for builders and power companies and good news for hyperscalers. On Thursday it worked through the next link: fewer data centres means fewer GPUs, less memory and less networking.

Exhibit 9. Estimates of US data-centre capacity exposed to political delay



Sources: UBS via TipRanks; Goldman Sachs via Reuters; Wells Fargo via Motley Fool. Different bases; illustrative.

5.0 Cause Two: Memory and Phones

The non-AI half of the chip market

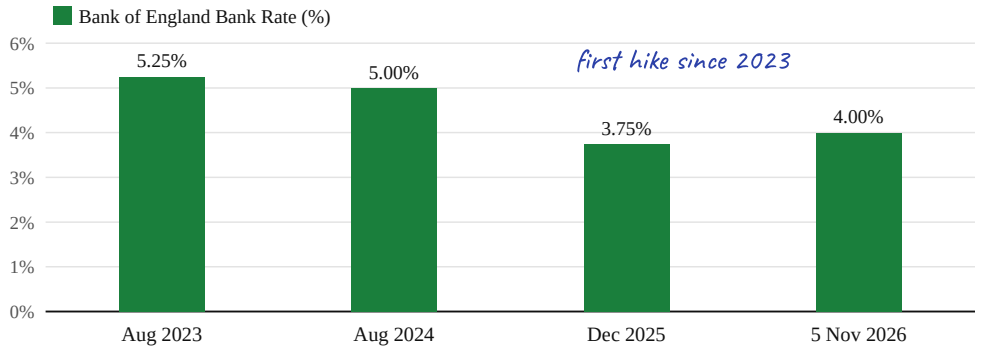
The second driver came from outside AI. Reuters reported that Qualcomm fell short of Wall Street estimates for fourth-quarter smartphone chip sales on sluggish demand and declining Apple-related revenue, and its shares fell 9% to 12% during the session. Qualcomm's disappointing outlook for handset revenue and concerns about slowing smartphone demand and rising component costs hit memory makers, whose prices have been inflated by AI demand. This echoes Intel's warning on 30 October that AI is absorbing supply, capital and memory pricing at the expense of PCs and phones, discussed in Andra Markets 2026-75. When the AI half of the chip market wobbles, the non-AI half no longer offers a cushion, because it is already squeezed by AI's costs.

6.0 Cause Three: Rates, Oil and the Bank of England

No relief from the central banks

The third driver was the cost of money. Cleveland Fed president Beth Hammack backed a gradual approach to further increases and markets still expect a possible Fed hike in December. Oil rebounded after Wednesday's plunge below $100. And at noon London time the Bank of England raised Bank Rate to 4%, its first hike since August 2023, in an 8-1 vote in which the dissenter, Catherine Mann, wanted a half-point move. The Bank warned that inflation would approach 5% by mid-2027, and 6.2% if oil peaked near $130; Governor Andrew Bailey said he could see the argument for a further increase. Gilt yields rose. Every major central bank is now holding or hiking, as Andra Markets 2026-76 described, which raises the discount rate on the long-dated profits that AI stocks are priced on.

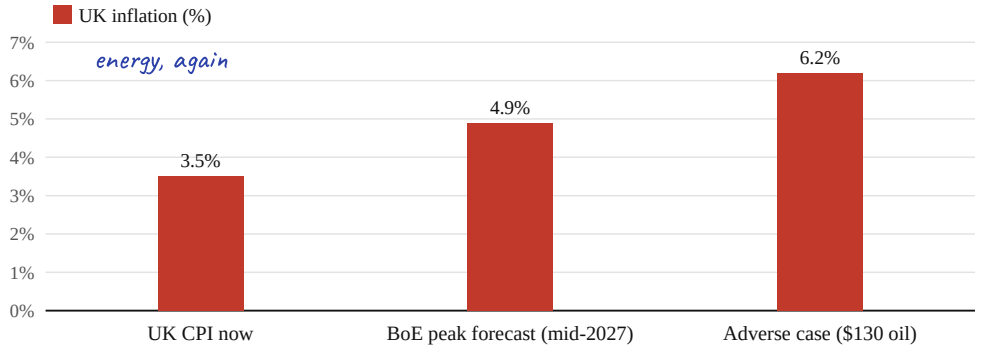
Exhibit 10. Bank of England Bank Rate (%)



Sources: Bank of England via MoneyWeek, Reuters and CNBC (selected decision points).

The Bank of England's projections matter beyond Britain because they show how central banks are modelling the energy shock. Its central case has UK inflation rising from 3.5% now to about 4.9% by mid-2027; in an adverse scenario with oil near $130, inflation reaches 6.2% in the third quarter of 2027. Bailey made further hikes conditional on energy prices and on evidence that inflation is spreading into wages through the 2027 pay round, saying the next move could be "up, down, or sideways". Mann's call for a half-point rise was framed as a 'down payment' against second-round effects.

Exhibit 11. UK inflation: now, BoE peak forecast and adverse case (%)



Sources: ONS (3.5%); Bank of England November Monetary Policy Report via Bloomberg, Whalesbook and Reuters.

7.0 What Did Not Fall

Rotation, not liquidation

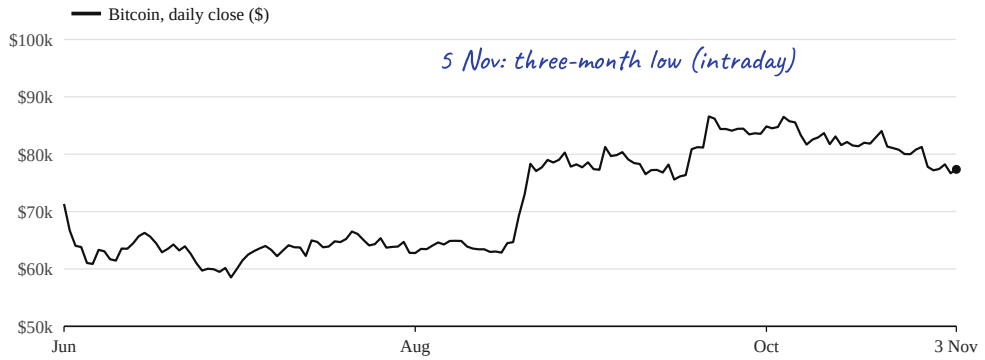
Despite the index losses, roughly two in five S&P 500 stocks rose, according to AP. Investors bought Treasury bonds and defensive names; Berkshire Hathaway reached an all-time high. Bitcoin, which trades as a high-beta risk asset, fell to a three-month low. The pattern points to a rotation out of the crowded AI trade rather than a broad flight from equities, consistent with the shift from long-duration growth to cash-generating sectors seen since late October.

crypto: 3-month low

Crypto fell with the high-beta end of the equity market. Bitcoin dropped to a three-month low on Thursday, according to TipRanks, a week after the $6.3 billion Binance theft and with spot ETF flows volatile. It confirms the pattern of 2026: crypto has traded as a leveraged bet on risk appetite rather than as a hedge.

~$6.3B

Exhibit 12. Bitcoin since June ($, daily close)



Sources: Bitstamp daily closes to 3 November; TipRanks (three-month low on 5 November, intraday).

~4.2%

In Britain, the Bank of England's hike reaches households quickly. MoneyWeek reported mortgage rates at a three-year high before the decision, and lenders will reprice variable-rate borrowing. Deutsche Bank expects a further rise to 4.25% in December or February. For investors, the decision confirms that the global tightening cycle now includes the last major central bank that had been holding, which leaves little room for monetary relief if markets keep falling.

UK homes

7.5 The Arithmetic of Concentration

Why a chip sell-off becomes an index crash

~1%

The most revealing statistic of the day is not the size of the fall but its breadth. Even at the depth of the sell-off, the S&P 500 registered between 69 and 74 new 52-week highs against only three to six new lows, according to Reuters; on the Nasdaq Composite, by contrast, new lows outnumbered new highs by 247 to 132. Early in the session a slight majority of S&P 500 stocks were still rising, and energy was the best-performing sector. Companies with strong results rose: AP cited AppLovin and Tapestry. A cap-weighted index fell more than 3% while the typical stock barely moved. That is the signature of concentration: Nvidia is the second-largest US company by value, so a 1% move in its shares shifts the S&P 500 more than a 1% move in almost any other stock.

new highs on a −3.6% day

~half from a dozen names

A rough calculation shows the scale. By midmorning the S&P 500 had lost a little over $2 trillion of value; Yahoo Finance's breakdown attributes about $1.1 trillion to the 'rest of the S&P 500' and the remainder, roughly $1 trillion or more, to a dozen AI-linked giants, Nvidia alone about $430 billion. In other words, perhaps a dozen stocks accounted for about half of the index's loss. The Russell 2000 of small companies fell about 4%, so the damage was not confined to megacaps, but the index-level crash is primarily a story about the handful of stocks that dominate it. For investors in cap-weighted index funds, the AI trade is not a sector bet they can opt out of; it is the largest single exposure they hold.

~$2.0T

Volatility repriced accordingly. The VIX, which measures expected S&P 500 volatility over the next 30 days, rose to about 25, a level associated with stressed but not panicked markets; Futurum's Shay Boloor noted its biggest one-day jump in more than two years. Higher implied volatility raises hedging costs and tends to force systematic funds that target a fixed level of volatility to cut equity exposure, which can extend selling into following sessions even without new information.

VIX ~25

8.0 Context: Corrections and Crashes

Where today sits in history

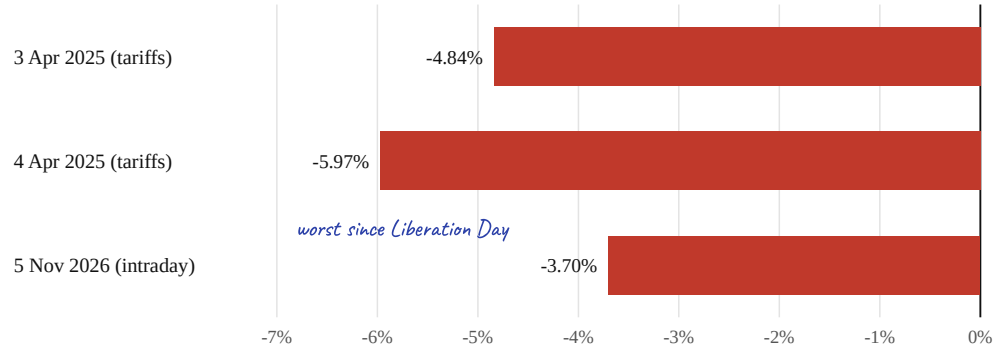
~3.7%

A 3.7% fall would be the S&P 500's worst day since the tariff crash of April 2025, when it lost 4.84% on 3 April and 5.97% on 4 April before recovering to records by June. The Nasdaq's fall of more than 10% from its 6 October record meets the conventional definition of a correction. Since 1950 the S&P 500 has fallen 10% below a prior peak on monthly averages 17 times by our calculation; twelve

Apr 2025: −4.8%, −6.0%

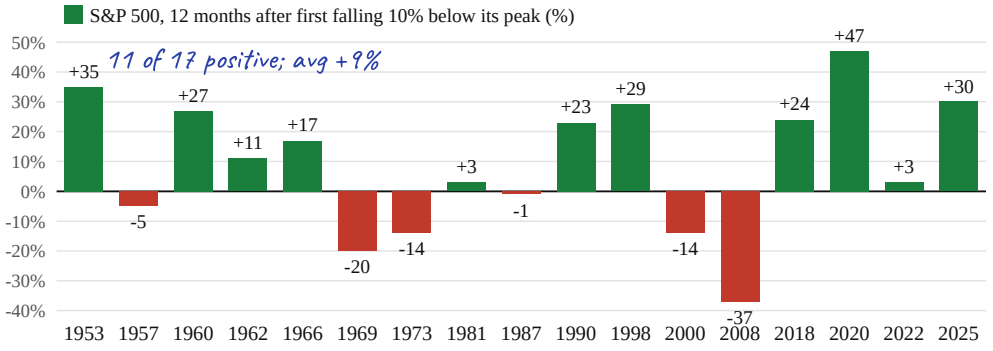
months later it was higher in 11 cases, by about 9% on average, but lower after 1957, 1969, 1973, 1987, 2000 and 2008, when corrections became bear markets. History says corrections are normal; it cannot say which kind this is.

Exhibit 13. S&P 500's worst days since 2025 (%)



Sources: Wikipedia '2025 stock market crash' (April 2025); Yahoo Finance (5 November 2026, intraday).

Exhibit 14. S&P 500: return 12 months after first falling 10% below a peak (%)



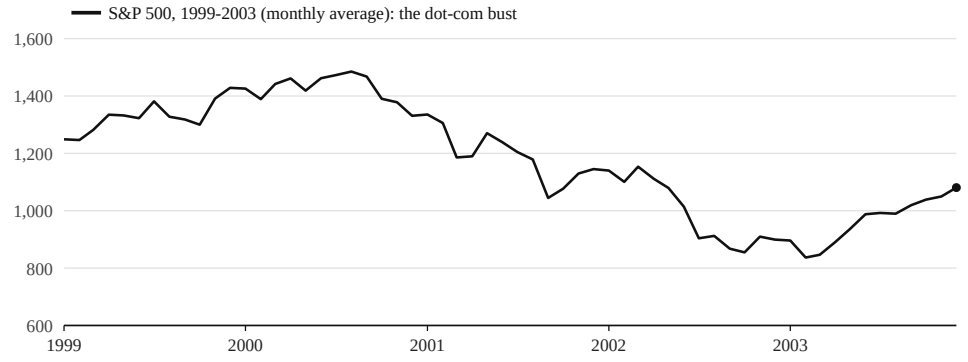
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Source: S&P 500 monthly averages (Shiller data), 1950-2025; Andra Markets calculations. Labels are the year the 10% threshold was crossed.

Two past episodes frame the debate. In 2000-02 the dot-com bust followed a period of heavy investment in telecom and internet infrastructure that ran far ahead of revenue; the S&P 500 fell by about half from its 2000 peak on monthly averages and the Nasdaq by much more. In 2022 the trigger was rates: the Fed raised rates by 5.25 points and the S&P 500 fell about a quarter before recovering to records within two years. Today has elements of both: an infrastructure build-out partly financed with debt, and central banks raising rates into an energy shock. The key difference is that AI demand and profits at the largest companies are real and growing.

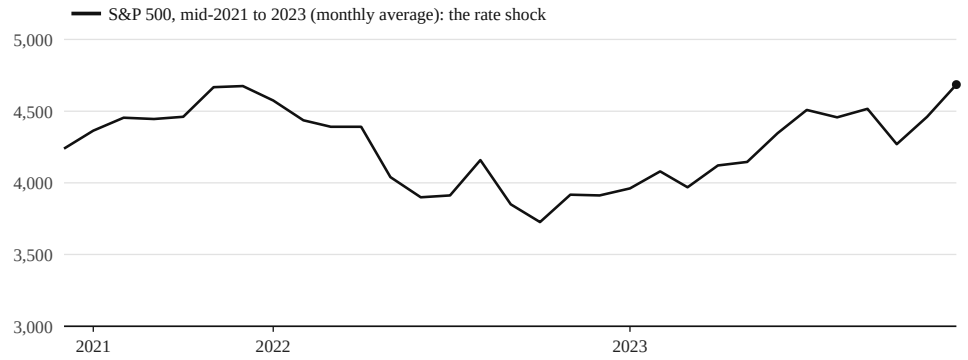
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Exhibit 15. S&P 500 during the dot-com bust, 1999-2003



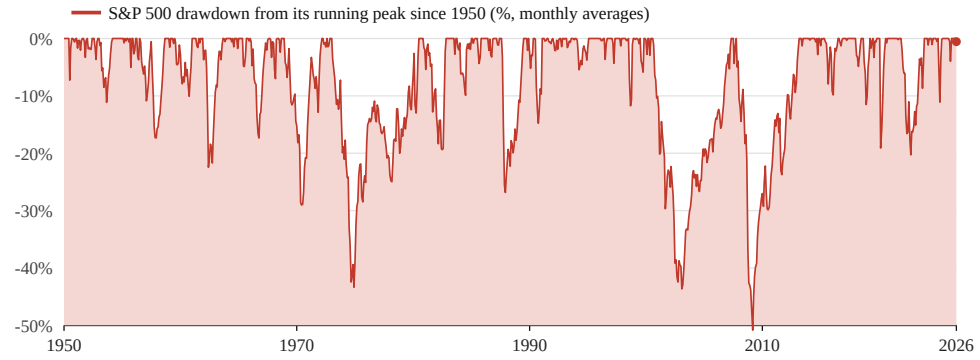
Source: S&P 500 monthly averages (Shiller data).

Exhibit 16. S&P 500 during the 2022 rate shock



Source: S&P 500 monthly averages (Shiller data).

Exhibit 17. S&P 500 drawdowns since 1950 (%)



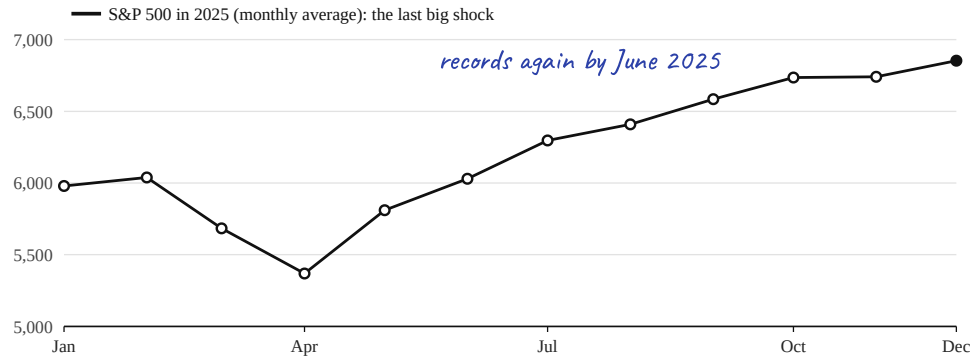
Source: S&P 500 monthly averages (Shiller data); Andra Markets calculations. Monthly averages understate intraday and daily drawdowns.

2025: V-shape

The most recent comparable shock is instructive. In April 2025 the S&P 500 fell 4.84% and 5.97% on consecutive days after the tariff announcements, more than $6.6 trillion of value was lost in two days, and the index was back at records by late June once tariffs were paused. A policy shock that can be reversed tends to produce a V-shaped recovery; a shock to the economics of an industry usually takes longer to resolve.

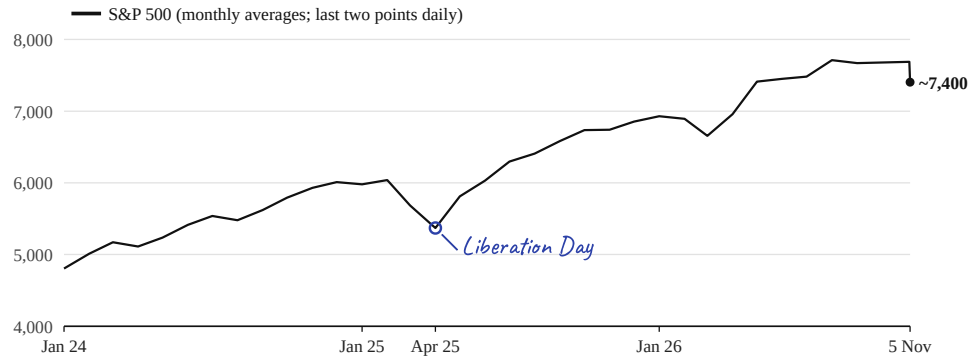
~4.8%

Exhibit 18. S&P 500 in 2025 (monthly average)



Source: S&P 500 monthly averages (Shiller data); Wikipedia '2025 stock market crash' for event dates.

Exhibit 19. S&P 500 since January 2024



Sources: S&P 500 monthly averages (Shiller data); AP (4 Nov close); 5 Nov intraday estimate from Yahoo Finance (−3.7%).

9.0 What It Means

From unlimited demand to binding constraints

the shift

For most of 2026 the AI trade priced demand: hyperscaler capex rising from $410 billion to about $730 billion, cloud growth of 39% to 103%, Nvidia guiding to $108 billion a quarter. Over the past week markets have started to price the constraints. Capital: Alphabet and Amazon spend more than their operating cash flow and neocloud bonds yield about 16%. Power and permits: voters have restricted new data centres and governors have promised moratoria. Rates: every major central bank is holding or hiking. None of these reduces demand for AI; all of them slow how fast it can be deployed and raise its cost. For chipmakers, whose valuations assume rapid deployment, that is the relevant variable.

~$410B

Exhibit C. The AI trade in seven sessions

Date	Event	Market reaction
28-29 Oct	hyperscaler results: capex beyond cash flow	Alphabet −10%, Amazon −7%
30 Oct	Intel guide; PCE 3.6%	SOX −7.2%, Nasdaq −2.9%
2 Nov	Palantir +96% revenue	stock falls after hours
3 Nov	midterms; 38 of 39 data-centre curbs pass	—
4 Nov	post-election rally; data-centre stocks slump	Dow +3%; Hut 8 −23%, Vistra −15%
5 Nov	chips sell off; BoE hikes	SOX −10%+, Nasdaq −5%, correction
17 Nov	Nvidia results	next test

Sources: Andra Markets 2026-73, 2026-75, 2026-87, 2026-88, 2026-91 and this report.

Exhibit D. The AI value chain under stress

Link	Examples	Exposure to slower deployment	5 Nov move (approx.)
Model developers	Anthropic (IPO pending), OpenAI	compute commitments vs revenue growth	n.a. (private / pre-IPO)
Hyperscalers	Microsoft, Amazon, Alphabet, Meta	capex relief vs cloud growth	−$140-170B value each
Accelerators	Nvidia, AMD, Broadcom	order timing for 2027-28	−5% to −16%
Memory	Micron, SK Hynix, SanDisk	pricing and volumes	−13% to −18%
Foundry	TSMC	advanced capacity utilisation	−$220B value
Neoclouds	CoreWeave, Nebius, IREN	debt refinancing and permits	−15% (CoreWeave)
Power and equipment	GE Vernova, Vistra, Vertiv	order books and pricing	−9% (GE Vernova)

Sources: this report; Andra Markets 2026-73, -81, -86, -91. Approximate intraday moves.

9.2 A Valuation Lens: The Cost of Waiting

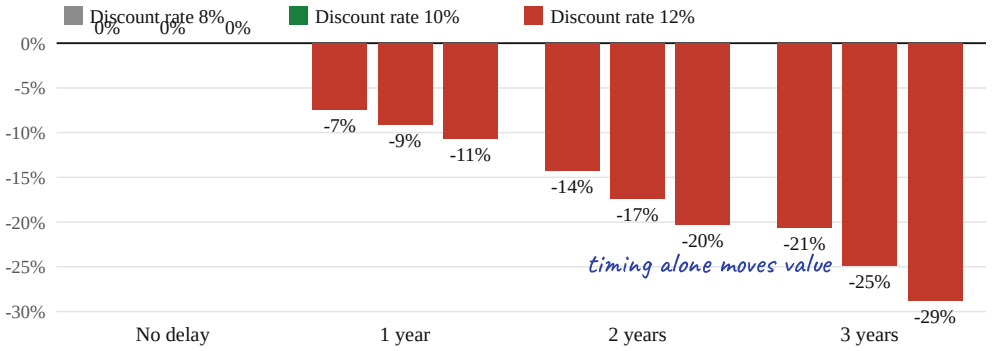
Why delays hurt chip stocks more than demand cuts suggest

~8%

Chipmakers are valued on the profits they are expected to earn as data centres are built in 2027 and 2028. If those profits arrive later, they are worth less today even if they are eventually the same size, because each year of delay is discounted at the investor's required return. A simple illustration: a profit stream pushed back one year loses about 8% to 11% of its present value at discount rates of 8% to 12%; pushed back two years, about 14% to 20%; three years, about 21% to 29%. A permitting delay therefore works like a de-rating, without any change in long-run demand, and rising interest rates make it worse by raising the discount rate itself. That is why a vote on zoning in Ohio and a rate hike in London can move the share price of a chip designer in California on the same day.

delay ≈ de-rating

Exhibit 20. Present-value loss from delaying the same profits (%)



Source: Andra Markets illustrative calculation: value of a cash flow delayed by n years relative to no delay, 1/(1+r)^n − 1. Not a forecast or valuation of any company.

the earnings scorecard

~39%

The third-quarter earnings season had already split the AI trade before Thursday. Cloud businesses grew 39% to 103%; AMD's data-centre revenue grew 97% and it guided above expectations; Palantir grew 96%; Nvidia guided to $108 billion. But Alphabet and Amazon reported free cash flow below zero as capex outran operating cash flow, Intel and Qualcomm guided below expectations as AI squeezed PCs and phones, and neocloud credit traded at distressed levels. Thursday's sell-off did not contradict the demand data; it reflected growing doubt about the speed at which that demand can be turned into installed capacity, and about who will finance it.

Exhibit E. Q3 2026 AI earnings scorecard

Company	Headline	Market reaction
Alphabet	Cloud +103%; FCF −$9.1B	−10% next session
Microsoft	Azure +48%; FCF +$18.6B	≈ +4% after hours
Amazon	AWS +39%; TTM FCF −$42B	−6% to −7% after hours
Intel	DC +78%; Q4 guide below consensus	−29%
Palantir	revenue +96%; guide raised to +91%	−3% to −7.5% after hours
AMD	DC +97% to $8.5B; Q4 guide ~$17B	−13% to −16% on 5 Nov
Qualcomm	Q4 smartphone chip sales below estimates	−9% to −12% on 5 Nov

Sources: Andra Markets 2026-73, -75, -87, -91 and this report; Reuters.

9.3 The Infrastructure Precedent

What the telecom boom of 1999-2002 teaches, and where AI differs

~86%

The closest historical parallel to an AI capex cycle is the telecom and internet build-out of the late 1990s. Carriers borrowed heavily to lay fibre and build networks on forecasts of explosive traffic growth; equipment suppliers such as Cisco, Lucent and Nortel became some of the most valuable companies in the world. When financing tightened in 2000-01, orders collapsed: Cisco's shares fell about 86% from their 2000 peak to their 2002 low, Lucent lost almost all of its value and Nortel, once worth several hundred billion dollars, eventually went bankrupt in 2009. Demand for internet traffic

Cisco −86%, Nortel bust

did keep growing, and much of the fibre was later used, but by different owners and at far lower prices. The lesson is that suppliers to an infrastructure boom are hurt most when the pace of building slows, even if the end demand proves real.

what differs

There are important differences. The largest buyers of AI capacity today are among the most profitable companies in the world and fund much of their spending from operating cash flow, although that is now changing at Alphabet and Amazon. AI revenue is visible and growing quickly, with cloud businesses growing 39% to 103% and enterprise software such as Palantir accelerating. Chip demand is constrained by supply rather than by a glut, and GPUs depreciate over five or six years, so stranded assets are less durable than buried fibre. The similarities are the use of debt by second-tier builders such as neoclouds, the dependence of suppliers on a handful of customers, and the vulnerability of valuations to any slowdown in the pace of construction, the variable that politics has now put in question.

~39%

9.5 Bulls vs Bears

Two readings of the same day

~39%

The bull case. Demand has not changed: cloud revenue is growing at 39% to 103%, AMD and Palantir just beat expectations, Nvidia guides to $108 billion a quarter and contracted backlogs exceed $1.7 trillion. Local restrictions apply mostly to new projects and can push capacity to friendlier states rather than cancel it. Positioning was crowded, so a sharp flush can reset expectations ahead of Nvidia's results. Corrections have usually been followed by gains within a year.

the bull case

the bear case

The bear case. The constraints are compounding: capex already exceeds cash flow at two hyperscalers, neocloud credit is distressed, permits are becoming political and central banks are hiking into an energy shock. Valuations assume deployment that may now take longer, and chip stocks are priced on 2027-28 volumes. If Nvidia's guidance or January capex plans disappoint, today could be the start of a deeper de-rating, as infrastructure booms have ended before.

Exhibit F. Questions for Nvidia on 17 November

Question	Why it matters
Q4 revenue guide vs ~$108B Q3	2027 demand signal
Commentary on US data-centre permitting and power	deployment timing
Mix of hyperscale vs other customers	breadth of demand
Gross margin through the Rubin ramp	pricing power
Guarantees and commitments to AI clouds	credit exposure

Andra Markets selection; see 2026-79.

10.0 Scenarios and Calendar

What comes next

Exhibit G. Andra Markets scenarios to year-end

Scenario	What happens	Signals
Flush and recover	positioning clears; Nvidia beats and guides strongly; jobs data cool	SOX recovers half its losses; VIX falls
Grinding de-rating	AI stocks re-rate on constraints; capex guides questioned in January	Nasdaq stays 10-20% below peak; rotation continues
Bear market	credit stress spreads from neoclouds; Fed hikes into weakness	S&P 500 −20%; high-yield spreads widen

Andra Markets scenarios; no probabilities assigned. Not a recommendation on any security.

Exhibit H. Calendar

Date	Event	Why it matters
Fri 6 Nov, 08:30 ET	US October jobs report	rates path (see 2026-90)
Mid-Nov	Anthropic IPO pricing	appetite for AI risk
Mid-Nov	US October CPI	inflation
17 Nov	Nvidia Q3 results	the AI demand test
9 Dec	Fed decision	second hike of 2026?
December	Bank of England	4.25%?
January 2027	hyperscaler capex guides; new governors take office	constraints vs demand

Andra Markets selection.

10.5 A Checklist for the Next Two Weeks

What would confirm or reject each reading

Three sets of signals will show whether Thursday was a flush or a turning point. The first is breadth: if the equal-weighted market keeps holding up while AI leaders fall, the problem stays contained to one theme; if new lows spread across sectors, it is becoming a broader risk-off move. The second is credit: neocloud bond yields and high-yield spreads would widen first if investors began to doubt the financing of the build-out. The third is guidance: Nvidia on 17 November, and the hyperscalers' 2027 capex plans in late January, will show whether customers are slowing orders or simply relocating projects. The macro calendar adds Friday's jobs report and mid-November inflation data, which will shape the Fed's December decision and therefore the discount rate applied to every long-duration growth stock.

11.0 Investor FAQ

Short answers

Is this a crash? Not by the usual definitions. A crash is typically a fall of 20% or more in days or weeks; the Nasdaq is in a correction, more than 10% below its record, and the S&P 500 is having its worst day since April 2025.

Did AI demand collapse? No. The week's company results show strong demand. What changed is the market's view of how fast capacity can be built and at what cost.

Why did AMD fall after strong results? Because its valuation depends on deployment in 2027-28, the period now exposed to permitting delays, and because chip stocks moved together as investors cut exposure to the theme.

What does history suggest? Corrections are frequent and usually recover within a year, but some became bear markets. The difference has usually been whether earnings fell or credit tightened.

What should investors watch? Friday's jobs report, Nvidia's results on 17 November, neocloud credit spreads and any moratorium orders after new governors take office. These answers describe market mechanics and history; they are not recommendations.

Exhibit I. Glossary

Term	Meaning
Correction	a fall of 10% or more from a recent high
Bear market	a fall of 20% or more from a recent high
SOX	the PHLX Semiconductor index of US-listed chip stocks
VIX	an index of expected S&P 500 volatility, often called the fear gauge
Market value (capitalisation)	share price times shares outstanding
Neocloud	a specialised provider that rents GPU capacity, often financed with debt
Bank Rate	the Bank of England's main policy interest rate

reading: the AI trade has moved from pricing demand to pricing constraints. power, permits, capital and rates now set the pace

Methodology and Source Notes

Method. This report uses intraday market data and commentary published during the session of 5 November 2026 by Yahoo Finance, CNBC, AP, Reuters, Proactive, TipRanks, BeInCrypto and FourWeekMBA, Bank of England communications as reported by Reuters, Bloomberg, CNBC and MoneyWeek, historical S&P 500 data and earlier Andra Markets research. Figures are intraday, from different times of day, and will differ from closing levels. 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. Yahoo Finance; CNBC; AP (via FinChannel, Spectrum News, BNN Bloomberg, 41NBC); Reuters; Proactive; TipRanks; UBS; Goldman Sachs; Wells Fargo; Futurum Equities; FourWeekMBA; BeInCrypto; AOL; Bank of England; Bloomberg; MoneyWeek; Whalesbook; StockPil; Wikipedia (2025 stock market crash); Shiller data; Andra Markets 2026-73, -75, -76, -87, -88, -90 and -91.

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