Ameriprise Financial

After the Close

An Ameriprise Global Asset Allocation Committee publication

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Will the "Blue Wave" crash over the AI buildout and slow development?

On the day

U.S. stocks fell sharply on Thursday (the worst day since April 2025) as renewed selling in technology overwhelmed the S&P 500 Index and NASDAQ Composite. Disappointing corporate outlooks from Qualcomm and Arm added earnings pressure to an AI trade already struggling with spending commitments, financing costs, and the timing of future profits. More notably, investors continued to weigh whether sweeping election victories by Democrats across the country on Tuesday could slow AI data center development and/or increase its costs. As a result, hardware, semiconductor, and memory companies suffered heavy losses on the day.

In our view, the accumulated damage to market leadership over recent weeks is beginning to show more fully at the broader index level. For example, The NASDAQ Composite has entered a correction (down more than 10% from its high), while the NASDAQ 100 is down 15% from its high. Further, Information Technology has fallen nearly 17% from its high-water mark, and Semiconductors are down more than 38%. Notably, the companies that helped propel the broader market higher in the spring and late summer are now experiencing declines far deeper than the S&P 500's still relatively contained pullback (down roughly 6% from its high). Given today's sharp declines across tech, investors sought relative protection in traditional safe-haven sectors, such as Consumer Staples and Utilities. Interestingly, the equal-weighted S&P 500 outperformed its capitalization-weighted counterpart, reflecting the concentration of losses in large technology-related companies. Not surprisingly, strong demand for U.S. Treasuries (pushing yields lower) and higher Gold prices helped traders and investors weather a very difficult day.

Committee View

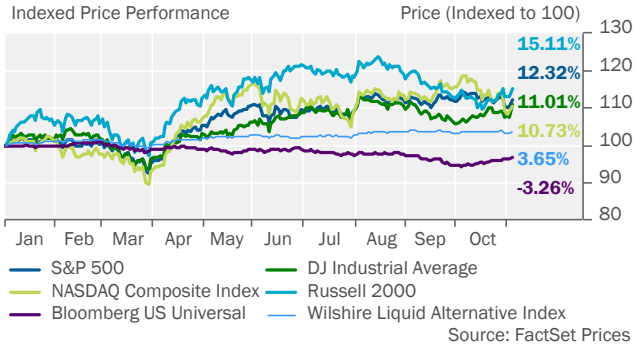
In our view, today's decline adds to weeks of pressure on the AI trade, with new political dynamics compounding existing questions about future investment returns. We believe the changing makeup of Washington and state and local governments raises uncertainty around permitting, electricity costs, and construction timelines. In our view, AI projects still awaiting approval or construction appear particularly exposed. Delays could defer equipment orders and customer revenue while extending financing costs. Yes, demand for AI computing can remain strong through those disruptions. However, investors must now assess how much revenue arrives, when it arrives, and what it costs to deliver that growth. Slower spending could support near-term cash flow for large cloud companies while reducing expected revenue for their suppliers. Over the coming months, the critical test is whether policy concerns translate into revised project schedules, spending plans, and earnings expectations. Simply put, the body of that evidence will likely determine whether the AI trade can regain its footing or further declines are ahead. Our advice: Ensure your portfolio is diversified and not overly concentrated in technology.

Today's Market Action at a Glance

Benchmark	Index Level	Net Change	% Change
S&P 500 Index	7,353	-334.9	-4.4%
Dow Jones Industrial Average	51,523	-1,833.1	-3.4%
Russell 2000 Index	2,734	-122.3	-4.3%
NASDAQ Composite	24,314	-1,421.5	-5.5%
Best Performing S&P Sector: Consumer Staples			-0.7%
Worst Performing S&P Sector: Info Tech			-7.3%
10-year U.S. Treasury Yield: 4.84%			-4.9 basis points
West Texas Intermediate (WTI) Oil: $90.64			+2.8% per barrel
Spot Gold: $4,100.20			+0.7% per troy oz

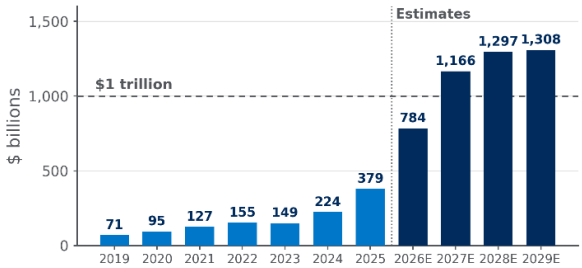
All data and charts via FactSet as of approximately 4 PM ET. Past performance is not a guarantee of future results.

Year-to-Date Price Performance Through the Prior Day



Source: FactSet Prices

AI Spending Set to Rise Past $1 Trillion...Before Democrats' Blue Wave



Combined capital expenditures for Alphabet, Meta, Microsoft, Amazon and Oracle.
Sources: Bloomberg. American Enterprise Investment Services Inc.

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