Ameriprise Financial

# After the Close

*An Ameriprise Global Asset Allocation Committee publication*

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## If AI is still in the early innings, maybe that's the market's problem

### On the day

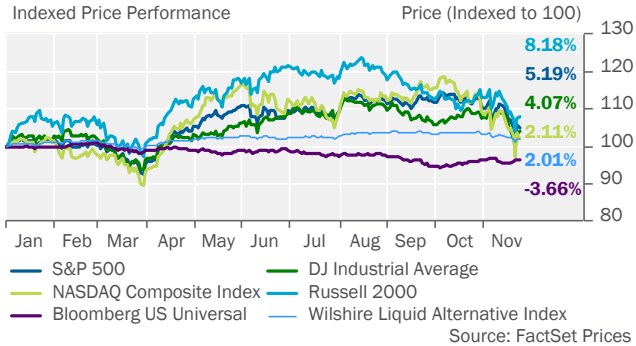
Stocks traded in a wide range on Wednesday ahead of the Thanksgiving holiday, with major averages finishing mostly lower. Technology and semiconductors again came under pressure, with Monday's rally in NVIDIA further fading. Volatility remained elevated as defensive and non-tech cyclical areas shared periods of leadership across the day. A firmer October PCE inflation report added to concerns that the Fed has more work to do on raising rates. The Trump administration outlined new tariffs on a range of major trading partners, expected to take effect early next year. And Dell Technologies fell despite strong results, as investors questioned whether AI server profits are nearing a peak. Elsewhere, Treasury yields declined, while credit markets remained relatively calm.

**Today's Market Action at a Glance**

| Benchmark | Index Level | Net Change | % Change |
|---|---|---|---|
| **S&P 500 Index** | 7,182 | -18.2 | -0.3% |
| **Dow Jones Industrial Average** | 50,185 | +166.9 | +0.3% |
| **Russell 2000 Index** | 2,699 | +14.3 | +0.5% |
| **NASDAQ Composite** | 23,585 | -147.7 | -0.6% |
| **Best Performing S&P Sector:** Materials | | | +1.8% |
| **Worst Performing S&P Sector:** Consumer Disc. | | | -1.0% |
| **10-year U.S. Treasury Yield:** 4.87% | | | -6 basis points |
| **West Texas Intermediate (WTI) Oil:** $84.02 | | | +2.4% per barrel |
| **Spot Gold:** $3,574.20 | | | +0.4% 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

### Committee View

In our view, today's volatile trading extends a problematic pattern that has been building in markets since early fall. Notably, Big Tech/AI has been in decline, while 2027 profit estimates for the S&P 500, Info Tech, and Semiconductors have risen since the end of September. At the highest level, investors appear to be positioning for potential cuts to earnings estimates. And we believe the negative reaction to AI spending this earnings season is another very telling window into investors' current psyche. For example, the five largest cloud and internet companies, often called hyperscalers, are expected to spend an eye-popping $740 billion on capital expenditures this year alone and over $1 trillion next year. Bottom line: Across the technology complex, management teams keep delivering the same message: *The AI buildout is still in its early innings.*

We believe that message is part of the current problem. Investors are being told to expect years of heavy AI spending, and companies like Amazon and Alphabet (historically cash-rich) were cash-flow negative in the prior quarter. Yes, data centers take time to build and monetize, and cloud backlogs remain large. But investors want clearer proof of returns today and a path back to positive cash flow before they fund the next wave. When management teams hold firm and investors disagree, selling stocks can be a very loud protest. In our view, markets have a way of forcing discipline through price action. Lower share prices and a higher cost of capital can slow spending plans in ways that analyst notes cannot, and some of that pressure across Tech appears to be at work now. On a positive note, a market that demands discipline tends to produce healthier leadership over time. S&P 500 profits grew more than +30% for a second straight quarter, and calm credit markets suggest the stress remains concentrated in stocks rather than the broader economy. In our view, the current pressure on Tech and major averages, while uncomfortable over the near term, could set up a sturdier foundation for equities in 2027. Most importantly, take time this holiday season to be with friends and family. And from all of us at Ameriprise Financial, have a safe and Happy Thanksgiving.

**Stocks moving ahead of potential earnings cuts for next year**

Prices are off their highs while 2027 earnings estimates have climbed since Sep 30

| Index / ETF | Off 52-wk high as of Nov 24 | 2027E EPS Nov 24 | EPS chg. since Sep 30 |
|---|---|---|---|
| S&P 500 | -8.2% | $428.04 | +3.4% |
| S&P 500 Info Tech | -20.2% | $390.94 | +7.4% |
| iShares Semiconductor (SOXX) | -41.2% | $10.22 | +6.1% |

EPS = earnings per share. 2027E EPS reflects consensus calendar-year 2027 estimates. SOXX estimates as of Nov 23.
Sources: FactSet, Bloomberg, American Enterprise Investment Services Inc. Data as of November 24, 2026.

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