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What broke the AI trade

In five sessions the chip stocks index lost 17.1%, the Nasdaq 10.0% and the S&P 500 8.6%, and the S&P 500 closed in correction. Three things the trade rested on gave way in the same week: trust in the numbers of its biggest company, the market's room to absorb new AI shares, and cheap money. Investors sold almost everything that had risen with it, gold and bitcoin included, and bought Treasuries.

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−17.1%
Chip stocks index, 13 to 20 November. Its worst week since 2001 [1] [2]

−22.9%
Nvidia in the same five sessions, to $125.53 [3] [4]

$107bn
Raised by Anthropic in its listing and private placements [5]

96.4%
Market odds of a Fed rate rise in December [6]

−23bp
Fall in the 10-year Treasury yield over the week, to 4.92% [1] [7]

The short answer

The AI trade did not break on one piece of news. It broke because three supports failed inside five sessions. On Thursday an outlet whose fund had bet against AMD published a report on the financing AMD offers its customers, and on Friday Reuters reported that the SEC is examining Nvidia's accounting. In between, Anthropic's listing showed how much new AI stock the market now has to absorb: more than $107 billion of it. [5] [6] [8]

All of it landed on a market already paying more for money. Traders put the odds of a December rate rise at 96.4%, and Fed officials said this week that AI spending is adding to inflation and that waiting risks falling behind it.[3][6][9]

The pattern of the selling says it was a forced unwind, not a change of view about AI demand. Investors sold the trade's winners hardest, then sold what they could sell easily, gold and bitcoin, and put the money into Treasuries. The 10-year yield fell 23 basis points in a week when a rate rise became almost certain.[1][7]

The week in markets

Closes on Friday 13 and Friday 20 November 2026. Bitcoin at the daily close in UTC.

MARKET	13 NOVEMBER	20 NOVEMBER	CHANGE
Chip stocks index	10,146	8,409	–17.1%
Nvidia	$162.85	$125.53	–22.9%
Nasdaq Composite	25,136	22,618	–10.0%
S&P 500	7,562	6,910	–8.6%
Bitcoin	$71,372	$61,921	–13.2%
Gold futures	$3,886	$3,539	–8.9%
Brent crude	$95.84	$92.56	–3.4%
10-year Treasury yield	5.15%	4.92%	–23bp
Dollar index	103.41	103.84	+0.4%
Chip stocks against the S&P 500	**1.342**	**1.217**	**–9.3%**

- Chip stocks index: the PHLX Semiconductor index. It closed 36.4% below its record of 13,217.82 on 6 October.
- S&P 500: 11.6% below its record close of 7,818.93 on 6 October, which puts it in correction.

- Nvidia: about 48% below its record on 6 October.
- 10-year yield: the 20 November close is from the session report; our own record publishes a day later.

Sources [1] [3] [4] [7] [10]. Chip stocks against the S&P 500 divides one index by the other on the same close. See the note on method below. See the note on method below.

Trust in the numbers

The week began with Nvidia already under strain. Its co-founder Jensen Huang left the company the week before, and its shares fell for six sessions in a row even after it forecast $130 billion of revenue for this quarter against an analyst average of $125.25 billion. [6] [11] [12]

On Friday Reuters reported, citing two people briefed on the matter, that SEC enforcement staff are reviewing potential accounting issues at Nvidia. Reuters could not determine which issues, or when the inquiry began. The SEC declined to comment. Investigations are not evidence of wrongdoing, and many close without action. Nvidia fell 14% that day and lost 22.9% over the week. [3] [8]

A day earlier Hunterbrook, an investigative outlet whose affiliated fund said it had bet against AMD, published a report arguing that AMD helps customers buy computing power through lease guarantees, backstops on unsold cloud capacity and stakes in the customers themselves. AMD fell 7.7% on Thursday and about 13% more on Friday. [3] [6] [9]

Neither report has been tested. What they share is the question our report on the AI build raised in early November: how much of the demand for chips is paid for by the chip makers and their investors, rather than by customers' own cash. A market that had priced that question as settled had to price it again in two days. [9] [13]

Room for new shares

Anthropic sold 980 million shares at $83, above the $70 to $78 range it had set, raising about $81.3 billion in the largest listing on record. With about $26 billion

from private placements, it raised more than $107 billion. Its shares opened at $111.50 on Thursday, closed at $97.17 and ended Friday at $88.91. [3] [5] [6]

A listing that size has to be paid for. Funds that bought Anthropic had to find the cash, and the most direct source was the AI shares they already held. The Nasdaq was up about 2% early on Thursday and closed down 2.25%. [6] [9]

Our own call on Wednesday read the listing the other way. We expected Anthropic's cash to keep chip stocks ahead of the market, since much of it will be spent on computing. That call, F-037, now stands at 1.217 against its line of 1.17 and may fail. The money may still be spent on chips. It did not stop investors selling chip makers to pay for the new shares. [1]

The price of money

The Fed held rates at 3.75% to 4% in October, with two policymakers preferring a quarter-point rise, and the minutes showed almost all officials expected further rises. Markets now put the odds of a December rise at 96.4%. Analysts expect core inflation of 3.2% in next week's report, well above the Fed's 2% target. [6] [14]

Fed officials pressed the point this week. Vice Chair Philip Jefferson said spending on AI infrastructure is pushing up inflation and that the gains in productivity come later, with no set timeline. Governor Lisa Cook said waiting longer to raise rates risks getting behind the curve. [3] [9]

That matters because the build is borrowed. Our November report found that Microsoft, Alphabet, Amazon and Meta spent $202.9 billion on buildings and equipment between July and September against $175.5 billion of cash from their operations, and covered the difference with bonds, share sales and private credit. Each rate rise raises the cost of that gap. [13]

What the selling looked like

A change of view about AI would have hit AI stocks and spared the rest. This week investors also sold gold, down 8.9%, and bitcoin, down 13.2%, which then

traded below $60,000 for the first time since July. Brent fell only 3.4%, and the dollar rose slightly.[1][7]

At the same time the 10-year Treasury yield fell from 5.15% to 4.92%, in a week when a December rate rise became more certain, not less. Rate expectations push yields up. The fall is money moving into government bonds for safety.[1][6][7]

Asian markets show it was not only an American trade. MSCI's broadest Asia-Pacific index was heading for a fall of about 7% on Friday, its worst week since March 2020, and Samsung fell 7%, SK Hynix 5.9% and TSMC nearly 5% on the day.[15][16]

Three ways this resolves

These are not forecasts. Each comes with the signal that would show it is happening.

1 **A washout**

The selling was forced and runs out within weeks. The SEC inquiry stays quiet, AMD answers the financing questions in its next filing, and chip stocks recover against the market faster than they fell, as they did in early November.[1]

Signal: Chip stocks close back above 1.30 times the S&P 500.

2 **A question of trust**

The inquiry into Nvidia widens or the company restates any figure. Investors price every chip maker's reported demand at a discount until the numbers are audited again, and chip stocks keep lagging even on days the market rises.[1][8]

Signal: Chip stocks close below 1.10 times the S&P 500.

3 **The Fed steps back**

Core inflation comes in soft and the Fed signals December is its last rise. Cheaper money lifts the whole market, but chip stocks lag if the trust questions remain open.[6][7]

> **Signal:** The 10-year yield closes below 4.75% and the S&P 500 rises for five sessions running.

Our read is the second path until Nvidia answers the questions about its accounting. Rate rises explain why the trade was vulnerable. The trust questions explain why it broke this week, and they will not be settled by a cut in rates or a good week for earnings. Until they are, chip stocks stay below their level of early November against the wider market, even when the market recovers.

What would prove this report wrong

> **This report is wrong if, on any session to 31 December 2026, the chip stocks index closes above 1.34 times the S&P 500, where it stood on 13 November before the week's selling.**
>
> That would mean chip stocks recovered their lead over the market without the trust questions being settled, or that they were settled within six weeks. We will check the PHLX Semiconductor index and S&P 500 closes in our price record and publish the outcome here and in the Brief in the first week of January 2027.

What to watch

24 and 25 November	Three of our calls reach their deadline. F-035 and F-036 bracket the Nasdaq against the S&P 500 between 3.23 and 3.39; it stood at 3.273. F-037 fails if chip stocks close below 1.17 against the S&P 500; they stood at 1.217. [1]
Next week	Core PCE inflation. Analysts expect 3.2% from a year earlier. A hot reading keeps a December rise certain and raises the cost of the borrowed part of the AI build. [6]
Any day	Nvidia or the SEC. A statement from either on the scope of the inquiry is the single piece of news most likely to decide which path holds. [8]

Open calls this report connects to: F-032 (triggered), F-025 (triggered), F-037 (test closes 25 Nov), F-036 (test closes 25 Nov), F-038 (test closes 27 Nov).

Method

Index, commodity, bitcoin and dollar figures are the closes in Causa's price record, which the Scorecard uses to rule our calls. Nvidia and Anthropic share prices are from the session reports cited. The 10-year yield for 20 November is from a session report because our record publishes that series a day later. Weekly changes compare the closes of Friday 13 and Friday 20 November.

Chip stocks against the S&P 500 is the PHLX Semiconductor index divided by the S&P 500 on the same close. We report claims about Nvidia and AMD as claims: the SEC has not confirmed an inquiry, and Hunterbrook's fund holds a position against AMD. Data are as of the close on Friday 20 November 2026.

Causa explains why markets moved. This report is general information, not investment advice, and it does not recommend buying or selling anything.

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