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Daily Commentary

A Move, Not an Eviction

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A Move, Not an Eviction

The week behind us was the worst for the Nasdaq 100 since April 2025, −**5.5**%.
On Friday, the Nasdaq lost **2.1**% and the S&P 500 index **1.1**%, semiconductors closed their eighth consecutive session of declines, the longest streak in almost twenty years, and none of the thirty stocks in the SOX index managed to escape.
CoreWeave lost another **11.9**% (−**25**% for the week), ARM −**6.9**%, AMD −**6.0**%, Micron −**5.6**%, Broadcom −**4.5**%, Meta almost −**4.0**%, and the VIX returned to around **20**, at its highest levels since the summer.
The question everyone is asking is just one, is it panic?
No.
Perhaps an image helps.
Some people leave their home because they have decided to move.
They choose what to take with them and, if they find a piece of furniture at a good price, they might buy it.
Then there are those who receive an eviction notice.
They leave with whatever they can manage to take with them, at any price.
Panic is when the eviction notice arrives for everyone at the same time.

A general forced liquidation leaves three fingerprints: high leverage before the decline, selling across everything, no buyers.
There is no sign of any of the three in this week's data.
Hedge funds' net leverage is at the **6**th percentile of the past year, while that of U.S. long/short funds is at a five-year low after falling **3.2**% in seven days.
Those who are this little exposed to the

Source: Bloomberg, Reuters, Yahoo Finance, Financial Times, ECB, CNBC, The White House
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market do not receive margin calls.
Selling is concentrated.
Last Thursday, **378** stocks in the S&P 500 index closed higher, and since September 30 the index of bonds with high credit quality has not moved.
Buyers are there.
U.S. retail investors put more than **8** billion dollars into leveraged ETFs in four days, a record, while Korean and Taiwanese retail investors put **16** billion USD into them during the week of the decline.
Unleveraged funds are also selling, a sign that it is a choice, not an obligation.

Some, however, really did receive an eviction notice.
Foreign investors sold 27.5 billion dollars of Asian equities in one week, a record, almost all in Taiwan and Korea.
Those who had tripled their long positions in Nasdaq futures, right at the October 6 peak, were forced out at a loss.
The funds most overcrowded in Artificial Intelligence had to cut their positions to comply with loss limits.
Since Thursday, trend-following funds have also joined in, starting to close their long positions on the Nasdaq 100.
Specific pockets, not a wave.

What has changed in a week?
The underlying question has changed.
Until September, the question was whether there was enough demand for computing power.
Last week, the market asked itself another question, "who pays for it?".
Artificial Intelligence has already issued **581** billion dollars of debt this year, half of it

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in private credit.
On the other side, the **average price of tokens**, that is, how much is earned for each unit of text produced by the models, **has halved since the summer**.
OpenAI indicated annualized revenues of around **50** billion USD compared with the 70 that had been circulating, and the **2,000** billion USD valuation expected for Anthropic is meeting resistance.
All the computing power is being sold, but at declining unit prices and with increasingly expensive debt.

The bond market is saying it more clearly than the equity market.
The spread on high-yield bonds linked to Artificial Intelligence widened by **25** basis points in one session, compared with **2** basis points for the rest of the market.
CoreWeave's five-year CDS contract reached almost **1,200** basis points, Oracle's **288**, the highest level since at least 2009.
For a **5** billion USD loan at **11**% to neocloud Volta, banks committed just **1.3** times.
They are not running away, but they do not want to be left holding the bag.

Will there be further pressure?
Probably yes, because the eviction notice could reach those who today are just moving.
There are three paths, and they are measurable.

The first is **technical** and close.
Automatic selling by systematic funds is triggered with the Nasdaq 100 between **29,101** and **28,728** points.

Source: Bloomberg, Reuters, Yahoo Finance, Financial Times, ECB, CNBC, The White House
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On Friday, the index closed at **29,188**, less than **0.3**% from the upper boundary.
Below that threshold, systematic funds could sell up to **81** billion USD of global equities, and leveraged ETFs on the Nasdaq have to sell around **2.6** billion USD for every percentage point of decline.
Retail investors buying leverage today are tomorrow's amplifier.

The second is **slow money**.
Fast funds have exited, systematic funds are halfway through, but traditional asset managers still have around **70** billion USD of long positions in Nasdaq futures, close to the June record, and they have not moved.
They are not a cushion, but the next potential seller.
Hedge funds' exposure to the seven large technology stocks is at all-time highs.
The second-tier AI names have been cleaned out, not the big names.

The third is **credit**.
A downgrade of Oracle below investment grade would create the first forced seller in a major name linked to Artificial Intelligence, those who, by mandate, cannot hold high-yield paper.

Then there are two accelerators.
Rates.
Oil (Brent) at almost 110 dollars and core inflation above expectations keep alive the possibility of a tougher Fed on October 28, and the rebound in Treasuries, which today helps the cost of debt, is not guaranteed.
And then there is the **calendar**.

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In October, the fiscal year ends for one in four U.S. mutual funds, with selling to realize capital losses precisely on the stocks that have lost the most.
Holding things back are low leverage, less stretched valuations (Nasdaq 100 at around **21** times expected earnings, the low of the AI cycle), and physical demand showing no cracks.
TSMC has just raised its 2026 growth estimate to **44**%.

What to do, stay or exit?
There is no answer that applies to everyone, and this is not a stock phrase.
Those who own the **demand** (the large cloud operators with their own cash) are in a very different position from those who own the **physical supply chain** (semiconductors and hardware supplies), or **memory** (cheap, but cyclical and under the Chinese threat), or the **neoclouds**, which depend entirely on access to credit.
For this last group, the real eviction is concentrated.
A stock whose value depends on access to the capital markets is a bet on credit before it is a bet on Artificial Intelligence.
Because of the neocloud crisis, those with cash and power capacity can paradoxically take advantage of the moment, that is, they can pick up at a discount what others can no longer finance.

In summary, today, **the move is orderly and contained**.
Voluntary selling stops when the price becomes attractive again, as we saw on

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Thursday.
Forced selling stops only when those who have to sell have finished.
For today's session, one number matters, **29,101**.
If the Nasdaq 100 slips and remains below it, the move risks turning into an eviction, and another difficult day for technology awaits us.
If it holds, there is room for a technical rebound, with Meta on Wednesday as the first real test of earnings season.
The important thing is to know which pillar you own and to keep an eye on the three doors through which the eviction can arrive.

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THEIA INVESTMENTS LIMITED	+971 4 570 0793
https://theiainvestments.com/	#814, Liberty House, DIFC, PO Box 566720, Dubai, UAE (Regulated by DFSA)