

THEIA INVESTMENTS
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Daily Commentary

A Continuous Yo-Yo

22nd October 2026

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Twenty-four hours.
That is all it took for the market to change its mind and then change it again.
Yesterday, on the back of SpaceX's numbers, the entire sector tied to Artificial Intelligence rose in unison.
The Nasdaq closed at +**1.05**%, the S&P500 index at +**0.58**% and the semiconductor index (SOX) at +1.97%, with SpaceX +**7.8**%, Super Micro +**9.6**% and Dell +**5.3**%.
Overnight, after the quarterly results of Lam Research, Tesla and Meta, the film was rewound.
Nasdaq 100 futures are down **1.1**%, those on the S&P500 index are down **0.5**%, and in Asia the Kospi is losing **2.2**%, dragged down by Samsung and SK Hynix.

Up and down, a continuous yo-yo.
The curious thing is that the results, taken one by one, are not bad at all.
The problem is something else.
The market is no longer looking at earnings, **it is looking at capital expenditure (capex) and wondering if and when it will pay off**.
It has become so nervous that any number on capex is read negatively.
If it is too low, it is a lack of confidence.
If it is too high, too much is being invested and the returns are in doubt.
Heads, I win; tails, you lose.

Lam Research is the most instructive case, because the company produces the machines used to manufacture chips.
In practice, it is the cashier of other people's capital expenditure, and the cashier has collected quite a lot.
Record revenues of **8.22** billion dollars

Source: Bloomberg, Reuters, Yahoo Finance, Financial Times, ECB, CNBC, The White House
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(+**54**% on the year and +**22**% on the quarter), against a consensus of 8.13, adjusted earnings per share of **2.20 dollars** against 2.18, operating margin above **40**% for the first time in its history.
The guidance for the December quarter points to **8.6** billion USD in revenues, above expectations, and management estimates global spending on semiconductor equipment at around half of **150** billion USD in 2026 and over **200** billion USD in 2027.

And yet the stock is losing **6-7**% after the close, because in a nervous market people go looking for flaws, and there was one.
The guidance range is wide (from **8.2** to **9.0** billion USD, and at the low end the quarter would be flat), China, which accounted for **35**% of revenues, is expected to fall sharply in December, and supply constraints shift part of the deliveries to March.
Add that the stock was coming off a rise of almost **80**% in a year, and the picture is complete.
Excellent news, full positioning, people sell.

Tesla is the "capital expenditure too low" face.
Revenues are flat at **28.05 billion USD** (stable on the year), reported net income falls by **43**% to **787 million** USD and operating margin stops at **2.6**%, squeezed by research and development growing by **69**%.
There is no shortage of positive notes: adjusted earnings of **0.48 dollars** against 0.45 expected, automotive gross margin

Source: Bloomberg, Reuters, Yahoo Finance, Financial Times, ECB, CNBC, The White House
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back up to **18.1**%, free cash flow relative to price back to positive at **1.53** billion USD, FSD autonomous driving subscriptions at **1.74 million** (+**67**%).
However, the capex for the quarter, **4.7** billion USD, was lower than expected and the first rumors speak of an annual spending forecast revised downward, with unsupervised autonomous driving postponed to the second quarter of 2027.
The message reaching the market is **less investment**, **less conviction**.
Stock at −**3.0**% after yesterday's +3.4%, driven by merger rumors with SpaceX.

Meta is the opposite face, "capital expenditure too high".
The advertising business is running strong, with revenues of **64.6** billion USD (+**26**%) against 63.3 expected, and guidance for the fourth quarter between **73** and **76** billion USD.
Looking under the hood, investments for the quarter rose to **34.9** billion USD (they were 19.4 a year ago), the 2026 capex range was raised at the low end to **135-145 billion** USD, and **free cash flow turned negative by 2.1 billion**.
Operating margin fell to **20**% from 40% a year ago, largely because of a **9.9 billion** USD provision tied to the agreement with the US states on the protection of minors.
Even without that item it would be around **35**%, still lower.
In the meantime, long-term debt went from 58.7 to **80.9 billion** USD since the start of the year, and in 2026 not a single share has been repurchased.
Zuckerberg says that "investments are paying off".

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The market, for now, gives him the benefit of the doubt.
The stock is holding up, +2/3% after the close, but it is an exception that is not enough to stop the rest of the sector.

IBM and Texas Instruments are a story apart, and the reason is interesting.
IBM grows by 5% to **17.1** billion USD, with software +**8**% and Red Hat +**11**%, operating earnings per share of **2.95** dollars, about 8 cents above estimates, and annual guidance confirmed.
The stock rises by **3.0**% after the close.
Texas Instruments reports revenues of **6.06** billion USD (+**28**% on the year), with broad growth across industrial, automotive and data center, and guidance for the fourth quarter between **5.8** and **6.3** billion USD.
These are two companies that sell what AI uses, without having to build it.
No questions about returns, no nervousness.

A yo-yo does not move by itself, it needs a hand pulling the string, and that hand, today, is **options**.
Yesterday, on SpaceX, **2.17** million contracts had already changed hands by mid-session, **60**% of them calls, with very sizeable positions on the 200-dollar calls for December and January.
The day before, on the Nasdaq, the put/call ratio was at **1.20**, that is to say, **protection on the index, bets on the upside on individual stocks**.

Those who sell those calls to investors are the **dealers**, **who find themselves in negative gamma**, that is, short options.

Source: Bloomberg, Reuters, Yahoo Finance, Financial Times, ECB, CNBC, The White House
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To stay hedged, they have to buy the stock when it rises and sell it when it falls.
The result is that every movement is amplified, in both directions.
Yesterday, the rise of SpaceX forced the dealers to buy, feeding further upside.
Overnight, with stocks falling, the mechanism runs in reverse and their sales add to those of those taking profits.
It is no coincidence that yesterday, despite the Nasdaq rising by 1.0%, new lows on the Nasdaq (216) were four times new highs (**53**).
The rise was narrow, concentrated precisely on the stocks most loaded with calls.
The erratic movement continues, not because the fundamentals change every day, but because options positioning turns every piece of news into an exaggerated movement.

Today, a session of profit-taking is expected in the Artificial Intelligence sector, led by semiconductors and equipment suppliers, with IBM and Texas Instruments acting as a counterweight.
However, be careful about drawing definitive conclusions.
As long as the calls remain so concentrated on AI names, the string of the yo-yo will stay taut, and the next reassuring data point could pull it back up as quickly as it pulled it down overnight.
Rather than chasing the movement, it may be useful to buy gradually, on excesses of weakness, the names in which investments already produce cash, and to be wary of those in which capex is running faster than revenues.

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