

Daily Commentary

What Happened Yesterday?

26th November 2026

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Today, Wall Street stays closed for Thanksgiving and tomorrow it will open for only half a day, with an early close at 1:00 p.m. New York time (7:00 p.m. in Italy) and volumes reduced to a trickle.
After the weeks we have been through, this is news to be welcomed with relief.
This pause offers the chance to do three things that the market has not allowed lately: rest, relax and, above all, think.
Let us use it well, starting from a simple question, what happened yesterday?

The summary is quickly told.
In the first fifteen minutes of trading the Nasdaq 100 lost almost **5.0**%, falling for a moment more than **20**% below the highs of early October, technically, a bear market.
The Dow Jones went as far as shedding around a thousand points, the S&P500 index fell to 6,995 points, Nvidia lost more than **9.0**%.
Then, from late morning in the US, the session turned around.
At the close the Nasdaq 100 had limited its decline to **0.6**%, the S&P500 index to **0.25**%, while the Dow Jones even closed up **0.3**%.
An almost perfect V.

Let us start with the first leg, the one at the open.
It was not an "opinion" sale, but a forced sale.
With a good degree of conviction, the impression is that these were margin call sales.
After the volatility of the previous days (on Monday, the Nasdaq 100 had gained

Source: Bloomberg, Reuters, Yahoo Finance, Financial Times, ECB, CNBC, The White House
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almost 7.0% in a single session, only to pull back on Tuesday) many hedge funds found themselves with losses and with portfolio risk outside limits and were forced to reduce gross exposure, that is, the sum of the long and short positions they hold on their books.

How did they do it?

Once again by selling technology stocks, the most volatile ones, those that weigh most on overall risk.

The desks confirm it, indirectly.

A leading investment bank describes a day dominated by the reduction of exposure to technology via ETFs, with institutional activity at **2** out of **10**.

Few participants, large orders and no one on the other side.

There is also a calendar detail that should not be underestimated.

No manager with margin to replenish wants to carry that position into a four-day long weekend.

The margin calls had to be closed before Thanksgiving.

All together, at the open.

Added to these were the sales by CTAs (systematic funds that follow the price trend), which this week would have been sellers in every scenario.

Estimates from a leading investment bank pointed to almost USD **29** billion of selling even with a rising market, **66** with a flat market and up to **81** with a falling market.

Yesterday, with the VIX up above **33**, there was the added automatic cut by volatility-controlled funds, which reduce exposure when volatility rises.

These are physiological adjustments, the

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product of market technicalities.
They tell us nothing new about fundamentals.
They only tell us that someone had to sell.

Why, at a certain point, did the market turn around?
Because forced sales, by definition, come to an end, and when they end it takes little to ignite the rebound.
Yesterday there were three sparks.
The first: the news, circulating on the desks, that the FCC (the US communications authority) has authorized **SpaceX** to put into orbit a constellation of satellites designed to host data centers in space.
It reignited, at least for one afternoon, the imagination around the Artificial Intelligence theme.
The second: **Michael Burry,** the famous investor of "The Big Short", announced that he had sold the last puts (bearish options) on the Nasdaq 100 that he had in his portfolio.
If even the most famous bear in the world closes his bet against the index, the psychological signal, on a day of extremely thin liquidity, carries weight.
The third, the most technical: the **yen**.
Around 11:15 a.m. New York time the dollar was sold decisively and within half an hour stocks hit their low, with a spike in volumes, and then set off again.
The reactivation of the carry trade (borrowing in yen to invest in dollar assets) gave the rebound the fuel of the momentum factor.

Some on the desks saw in it the hand of an institutional "savior", but the simplest

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explanation is that **the market was washed out**.
And this is precisely the point.
Hedge funds' net exposure to AI-related stocks is at its lowest since September 2025, while short positions, as a percentage of gross exposure, are at their highest in several years.
With so many shorts around and with options dealers in negative gamma (a position that forces them to buy into rallies and sell into declines, amplifying every move), one spark was enough to turn the end of the selling into a rush to cover.

Once the margin calls were over, the buying began.
Who bought?
We can divide the buyers into four families.

There are **those who believe the bottom has been reached**.
They have history on their side: since 2000 the Nasdaq 100 has been through six bear markets, half with a recession and half without.
In those without a recession the median decline was **23**%, and **92**% of the total fall had already taken place when the index crossed the 20% threshold.
Yesterday we got there.
There are **those who think that, in the end, it will all turn out well**, despite the risks tied to the circular financing on which the AI trade rests, where those who sell the chips finance those who buy them, who in turn sign commitments with those who produce them.
We discussed it yesterday in "The Price of Time": the question is not if adoption will

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come, but when.
There are **those who look at valuations** and see a cheaply priced market, to be bought because the economy is resilient.
And yesterday the data gave them a hand: third-quarter GDP was revised to **4.3**% annualized from 3.4% in the first estimate, while jobless claims, incomes and new home sales all came out better than expected.
PCE inflation (the personal consumption index preferred by the Fed) rose to **3.8**%, with the core at **3.3**%, just above the 3.2% expected, and the December rate hike remains priced in, but the energy component has started to come down.
And then there are **those who, quite simply, believe in it**.

Until proven otherwise.

This is the picture.
However, be careful not to mistake a technical rebound for a turning point.
Nvidia still closed at −**3.9**%, with S&P placing its AA rating on negative watch, CDS on hyperscalers and data centers hit new highs, and oil rose, with Brent above USD **94** after the drones intercepted over Ras Tanura.
Credit did not celebrate yesterday, and it usually has the longer memory.

Today, Wall Street is closed, but US futures are rising (S&P 500 +**0.7**%, Nasdaq 100 +**1.1**%) and Asia is rebounding, led by chips: Nikkei and Kospi up more than **1**%, SoftBank around +**9**%.
Europe opens without the American compass and with low volumes: we expect a session in the wake of the

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rebound, but with little significance.
The real test will come on **Monday**, when everyone returns: the CTAs will still have selling to work through, and on **9 December** there is the Fed.

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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)