AI Spending Worries Sink Technology Stocks as the Nasdaq Falls 2.86% and the Dow Loses 575.25 Points on October's Final Day

October 30, 2026

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The U.S. and European stock markets ended the month on different notes on Friday. Wall Street closed sharply lower as investors sold technology shares and moved into steadier parts of the market, while European stocks finished mixed. The Nasdaq Composite fell 2.86%, the S&P 500 lost 1.83%, and the Dow Jones Industrial Average slipped 1.09%, helped by gains in consumer staples and health care. In Europe, the Stoxx 600 and the DAX declined, while the FTSE 100 edged higher. Weak reports from Amazon and Intel, a sharp decline in chip stocks, and doubts about how the AI build-out will be financed drove the U.S. losses. Selling picked up through the afternoon as traders reduced risk before the month-end close and next week's midterm elections. Treasury yields finished.

U.S. Markets

The Nasdaq Composite dropped 747.32 points, or 2.86%, to 25,436.99. In afternoon trading, it was heading for its worst session since June and sat about 9% below its recent peak. The S&P 500 declined 140.32 points, or 1.83%, to 7,580.07, and the Dow lost 575.25 points, or 1.09%, to 51,770.31. The Dow fell least because of its larger weighting in defensive companies and its limited exposure to AI-related stocks.

Earnings reports set the tone. Amazon's third-quarter earnings and revenue missed analysts' estimates, and its free cash flow was negative $42.4 billion. The company kept its 2026 capital spending plan at $220 billion, which left investors asking when the spending will pay off. Amazon shares lost more than 1% in afternoon trading. Intel fell about 29% after a weak outlook for the current quarter that pointed to slowing PC demand, with client computing revenue down 5% from a year earlier to $8.1 billion.

The damage spread across semiconductors and storage. Advanced Micro Devices fell 11%, Broadcom 5% and Nvidia 4%. SanDisk fell 13% even though its fiscal first-quarter results beat estimates and it announced an eight-for-one stock split.

Defensive stocks offered some cushion. Walmart and Coca-Cola each gained more than 1%, and Merck and Amgen also rose, which trimmed the Dow's decline. The Birling Capital US Bank Index rose 0.79% to 9,524.71, and the Birling Capital Puerto Rico Stock Index added 0.07% to 4,913.50. Treasuries gained on safe-haven demand, with the 10-year note closing at 4.94% and the 2-year at 4.56%.

Credit concerns added to the unease. The Financial Times reported, citing sources, that Blackstone told investors Anthropic may not receive an investment-grade rating when it debuts, which tempered the lift the AI trade had received from its filing earlier in the week. On Thursday, Alphabet had its worst day on record after missing estimates and reporting negative free cash flow of $9.07 billion.

Outside technology, ExxonMobil reported third-quarter revenue of $113.16 billion, up nearly 33%, with net income of $16.07 billion, more than double a year earlier. AbbVie reported revenue of $17.40 billion, up 10.3%, and net income of $4.21 billion, compared with $186 million a year earlier.

The month tells the same story. The Nasdaq was heading for a loss of about 5% in October, its steepest since March 2025, while the S&P 500 was on track for a decline of less than 1% and the Dow for a gain of about 2%. Heavy borrowing by cloud-computing companies has become a worry: CoreWeave fell more than 37% in October and Nebius about 33%. Memory-focused and AI-focused exchange-traded funds fell 20% and 17% respectively.

European Markets

European stocks ended the last session of October without a common direction. The pan-European Stoxx 600 slipped 0.36% to 646.75, Germany's DAX gave up 0.85% to 25,818.27, and the FTSE 100 edged up 0.07% to 10,729.78, the only one of the three to finish in positive territory.

The gap between the DAX and the FTSE 100 was the main story. The DAX, with its heavy weighting in industrial and technology-linked companies, was the weakest of the three, falling 221.47 points as the selloff in U.S. technology weighed on risk appetite. The FTSE 100, with its large share of energy, health care and other defensive names, held its ground, rising 7.71 points, which fits the rotation toward more defensive areas that has marked recent sessions.

Government bond yields declined across the region as investors favored safe assets, and oil rose more than 2% on continued uncertainty in the Middle East. The yield drop helped steady sentiment, but it wasn't enough to lift the broader market, as concerns about technology spending and month-end positioning kept buyers cautious.

The week still leaves Europe holding up better than the technology-heavy U.S. market, but Friday's mixed finish shows how quickly sentiment in Wall Street's mega-cap stocks can spill over into European trading.

The AI Economics Debate

Investors have grown less patient with AI spending over the past two weeks. The concern is not demand, since adoption keeps spreading and may be speeding up. The question is what the spending will earn. Alphabet, Amazon, Meta, Microsoft, and Oracle are expected to invest more than $1 trillion in AI infrastructure over the next year. That spending is taking a growing share of the cash these companies generate, at a time when borrowing costs are higher.

The largest technology companies still have strong balance sheets, and earnings growth across the sector remains solid. But growth rates have likely peaked, and current valuations suggest investors expect a slowdown through 2027. Markets are becoming more selective and are no longer giving every AI-linked company the benefit of the doubt.

October's Rotation

Leadership broadened during October. Small- and mid-cap stocks held up better than the large technology names, value stocks gained, and falling yields supported bonds. The month-end numbers show how wide the gap became: the Nasdaq was heading for a loss of about 5%, its steepest since March 2025, while the S&P 500 was on track for a decline of less than 1% and the Dow for a gain of about 2%. The Dow's strength reflects its heavier weighting in industrial, consumer, and health care companies and its limited exposure to AI-related stocks.

An economy growing above trend, as third-quarter GDP showed, and improving earnings from areas that have lagged in recent years both help explain the shift. With consumer and corporate fundamentals healthy, the case is for staying invested in equities while reducing concentration in AI leaders and adding exposure that offers different sources of return. Investors should weigh any changes against their goals and risk tolerance.

The Final Word

October ends with a sharp reminder that expectations for AI have moved from hope to proof. Demand for the technology is not in question, but investors now want clear evidence of returns on the capital being spent and on the debt being raised to fund it, and Friday's selloff showed the cost of falling short. The shift into value, defensive sectors and smaller companies suggests that investors are spreading their bets, not leaving the market. Diversification, not retreat, is the right response.

Corporate Earnings Parade:

- **ExxonMobil Holdings Corp. (XOM):** reported third-quarter 2026 earnings with revenue of $113.164 billion, up 32.67%; net income of $16.07 billion, up 106.25%; and Earnings per share of $3.72. Exxon has a Stock Price Objective of $179.41
- **AbbVie, Inc. (ABBV):** reported third-quarter 2026 earnings with revenue of $17.40 billion, up 10.3%; net income of $4.21 billion, up 2,168%; and Earnings per share of $2.37. AbbVie has a Stock Price Objective of $283.19.

GDPNow Update:

- The GDPNow for the **fourth quarter of 2026** was released on 10/29/2026 with an **initial forecast of 3.20%.**

Economic Update:

- **US Employment Cost Index QoQ:** fell to 0.80%, compared to 0.90% last quarter.
- **Canada Real GDP MoM:** fell to -0.01%, compared to 0.03% last month.
- **Japan Unemployment Rate:** fell to 2.40%, compared to 2.50% last month.
- **Japan Housing Starts YoY:** fell to -2.74%, compared to 6.14% last month.

Eurozone Summary:

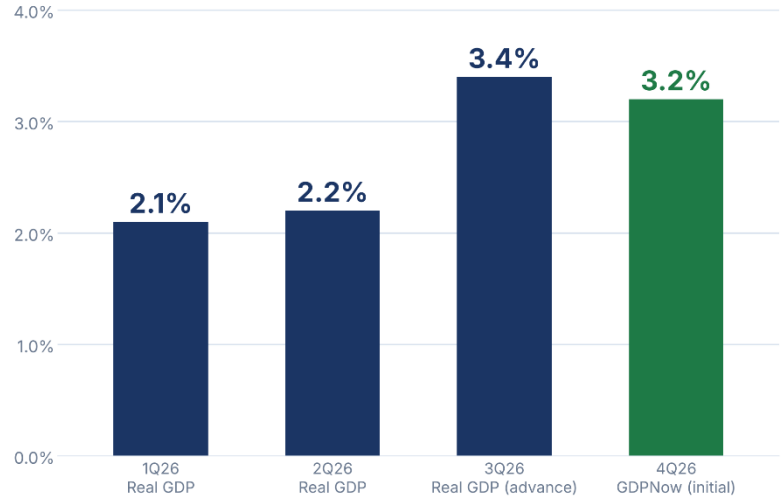
- **Stoxx 600:** Closed at 646.75, down 2.36 points, or 0.36%.
- **FTSE 100:** Closed at 10,729.78, up 7.71 points, or 0.07%.
- **DAX Index:** Closed at 25,818.27, down 221.47 points, or 0.85%.

Wall Street Summary:

- **Dow Jones Industrial Average:** Closed at 52,342.56, down 132.54 points, or 0.25%.
- **S&P 500:** Closed at 7,720.39, down 23.59 points, or 0.30%.
- **Nasdaq Composite:** Closed at 26,184.72, down 365.12 points, or 1.38%.
- **Birling Capital Puerto Rico Stock Index:** Closed at 4,913.50, up 3.65 points, or 0.07%.
- **Birling Capital US Bank Index:** Closed at 9,524.71, up 74.67 points, or 0.79%.
- **U.S. Treasury 10-year note:** Closed at 4.98%.
- **U.S. Treasury 2-year note:** Closed at 4.61%.

U.S. Real GDP and GDPNow 4Q26

Quarterly annualized growth, as of October 30, 2026



GDPNow 4Q26 (October 29)

3.20%

1Q26 real GDP	**2.1%**
2Q26 real GDP	**2.2%**
3Q26 real GDP (advance)	**3.4%**
4Q26 GDPNow	**3.2% (initial)**

Source: U.S. Bureau of Economic Analysis, Federal Reserve Bank of Atlanta GDPNow — Birling Capital Advisors

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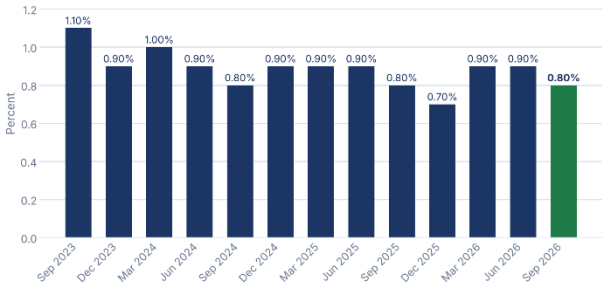
Economic Dashboard

Friday, October 30, 2026

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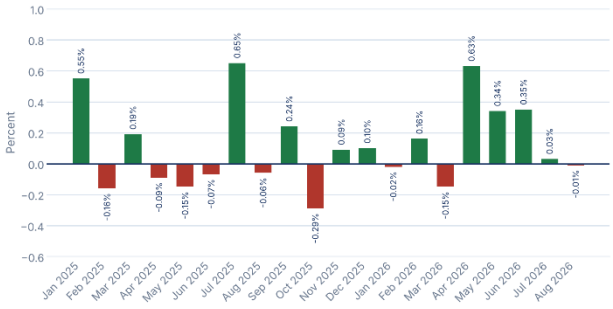
U.S. Employment Cost Index (QoQ)

Latest: 0.80% for the quarter ended September 30, 2026



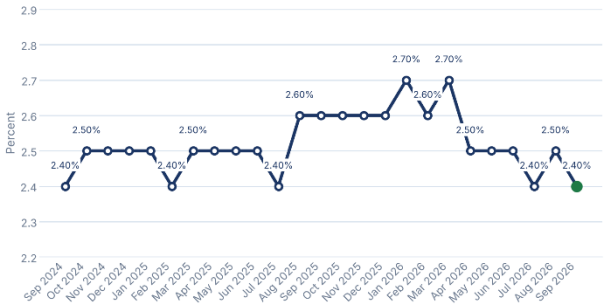
Canada Real GDP (MoM)

Latest: -0.01% in August 2026, after 0.03% in July



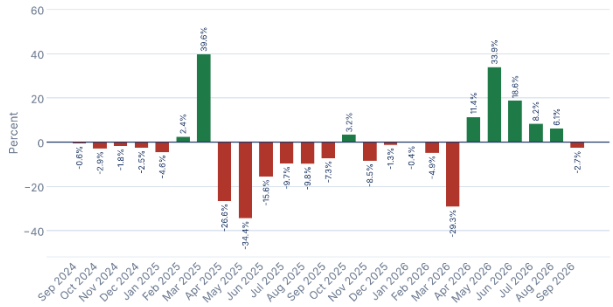
Japan Unemployment Rate

Latest: 2.40% in September 2026, down from 2.50% in August



Japan Housing Starts (YoY)

Latest: -2.74% in September 2026, after 6.14% in August



Source: Birling Capital Advisors

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Eurozone indexes close

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Stoxx 600

Closing price

646.75

▼ 2.36 points

-0.36%

FTSE 100

Closing price

10,729.78

▲ 7.71 points

+0.07%

DAX Index

Closing price

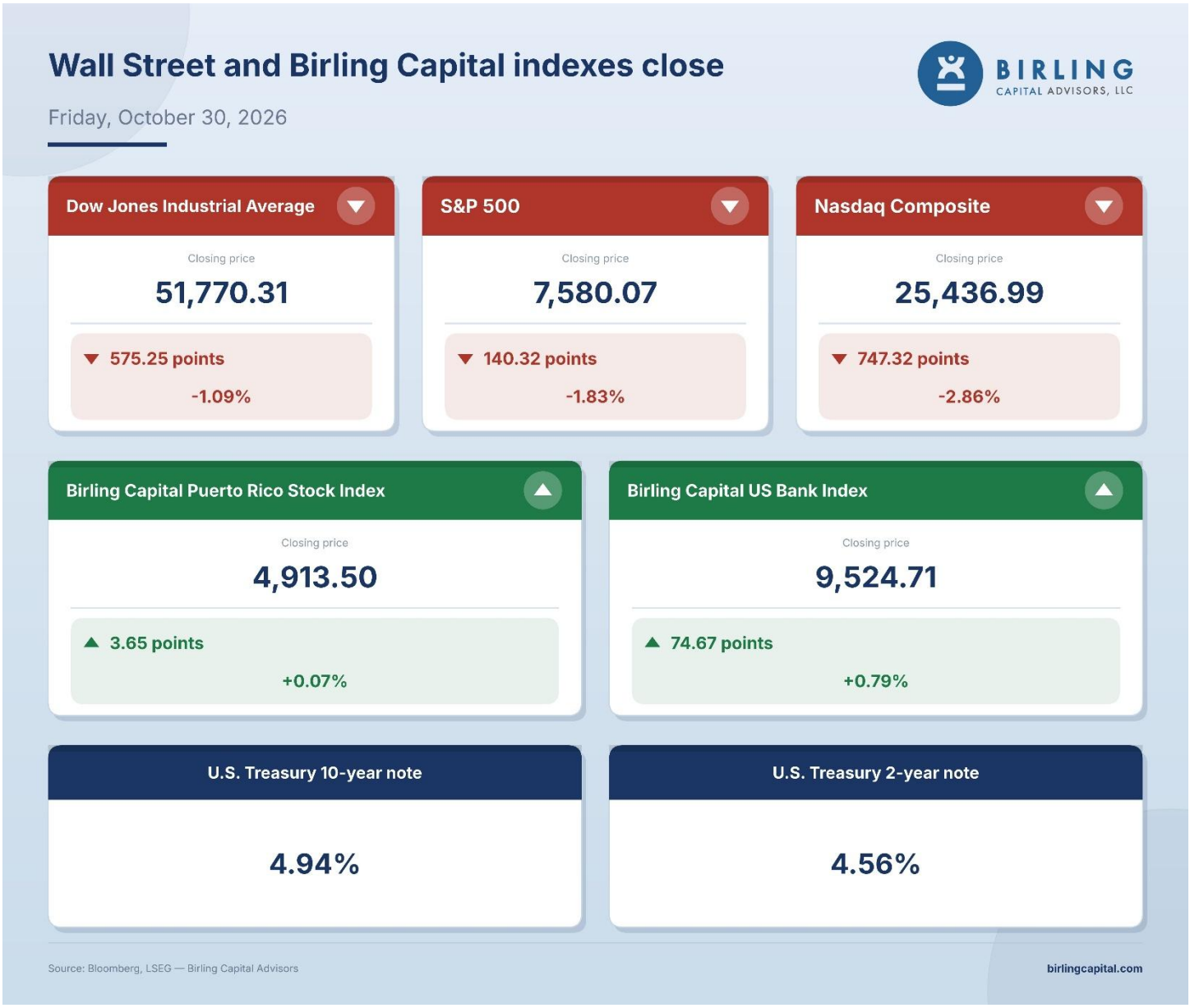
25,818.27

▼ 221.47 points

-0.85%

Source: Bloomberg, LSEG — Birling Capital Advisors

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