

The Chart of the Week

S&P 500 capex as a share of cash flows is still lower than the dotcom era



Source: Financial Times (FTSE Russell, Factset, HSBC)

What happened last week?

Global markets

Shutdown ends, volatility follows

The week of 10–14 November 2025 saw global equity markets deliver a mixed performance amidst a significant rise in volatility in the U.S.

The end of the prolonged 43-day U.S. government shutdown provided a positive start to the week, easing systemic concerns. However, the initial relief quickly pivoted to anticipation and anxiety over the imminent return of delayed key economic data (like CPI and PPI), which would finally clarify the true inflation and growth picture.

U.S. markets were characterized by a sharp selloff in riskier (higher beta) stocks and the Technology sector, which had been the year's leaders (e.g., in AI-linked names). This was driven by mounting valuation concerns and the swift drop in market expectations for a near-term Federal

This high-beta selloff triggered a pronounced rotation of capital into YTD laggard and defensive sectors such as Healthcare and Energy, which showed notable gains and resilience.

AI-driven market nervousness is palpable, with recent news flow providing ample fodder for bears. Key developments included the Microsoft CEO signaling a potential slowdown in capex, OpenAI's controversial mention of needing government subsidies, and CoreWeave's missing quarterly earnings targets due to a project delay. Adding to the negative sentiment were the reports of Softbank selling its stake in Nvidia and hedge-fund manager Michael Burry disclosing significant short bets against several AI winners. Given that AI positioning was, and largely remains, crowded even after the recent correction, all investor attention is now focused on Nvidia's quarterly report this Wednesday.

Despite the U.S. tech turbulence, international equities showed greater stability. The STOXX Europe 600 advanced on strength in energy and healthcare sectors, while Asian markets stabilized, supported by better-than-expected inflation data and hopes for domestic stimulus.

US

CoreWeave was one of the highly scrutinized companies that reported last week. The AI-infrastructure player delivered a stellar Q3 with revenue of ~\$1.36 bn (up ~134% YoY) but narrowed its full-year guidance after citing delays from a third-party data-center builder; it also saw a steep increase in debt-driven interest expense despite a \$55bn backlog. The delay was not well taken by the market and the stock finished the week down double digit.

Cisco beat expectations, raised its fiscal-year outlook, and highlighted surging demand for its AI infrastructure hardware (particularly networking gear) reinforcing confidence in its long-term role in AI data-centers. The stock was up during the week.

Disney posted an EPS beat (\$1.11) but its revenue fell short, dragged by weakness in its legacy linear-TV business while parks results were soft; the company also raised its dividend and plans to double its 2026 buyback.

Barrick delivered record operating and free cash flow (\$2.4 bn and \$1.5 bn respectively), drove gold production higher, raised its dividend by 25%, and boosted its share repurchase program, all supported by strong commodity prices.

Europe

Richemont posted resilient FY 2025 results with sales up ~4%, driven by strong Jewelry Maisons, though operating profit declined and margin compressed; it ended the year with a very healthy net cash position (~€8.3 bn).

Siemens: Siemens reported Q3 results roughly in line with forecasts, with modest revenue growth but headwinds from currency translation; the company reaffirmed its FY 2025 outlook while highlighting strong free cash flow and a solid order book. The stock saw some profit taking as FX remains a headwind to margin increase.

Infineon closed FY 2025 roughly in line with expectations despite weak end markets, but is increasingly betting on AI-center demand — raising its 2026 target for power-supply revenue to ~€1.5 bn.

Rest of the world

Emerging-market equities faced a risk-off week as global stocks — especially tech — sold off amid concerns about stretched AI valuations. Sentiment weakened further as expectations for a

December U.S. Fed rate cut faded following hawkish commentary, which supported the dollar and pressured EM currencies. Equity fund inflows slowed sharply, indicating growing caution, while EM hard-currency bonds underperformed early in the week with wider spreads. China-growth worries resurfaced and added to the softer tone across Asian markets. A pullback in U.S. technology shares spilled over into EM, prompting broader de-risking. Investor surveys highlighted that EM remained vulnerable if the Fed refrained from cutting rates.

Our view on equities

Equity asset class

POSITIVE in current environment

We remain positive on equities. Demand for AI infrastructure remains strong while a broadening of corporate earnings will help offset rich valuation multiples, particularly in the US.

After an uneven year, earnings in 2026 are expected to accelerate and broaden. Technology stocks will continue to benefit from AI-related investments, while the “old economy” is expected to slowly recover thanks to lower interest rates and deregulation in the US.

We continue to advocate diversification while maintaining our overweight position in the US and China.

Earnings

Earnings remain a tailwind for equities, supported by a strong third-quarter earnings season and expectations that growth will accelerate and broaden in 2026. Technology stocks should continue to deliver robust performance, while the “old economy” is set to recover.

Valuation

US technology stocks remain expensive, although growth and profitability provide some support while international equities are more reasonably valued. Equity risk premia remains low in both the US and Europe.

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