CJ's Weekly Market Memo

A Two-Way Street

November 14, 2026

The Anthropic IPO is this week's real test of the AI trade. So far demand for ANT says the trade has been badly shaken and survived. I believe technology will lead again once this market stabilizes.

Market Fundamentals

Investors will spend this week watching Nvidia's earnings. I will be watching Anthropic's initial public offering, which prices on November 18 and begins trading on the Nasdaq the following day. I believe it will tell investors more. Nvidia's decline has cooled speculative confidence. Yet Bloomberg reports the ANT offering is already six times oversubscribed.



Left: The Economist, early September 2026, "The Sorcerer of Silicon." Right: The Economist, November 14, 2026, "Why you should expect an AI crash." Source: The Economist.

Barron's considers the ANT offering reasonably priced, and I agree. At the midpoint of the range Anthropic would be valued at about $1 trillion. That is 12 to 13 times its annualized revenue run rate in October. Extrapolating growth, that multiple should compress quickly, since revenue is up more than 12-fold from a year earlier and the company is already profitable on an adjusted basis. I believe ANT belongs with SpaceX and Microsoft as a core holding in the technology allocation of a growth portfolio, since AI should dominate technology investing through the rest of this decade.

Still, after Nvidia's fall there are worries. The largest, for AI going forward, is the financing Nvidia has supplied to many AI related companies. By my count from its latest 10-Q, that support comes to

roughly $270 billion. About half is direct equity investment. When equity falls in value, no one is forced to sell. The other half is credit guarantees and capacity backstops, and those behave more like debt. On Nvidia's call this week I will listen for any change in those guarantees more closely than for earnings, revenue or guidance. In my opinion the equity half will cushion the effect of any Nvidia disappointment. The guarantee half is where a problem could compound.

As has been the case since June, Bespoke's "triple plays" continue to falter. These were companies that beat estimates for earnings and sales and raised guidance, then sold off anyway. The losers were in groups like technology, where expectations were too high. In groups where expectations were reasonable or even too low, the same good news produced rallies. That is what to expect in a normal market. The one-way street has been returned to reality.

Prognostication

The market must stabilize before it can advance. At present the non-tech sectors look most appealing to investors who had believed technology stocks could only go up. Now spooked, they have turned defensive. I traded through 2000 to 2002, and had I stayed long the dot-com leaders I would have missed the rally in everything else. So I understand the appeal of exiting technology stocks. However, once the uptrend resumes I expect technology to resume leadership, and ANT is a good test of that view. I still look for a strong recovery in technology and a year end rally in the S&P 500 and the Nasdaq.

Contrarians may also take note of the two covers of The Economist shown at the top of this letter. In early September the magazine celebrated Nvidia's Jensen Huang as "The Sorcerer of Silicon." This week it tells readers to expect an AI crash. Is that a great indicator? Not always. The September cover did not mark Nvidia's exact top. The famous 1979 BusinessWeek cover, "The Death of Equities," came about three years before the S&P 500 turned higher for good. Even so, it is the type of contrary indicator I pay attention to. When a respected magazine goes from celebrating Nvidia to predicting a crash in ten weeks, much of the fear is probably already in prices.

I may yet be proven wrong. Should ANT break its issue price in its first days of trading, I will have been wrong about the appetite for AI growth surviving this selloff. I would then expect the rotation into non-tech sectors to run considerably longer, and I would be slower to favor technology. In that case any year end rally would probably be confined to the market of stocks rather than the S&P 500 and the Nasdaq.

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