MARKETS

The Stock Market Celebrated Election Day. Then the AI Trade Imploded.

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Forget everything you know—the stock market certainly has.

It's almost crazy to think that on Wednesday, the stock market was celebrating after a Democratic sweep of the midterm elections. But all the good vibes were forgotten Thursday, with the Dow Jones Industrial Average down 1,605.11 points, or 3%, the S&P 500 off 3.9%, and the Nasdaq Composite clobbered to the tune of a 5% drop.

In other words, it's bleak out there. So bleak, in fact that it's hard to find much that is working.

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The selling might seem extreme, but not when you consider how Wall Street works. Everyone has a financial model that projects growth in the years to come, which is ultimately used to derive a price target.

With the Democrat sweep, however, all those growth targets have to be tossed in the rubbish bin. Investors now have to consider how quickly data centers can actually be built, and what that will mean for the companies selling products into the ecosystem.