



Friday, February 6, 2026, delivered one of the most memorable sessions in recent history: the Dow Jones Industrial Average closed above 50,000 for the first time ever. This milestone coincided with a notable shift in investor focus.

While investors entered 2026 optimistic about the pace of AI-related investment (both in the U.S. and globally) as a catalyst for future growth, the pace of planned spending has accelerated. As a result, investors have now shifted their focus from expected growth to the potential return on invested capital for companies that are the source of that spending.

Microsoft, Meta, and Alphabet all indicated a combined approximately \$400 billion in AI-related spending in 2026, a significant acceleration from previous years (see the chart of the week below). This figure doesn't include the announced \$200 billion in spending from Amazon. With valuations among the AI hyperscalers having also gone hyperbolic, investors spent the better part of last week taking profits in the AI space while they wait to see how profits play out in relation to the massive AI spend.

Alongside profit-taking in AI-related sectors, investors' appetite for crypto has reversed, driven by fading AI optimism, technical selling, and continued supply-demand pressure from the unwinding of the yen carry trade.

Behind the market moves, the economy remains key. While manufacturing in the U.S. made a significant rebound last week, according to data from the ISM, layoff announcements for January jumped to the highest number reported for that month since 2009. Simultaneously, job openings came in below estimates. This supply/demand dynamic in the labor market likely remains the key element in both the growth and policy tug-of-war.

As Q4 earnings season continues to wind down, this week is light on the economic data front. This week provides key readings on retail sales for a check-in on the consumer, and the next inflation data point is coming with CPI. Between layoff announcements last week and CPI this week, the policy path continues to shift for the Fed.

AI Hyperscaler Capex Going Hyperbolic

[DOWNLOAD THE CHART](#)

What Happened

AI Capex - Plans for AI-related capital expenditure reported last week by MSFT, META, AMZN, and GOOGL exceeded previous spending expectations.

U.S. Layoffs - Announced layoffs for January came in at approximately 108K, the highest number of layoffs for January since 2009.



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