

The AI Weekly

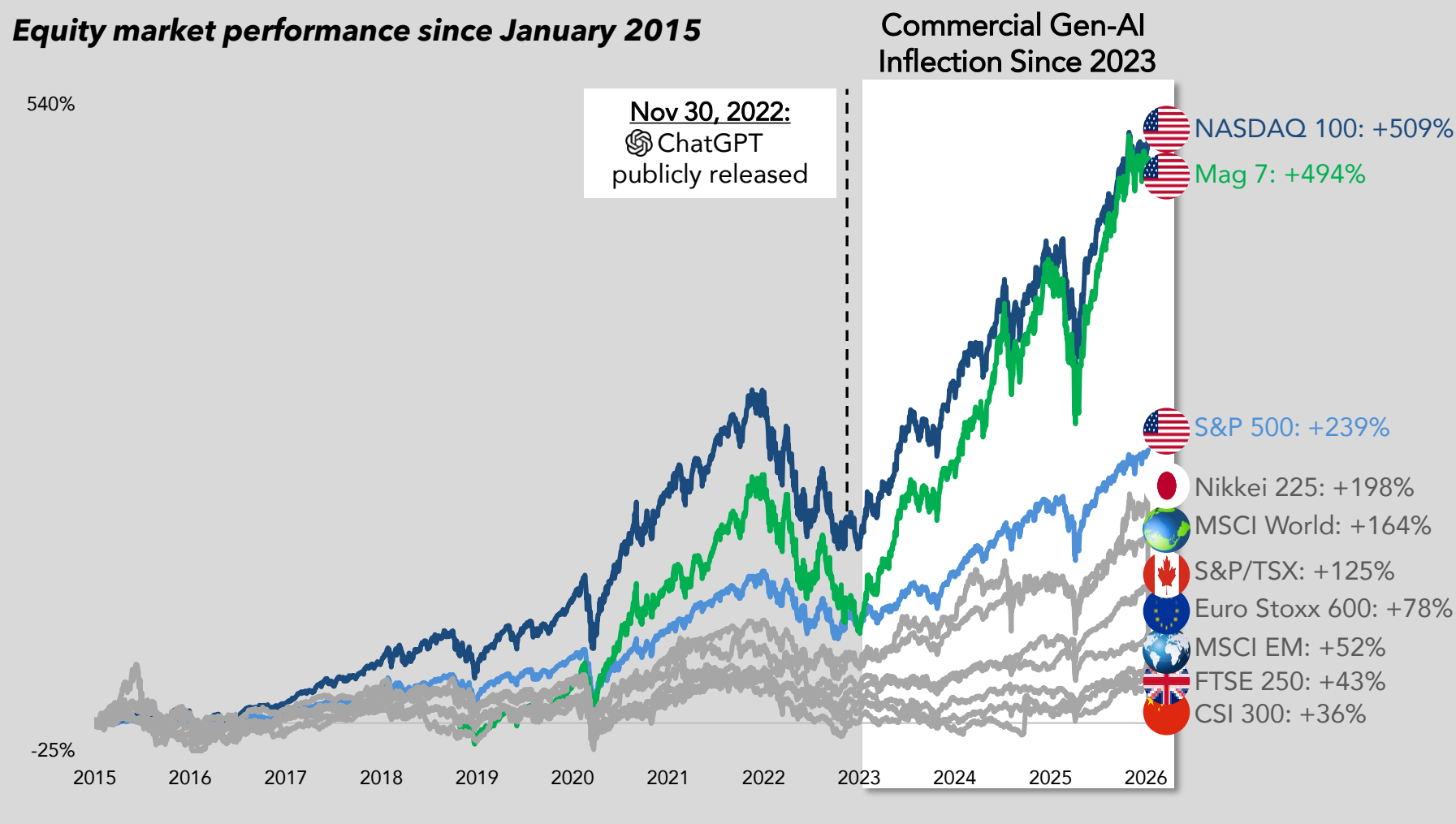


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Megacap Tech Soars After Gen-AI Inflection in 2023

Since the commercial gen-AI inflection in 2023, public market valuations of mega cap tech and tech-related stocks soared. AI has been the primary driver of their re-rating.

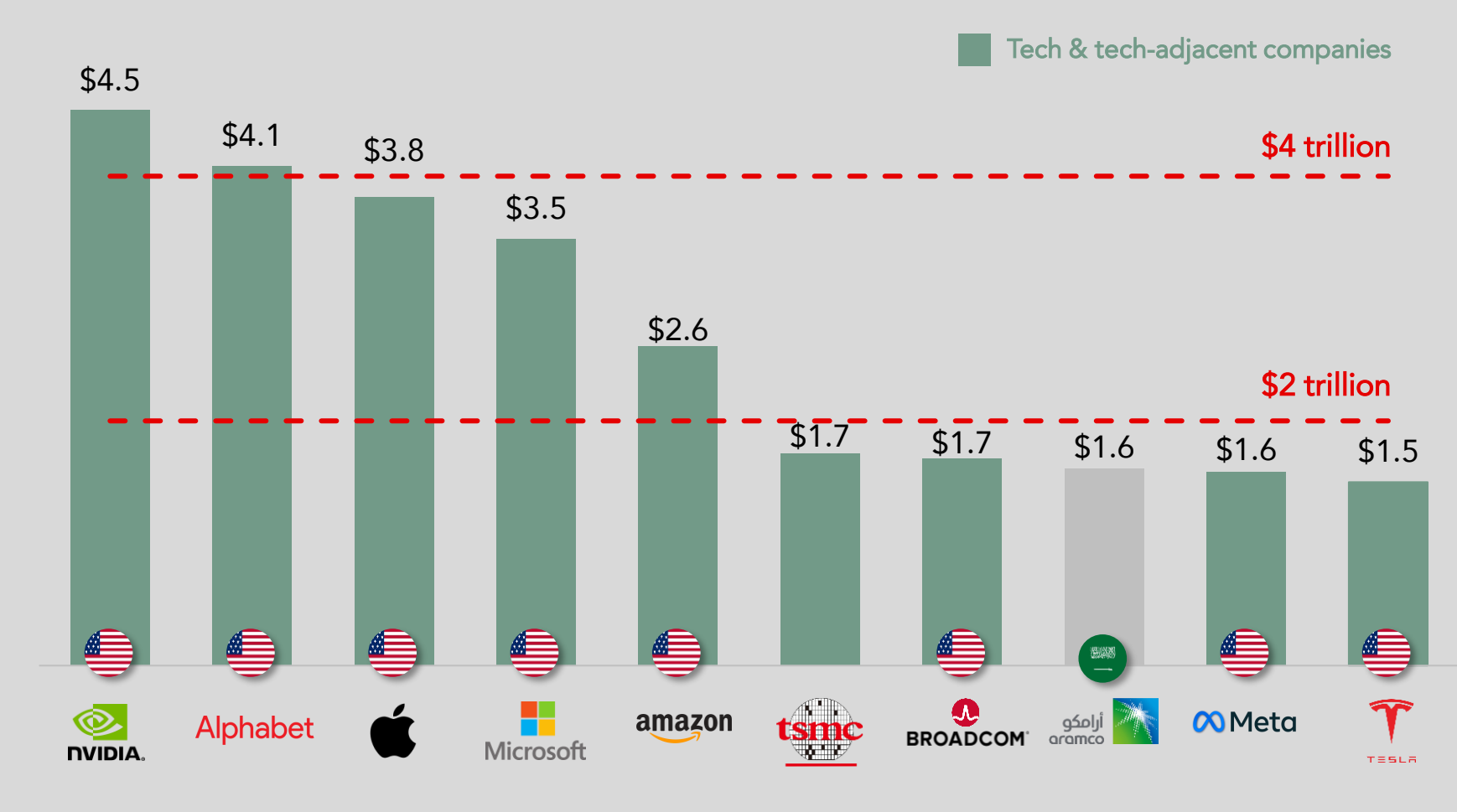


Source: (1) Bloomberg. Data as of January 12, 2026. Tech sector share indices are MSCI.

Tech Dominates World's 10 Most Valuable Companies

As of early January 2026, nine of the world's 10 largest companies are technology or technology adjacent companies. Among the group, only Saudi Aramco sits firmly outside the tech bucket. AI's transformative impact and expansion is a critical driver of this concentration.

Market cap of top 10 global companies, USD tn

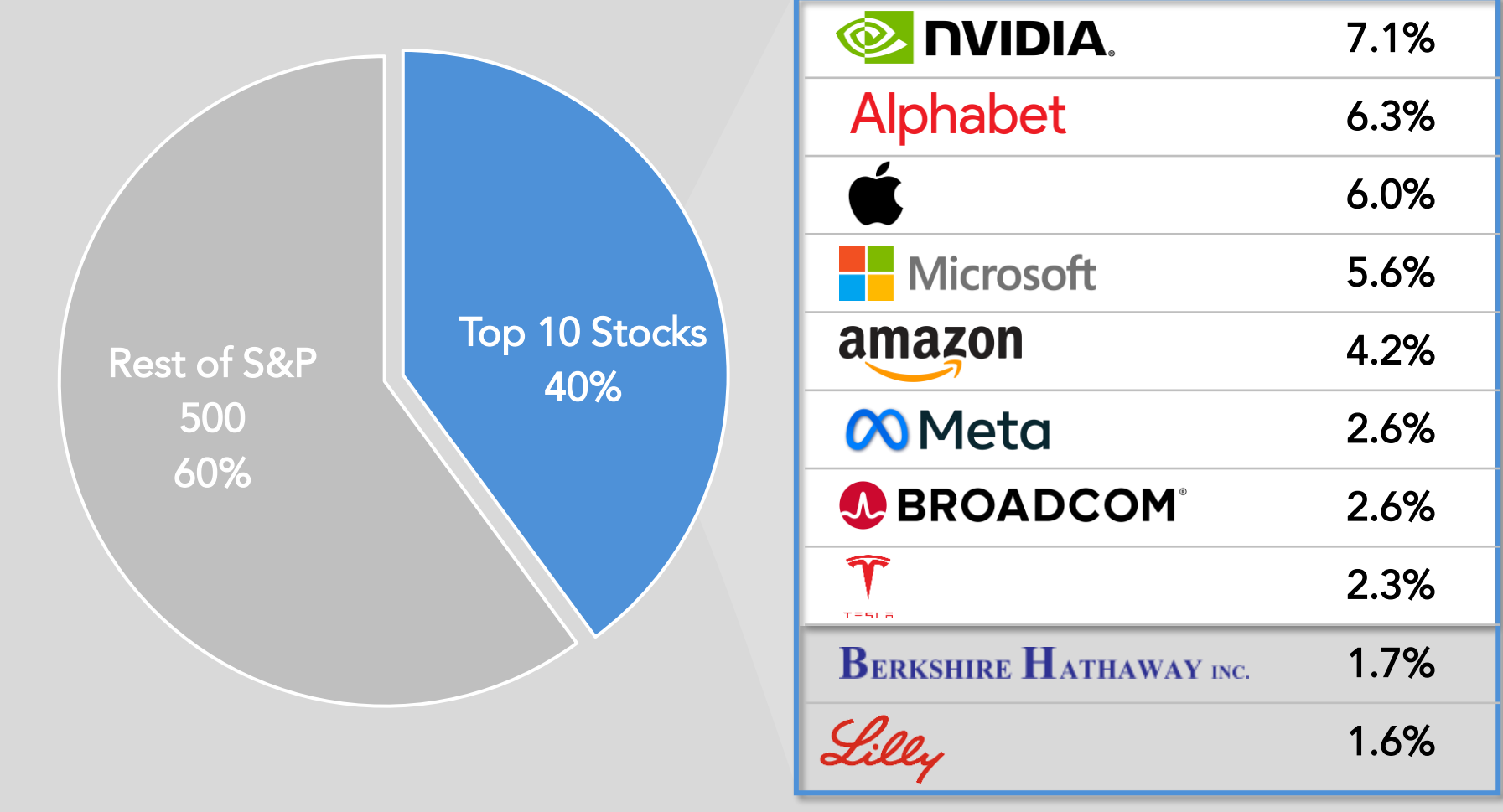


Source: (1) Bloomberg. Data as of January 13, 2026. Tesla included as tech company due to focus on software, AI, and data.

Extraordinary Valuations Follow Tech Inflection Points

US equity market concentration, led by 8 mega-cap tech and tech adjacent growth stocks, stands at all-time highs as of early 2026. Historically, such dominance by just a handful of companies tends to occur at technology inflection points. Historically, when productivity is driving growth, valuations can be sustained, as evidenced by the 1990s bull market length at 120 months.

Market cap weighting of top 10 stocks in S&P 500

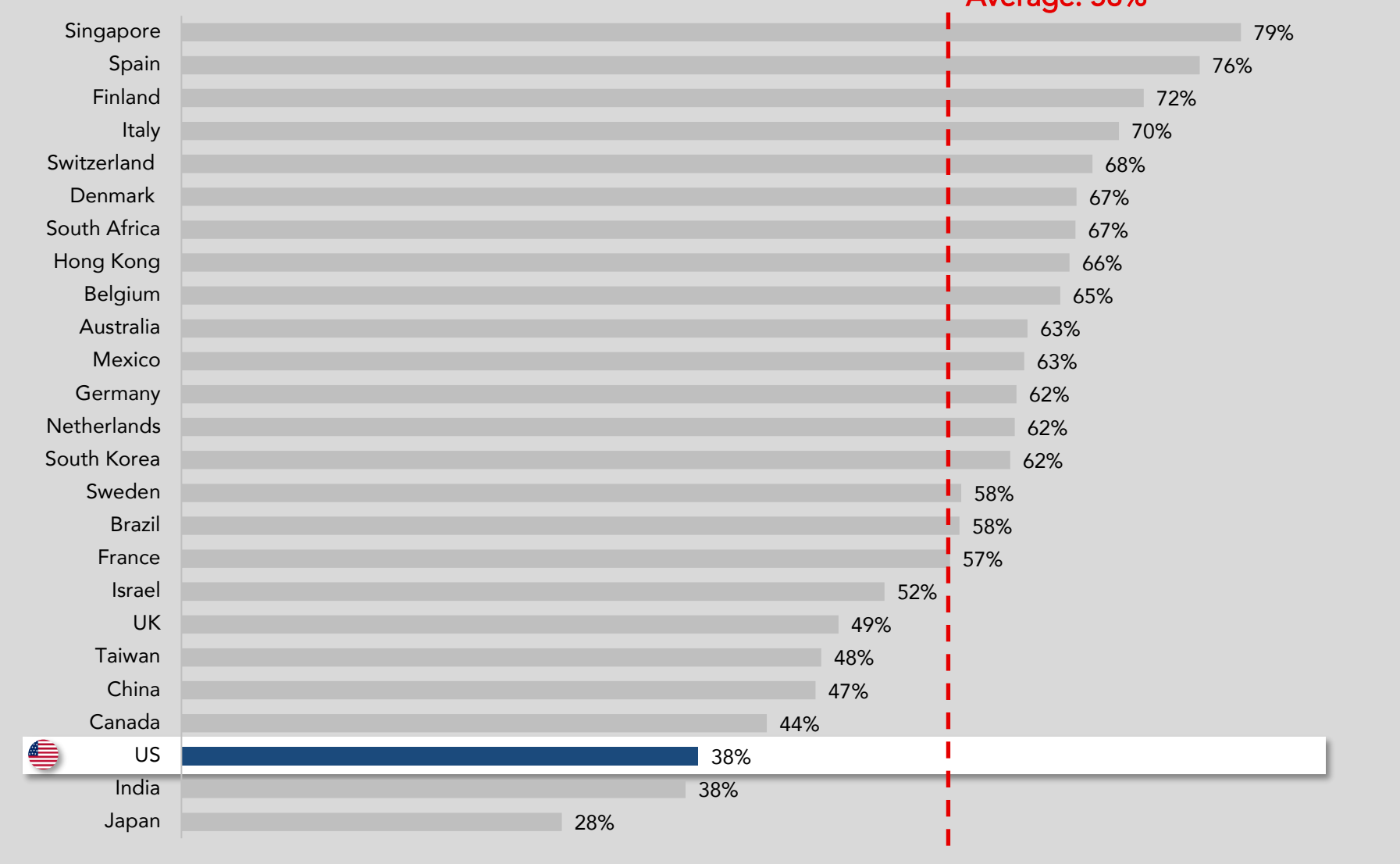


Source: (1) Bloomberg. Data as of January 15, 2026.

Global Concentration Risk Exceeds US Equities

The US equity market is extremely large and concentrated at the top, though less than many other equity markets globally.

Weight of top 10 holdings in country's ETF

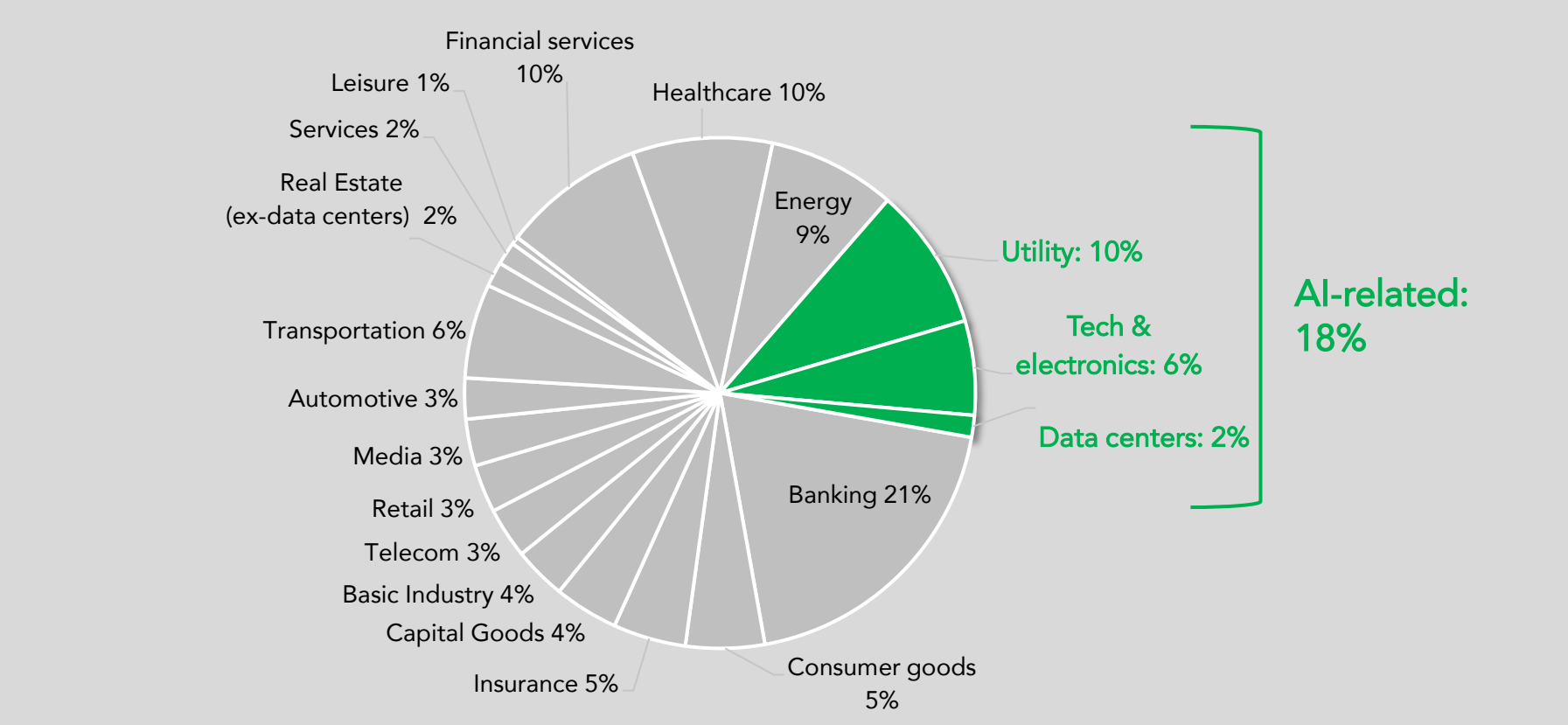


Source: (1) Bloomberg, Carson Investment Research. Country ETFs are iShares MSCI. US ETF is SPDR S&P 500. Data as of January 15, 2026.

AI-Related Sectors Now Comprise 18% of the IG Index

AI-related sectors (i.e., utilities, tech & electronics) now account for approximately 18% of the aggregate corporate bond index. Implications of this growth include the following: (1) more index concentration risk in a smaller group of names; (2) necessity of tech sector investor exposure to track and benchmark the index; (3) AI-related spread moves, ratings changes and issuance surge more directly impact the aggregate index; and (4) upward pressure on index duration given longer maturities of AI financings

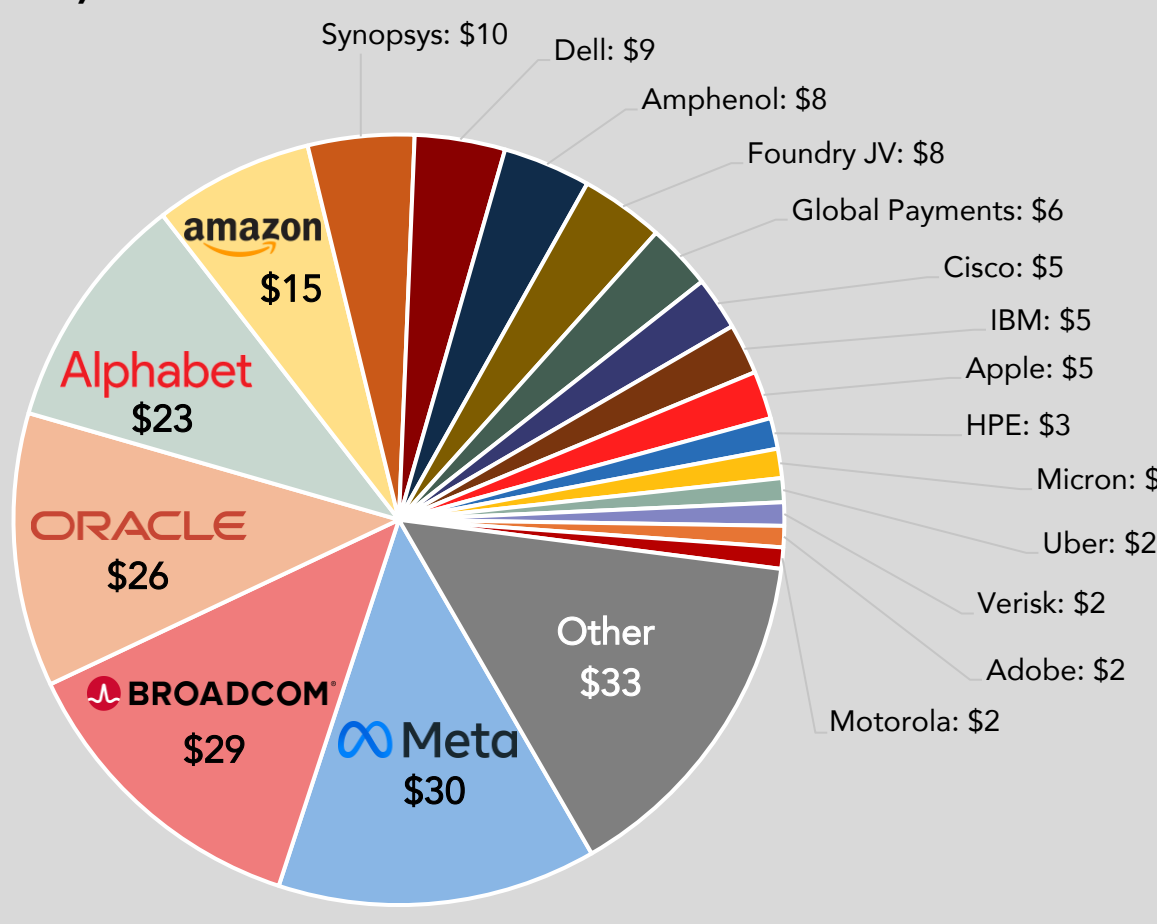
IG corporate bond index, by sector



Source: (1) Bloomberg. Data as of December 31, 2025.

Over \$200 Bn of Tech Bond Issuance in 2025

2025 US Tech bond issuance, USD bn



Source: (1) Bloomberg, CFR. Data as of December 31, 2025. Includes tech and fintech companies.

AI & Tech Drove Largest IG Financings in 2025

Top 10 largest IG deals in 2025 YTD

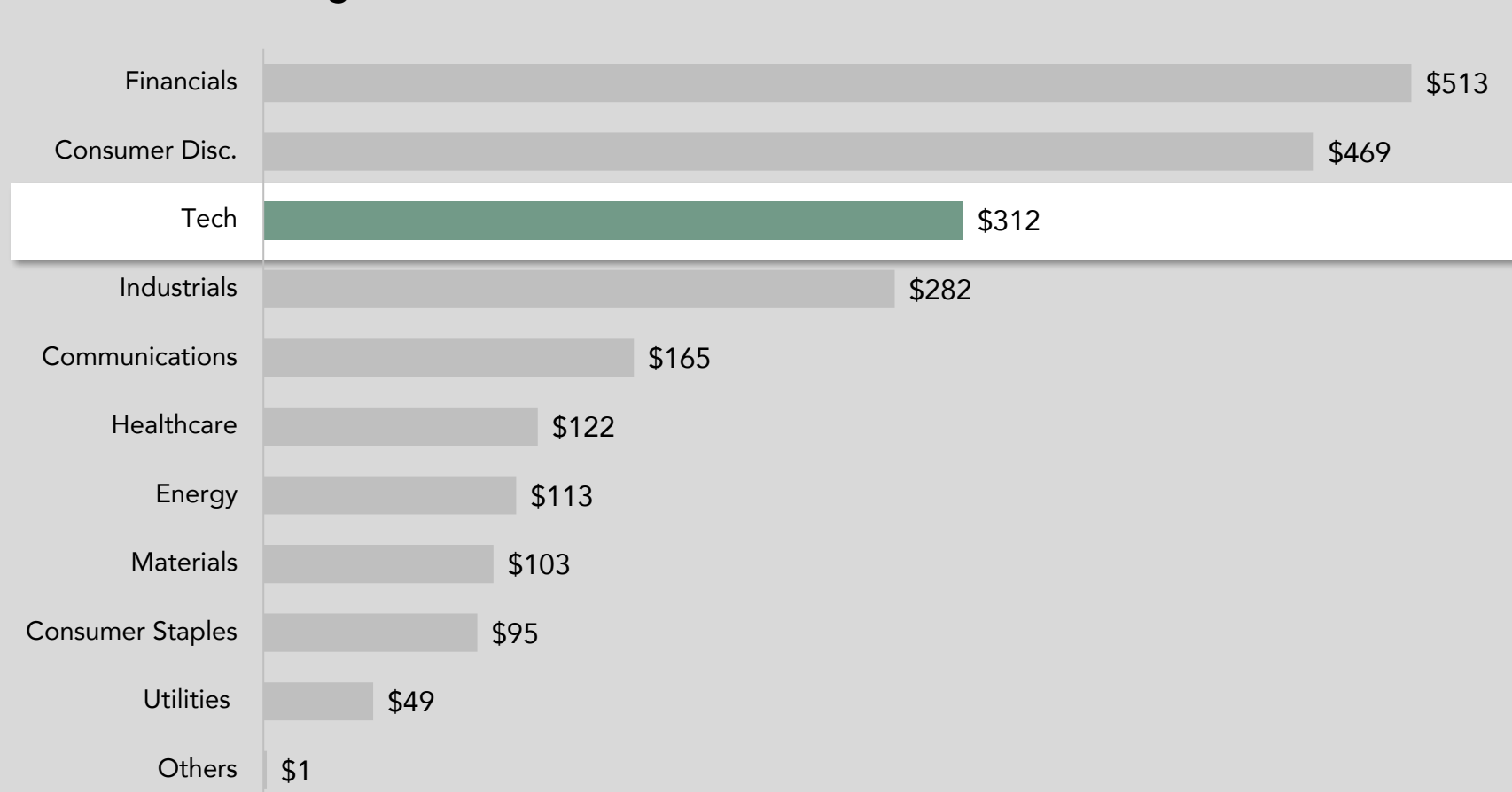
Rank	Month	Issuer	Industry	Size (USD bn)
1.	Oct	Meta	Technology	\$30.0 bn
2.	Mar	MARS	Consumer Staples	\$26.0 bn
3.	Sep	ORACLE	Technology	\$18.0 bn
4.	Nov	Alphabet	Technology	\$17.5 bn
5.	Nov	amazon	Technology	\$15.0 bn
6.	Jul	NTT FINANCE	Telecom / Tech	\$11.3 bn
7.	Nov	verizon	Telecom	\$11.0 bn
8.	Oct	Goldman Sachs	Financials	\$10.0 bn
9.	Mar	SYNOPSIS	Technology	\$10.0 bn
10.	Jan	BANK OF AMERICA	Financials	\$10.0 bn

Source: (1) CFR. Data as of December 31, 2025. *NTT Finance classified as both telecom and technology because bond deal was to refinance bridge loans for taking its data center unit private.

Nearly \$300 Bn of Tech Leveraged Loan Issuance in 2025

Tech and AI-adjacent borrowers issued nearly \$300 bn of leveraged loan issuance in 2025, driven by data center, software and private equity tech deals tapping both syndicated and private credit channels.

2025 US tech leveraged loan issuance, USD bn



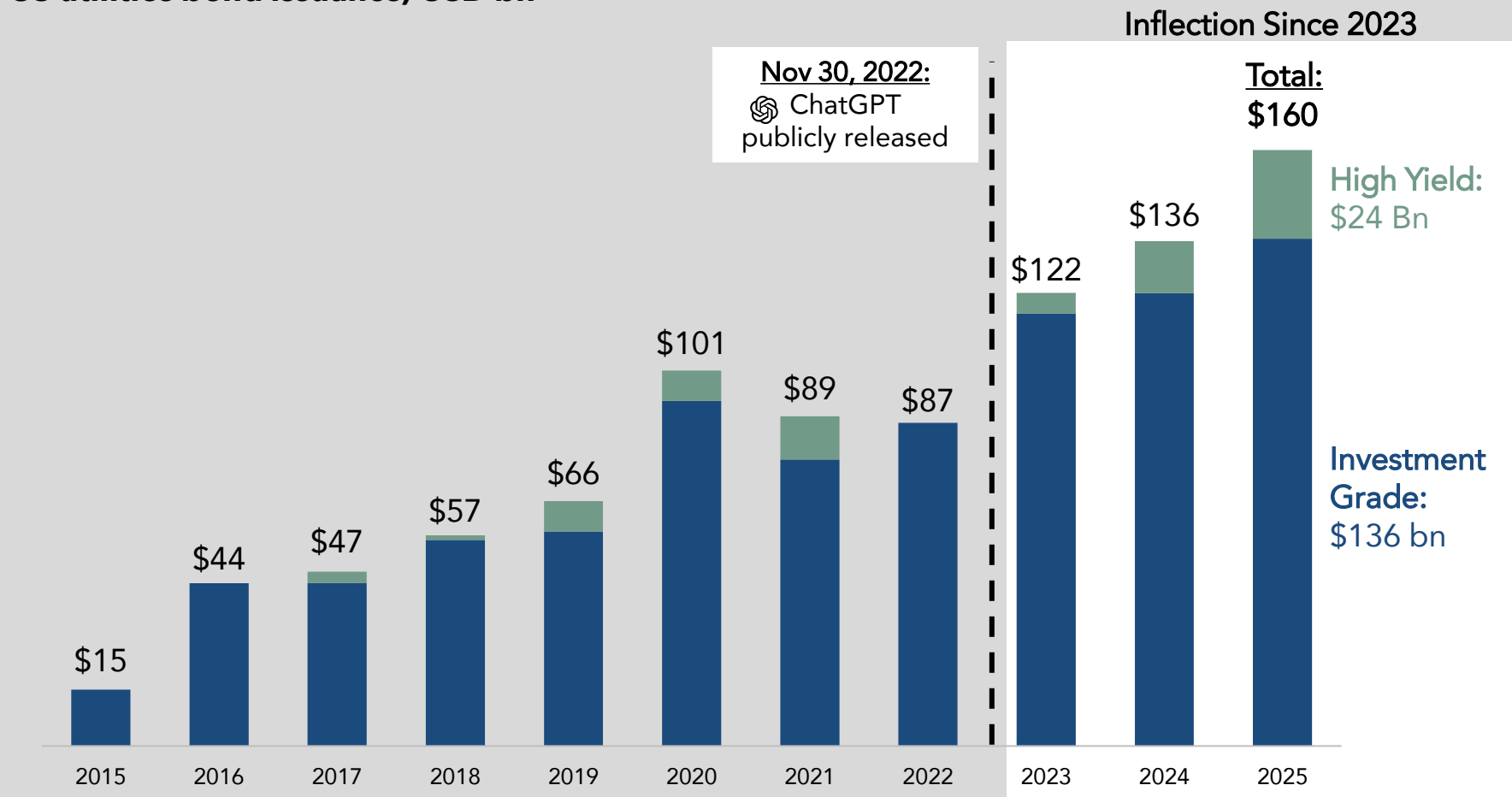
Source: (1) Bloomberg, Data as of December 31, 2025.

US Utilities Issuance Surges on AI Boom

Utility bond issuance surged in 2025, both regulated IG utilities and in municipals tied to utility infrastructure. Capex for data center power demand and electrification has been a primary driver of the sharp increase over the last three years.

US utilities bond issuance, USD bn

Commercial Gen-AI Inflection Since 2023



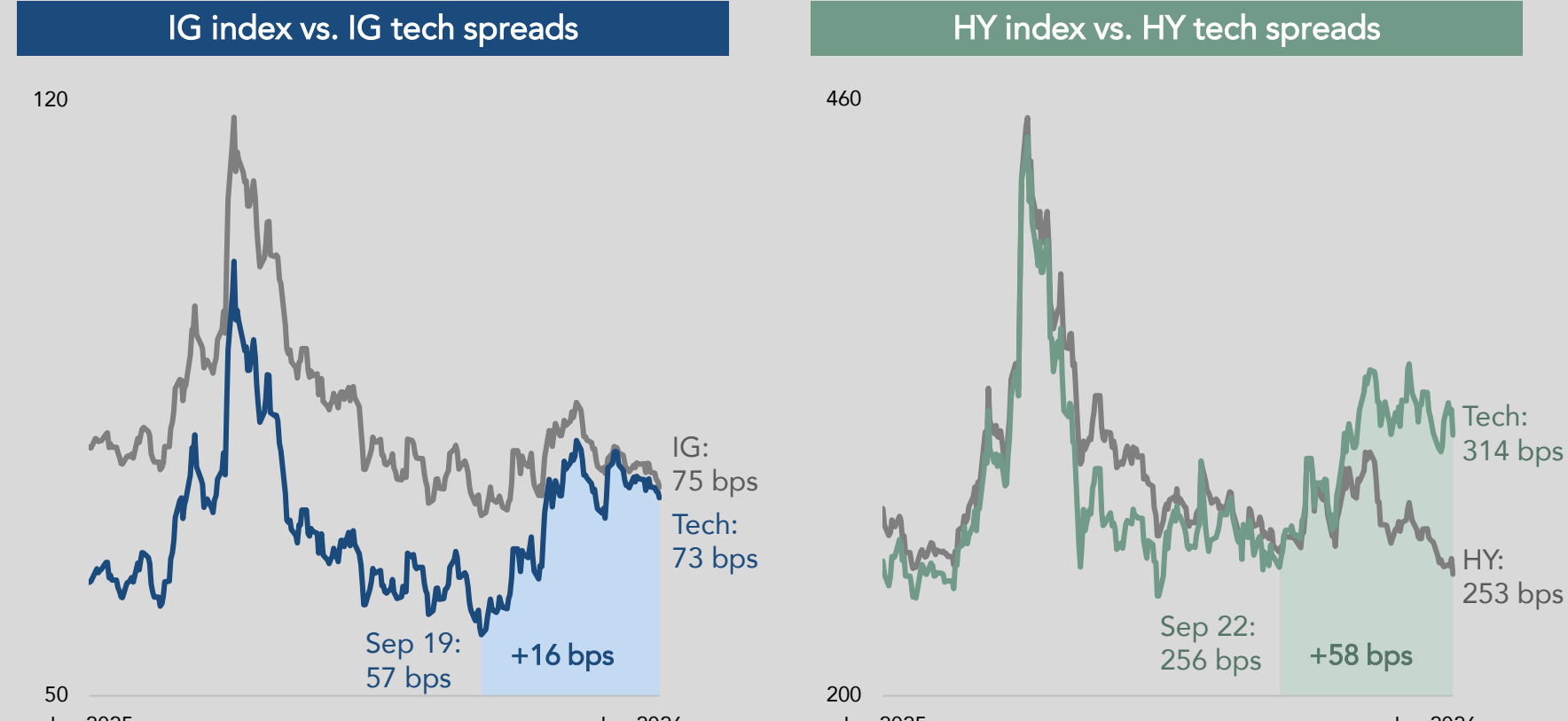
Source: (1) Bloomberg, "AI Boom Brings Flood of Debt to Ultrasafe Market". Data as of December 31, 2025. Includes sales of independent power producers.

Tech Spreads Contained Despite AI Driven Supply

Despite record supply to fund AI data center expansion, tech sector credit spreads have remained relatively contained. Nonetheless, tech spreads in 2025 moved from their historical position inside the index to trading marginally wider, particularly in the BBB tech cohort, as AI-driven issuance and leverage have surged.

IG index vs. IG tech spreads

HY index vs. HY tech spreads

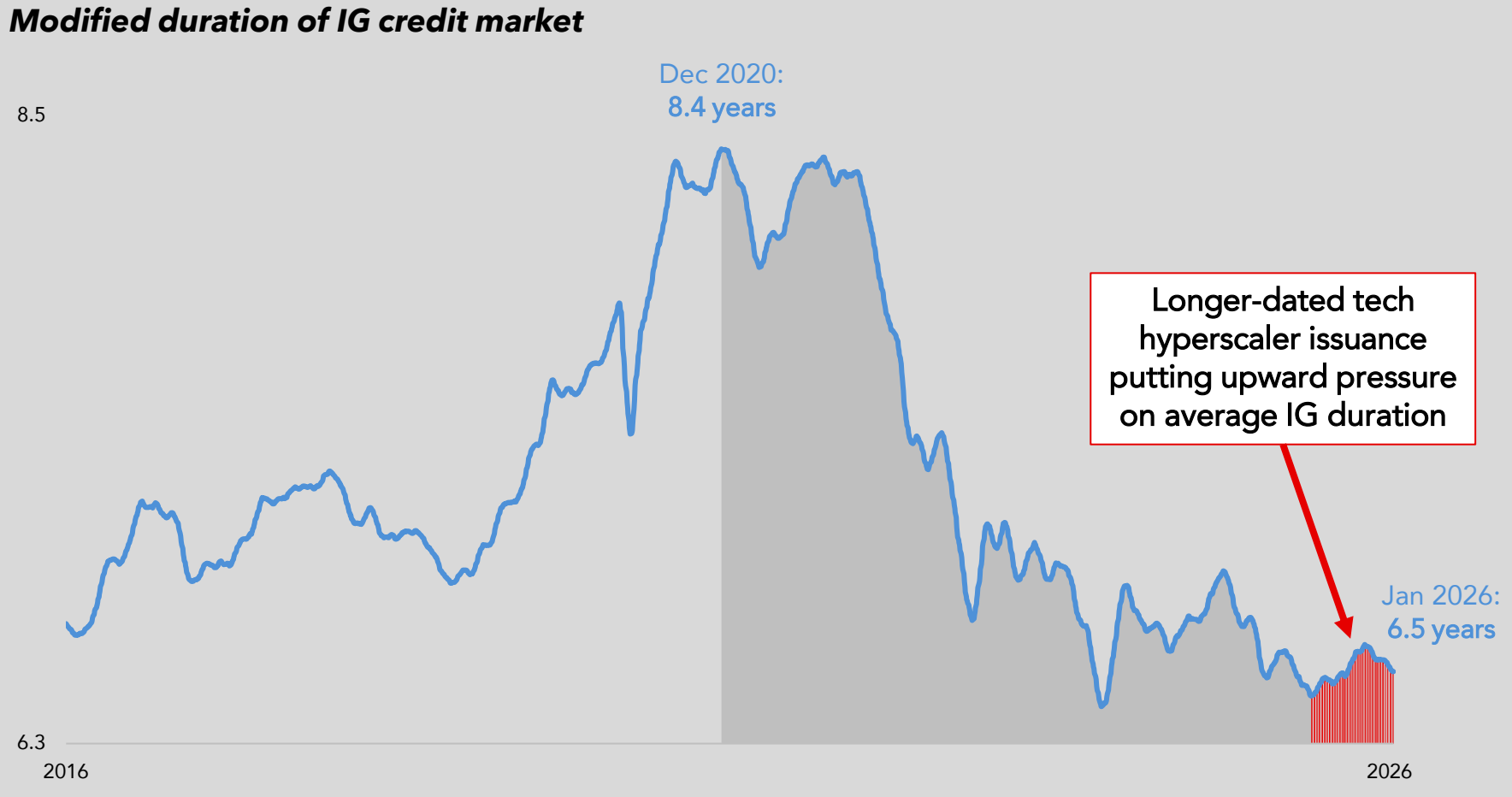


Source: (1-2) Bloomberg, Data as of January 15, 2026. Index OAS to Treasury.

Hyperscalers Nudging IG Avg Duration Slightly Higher

The recent wave of longer-dated hyperscaler debt issuance in the 2H of 2025 has nudged the average duration of the broad USD IG corporate market higher at the margin, but the impact thus far has been more incremental than transformational.

Modified duration of IG credit market



Source: (1) Oxford Economics, Bloomberg, Data as of January 15, 2026. Modified duration to maturity, 1 month rolling average.

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"Macro stability isn't everything, but without it, you have nothing."