The AI Opportunity Remains Strong

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A Structural Shift in Computing

Artificial intelligence has evolved into one of the defining investment themes of the decade, transforming global technology spending. Microsoft, Amazon, Alphabet and Meta are collectively expected to invest more than **US$375 billion on capital expenditure** during 2026, much of it directed towards AI infrastructure, data centres and advanced computing. While valuation concerns periodically emerge, the scale of investment continues to support the long-term AI opportunity.

Investor Confidence Remains Strong

Industry leaders continue to view AI as a structural shift in computing rather than a speculative trend. NVIDIA CEO Jensen Huang has reiterated that AI infrastructure is becoming an essential layer of modern computing. Reinforcing this confidence, China's biggest memory chip maker, **Changxin Technology Group (CXMT) just completed Asia's largest IPO of 2026**, raising approximately **US$8.6 billion**. **The company was valued at around US$85.5 billion at listing, while it debuted today,27th July on the bourses gain of more than 460% lifted its market capitalisation to nearly US$490 billion**, underscoring strong investor confidence in AI-related semiconductor assets. Based on sales in the fourth quarter of 2025, CXMT held about 7.67 per cent of the global DRAM market. This placed it behind Samsung, SK Hynix and Micron, but ahead of every other domestic Chinese producer.

Memory Demand Continues to Accelerate

Memory has become a critical component of AI infrastructure, supporting the rapid movement of data between processors and storage. High Bandwidth Memory (HBM) **demand is expected to grow by nearly 50%** in 2026, while SK hynix, Samsung Electronics and Micron account for more than 95% of the global HBM market. All three companies continue expanding HBM and server-grade memory production to meet rising demand from AI accelerators and hyperscale data centres.

Sharp Correction followed by Rapid Recovery

Despite these structural tailwinds, AI and semiconductor stocks corrected sharply during July 2026 as investors questioned whether hyperscalers could sustain record AI spending while responding to new competitive developments. The Philadelphia Semiconductor Index (SOX) fell more than 20% from its June peak, briefly entering bear-market territory, before **rebounding 5.2%** in a single trading session. **The recovery was led by Micron (+12.2%), AMD (+5.4%), Broadcom (+4.8%) and NVIDIA (+3.6%**), suggesting the sell-off reflected profit-taking and portfolio repositioning rather than deteriorating fundamentals.

Investment Commitments Remain Unchanged

The strongest evidence supporting the AI investment cycle remains the commitment of the world's largest technology companies. Microsoft is expected to invest approximately **US$120 billion, Amazon more than US$100 billion, Alphabet around US$85 billion and Meta approximately US$72 billion on AI infrastructure during 2026.**

Investment Perspective

Taken together, these developments indicate that the July correction represented a temporary valuation reset rather than the end of the AI investment cycle. Industry forecasts suggest the global semiconductor market will surpass US$1 trillion in annual revenue by 2030, reflecting the growing importance of AI across computing, cloud infrastructure and enterprise technology. This enduring demand for advanced semiconductors reinforces the long-term investment case for diversified AI and semiconductor portfolios.

Conclusion

The AI theme, once focused on the US, has clearly broadened to include China, Taiwan, and Korea across areas like LLMs, semiconductors, and cloud. The regular big-ticket capex and the response to new listings in this space reassure that the AI story has a long runway. However, investors need to allocate cautiously, avoiding high concentration to the theme and tactfully spreading across the various layers and key markets.

At Dhanavruksha, we offer carefully curated investment strategies across leading global markets and every major layer of the AI value chain from infrastructure to applications. Connect with us to explore how these strategies can be integrated into your portfolio based on your investment objectives and risk profile.