Signal vs. Noise in the AI Sell-Off

- We view the recent tech pullback as a buying opportunity.

- Alphabet's Cloud growth and CapEx prove the AI supercycle is accelerating.

- Stick with MICRON01 and GOOG80 as top picks to capture this structural upside.

Don't Mistake AMD's Stumble for an AI Slowdown

The recent pullback in US tech stocks—marked by a 1.5% decline in the Nasdaq and a 0.5% slip in the S&P 500—presents a tactical entry opportunity for discerning investors. While the sell-off was catalyzed almost exclusively by disappointment in AMD's forward guidance, we believe the market has conflated a company-specific hurdle with a broader systemic slowdown. We disagree with the narrative that the AI trade is losing steam. It is critical to distinguish between AMD's isolated struggle to scale and the continued vitality of the AI revolution, which remains robust across cloud infrastructure, software, and dominant hardware players. Consequently, we view this dip as a temporary dislocation, offering a window to enter positions at a discount.

The AMD Illusion: One-Off Gains Mask Structural Weakness

AMD's report was a classic case of 'priced for perfection' meeting a flawed reality. The company's beat was driven almost entirely by a $390m one-time regulatory workaround for Chinese exports, rather than sustainable demand for its core AI lineup. Once this anomaly is removed, the growth trajectory flattens significantly—a fact the market priced in by selling the stock down 17%. The disappointing forward guidance of $9.8b further cemented the bearish view, signaling that AMD is entering a period of rising costs and compressed margins as it attempts to catch up to Nvidia. The results exposed that AMD's current valuation had outpaced its actual execution capabilities.

Alphabet: A Resounding Beat Driven by Cloud

Alphabet's 4Q25 results provided an emphatic counter-narrative to fears of slowing AI demand. The company delivered a resounding beat, with total revenue growing 18% y-y to $113.8b ($2.3b beat). While core drivers remained robust—led by Search ($63.1b, +17%) and Advertising ($82.3b, +14%)—the true catalyst was the explosive 48% surge in Google Cloud revenue to $17.7b. This acceleration underscores a structural shift: enterprise customers are transitioning from experimenting with Gemini to signing billion-dollar, multi-year infrastructure deals. This demand is further evidenced by the Cloud backlog, which skyrocketed 55% q-q to $240b, a massive $85b jump bolstered by major partners like Anthropic. Consumer adoption is tracking similarly, with the Gemini hitting 750m MAUs, closing the gap with ChatGPT's 900m+.

Funding the Supercycle: The Case for Aggressive CapEx

While Alphabet (GOOG80) surprised investors with 2026 CapEx guidance of $175-180b—significantly ahead of the $118b consensus—we interpret this aggressive capital allocation as bullish confirmation that the AI 'build-out' phase is accelerating. Management's willingness to deploy capital at this scale reflects confidence in "wide customer breadth" and a supply-constrained environment rather than inefficient spending. We view the guidance as a necessary step to secure long-term dominance and, consequently, we remain firmly bullish on Google.

DR Pick: MICRON01, TP of THB9.90 (MU at $500, USD/THB at THB31.8)

We remained MICRON01 as our weekly DR pick, with a TP of THB 9.90. We believe the market is only in the early stages of a Memory Supercycle with the recent dip mark an entry for the stock. With demand HBM continuing to outstrip supply, this structural imbalance positions manufacturers like Micron to capture extraordinary GPM.
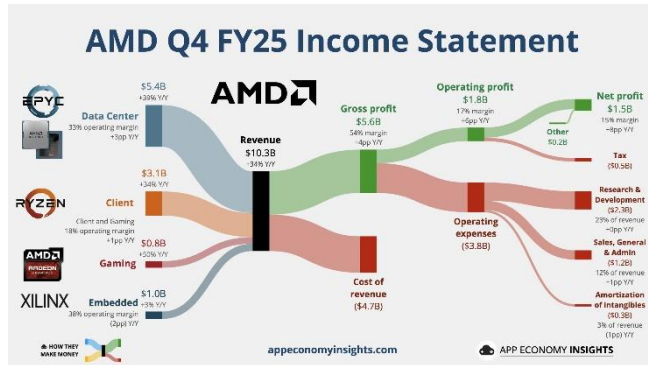
Analyst

Suwat Sinsadok, CFA, FRM, ERP
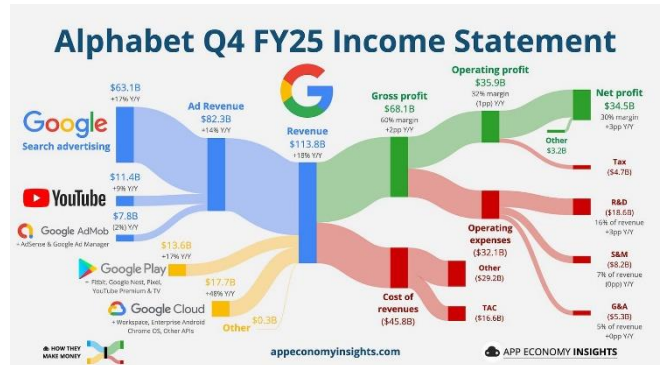suwat.s@globlex.co.th,
+662 687 7026

Assistant Analyst

Peerayu Sirivorawong

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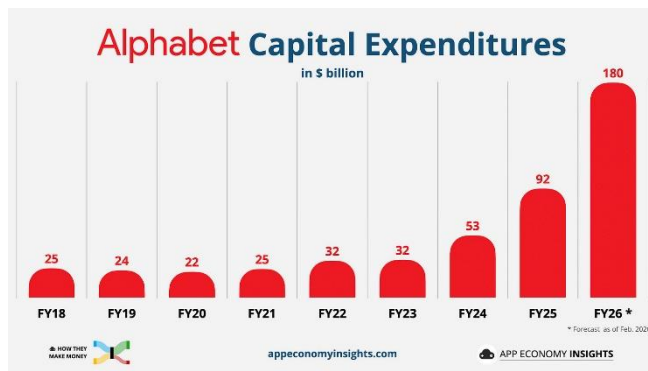**Exhibit 1: AMD 4Q25 Income Statement**

Sources: App Economy Insights
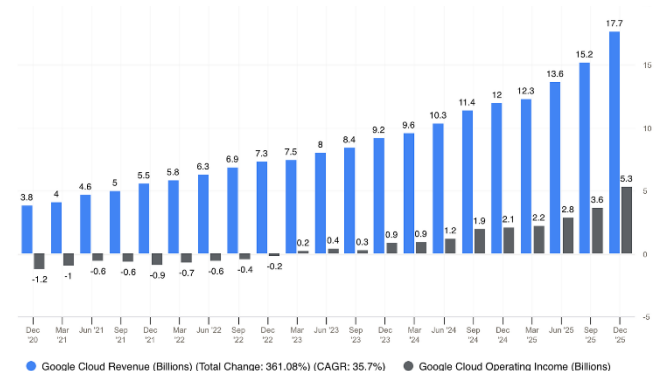
Exhibit 2: GOOG80's 4Q25 Income Statement

Sources: App Economy Insights
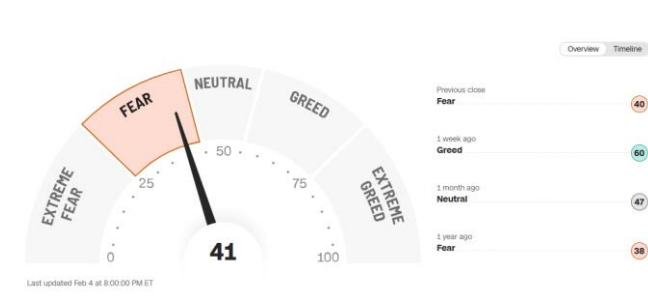
Exhibit 3: GOOG80's CAPEX

Sources: App Economy Insights
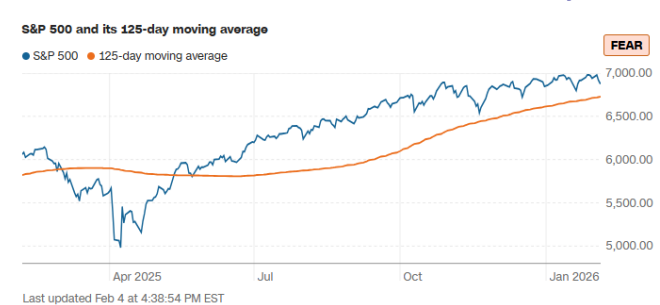
Exhibit 4: Google Cloud's Revenue and Profit ($ billion)

Sources: App Economy Insights

Exhibit 5: Fear & Greed Index (5 Feb 25)

Sources: CNN

Exhibit 6: Market Momentum, S&P500 vs 125 days MA

Sources: CNN

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Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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RECOMMENDATION STRUCTURE
Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.

Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.

Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.