

## **AI, Markets, and the Weather Ahead: A Pilot's Perspective on What's Really Going On**

Before any flight, a good pilot doesn't judge conditions by the view from the ramp.

He studies weather systems forming miles ahead, because that's where risk — and opportunity — usually hides.

Markets today are flying through one of those systems.

### **Most Portfolios Are Already in the Storm — Whether You Chose It or Not**

If you own a 401(k), an index fund, or a broadly diversified equity portfolio, a meaningful portion of your capital is already exposed to Artificial Intelligence; Not by intention, by design.

The S&P 500 is market-cap weighted, meaning the largest companies automatically receive the largest inflows. Today, nearly 40% of every dollar invested in the index flows into just ten companies, including [Apple](#), [Amazon](#), [Alphabet](#), [Meta](#), [Tesla](#), [Berkshire Hathaway](#), and [JPMorgan](#).

At the center of this formation sits [NVIDIA](#), now absorbing close to 8% of every S&P 500 dollar.

That's not broad diversification — it's a tight formation flight.

### **Valuations Assume Perfect Weather All the Way to Destination**

Equity prices currently imply that AI will become the most profitable economic engine ever created — larger than today's biggest technology companies combined.

To support those valuations, AI-related companies would need to generate roughly \$2 trillion per year in incremental revenue.

That estimate is not speculation. According to [Bain & Company](#), AI would need approximately \$2 trillion in new annual revenue to sustainably fund its current scaling trajectory (“\$2 Trillion in New Revenue Needed to Fund AI's Scaling Trend,” September 23, 2025).

For perspective, even the largest technology companies did not collectively reach that level of revenue last year.

In aviation terms, markets are flying as if the destination forecast is guaranteed — even though the data is incomplete.

### **Fuel Burn Is Rising Faster Than Altitude**

AI is extraordinarily capital-intensive.

Industry projections suggest more than \$330 billion will be spent in 2025 alone on data centers, GPUs, power infrastructure, and networking.

At the same time, leadership at [OpenAI](#) has publicly discussed infrastructure ambitions approaching \$1.4 trillion — a figure that dwarfs current revenues.

Every pilot understands this moment: when fuel consumption accelerates faster than climb performance, you pause and reassess the flight plan.

### **Circular Financing: Tailwind or Optical Illusion?**

A major driver of the AI surge is what can best be described as circular financing.

Capital flows in loops:

- Hardware providers fund AI developers
- AI developers sign massive cloud contracts
- Cloud companies buy more hardware
- Revenues cycle back to hardware providers

Much of this activity relies on joint ventures, private credit, structured vehicles (SPVs), and off-balance-sheet financing.

From the cockpit, the aircraft feels fast. Relative to the ground, progress may be overstated.

### **Why This Matters Even If You “Don’t Own AI”**

You may believe this only affects tech investors. It doesn’t.

As market caps expand:

- Index weights increase
- Passive inflows accelerate
- Prices rise further
- Expectations grow

This loop requires no immediate increase in profitability. In aviation terms, it's climbing based solely on indicated airspeed — without checking engine stress or structural limits.

### **The Unspoken Backstop**

As AI becomes central to growth, employment, and geopolitical competition, a hard truth emerges:

If these systems grow large enough, failure becomes unacceptable.

History suggests that at this scale, governments often become the insurer of last resort — formally or informally. Risk doesn't disappear. It gets transferred.

Often to taxpayers.

### **Final Approach**

This is not a rejection of AI.

AI will transform productivity, business models, and daily life. That is not in question.

The real issue is whether too much of that future has already been priced into today's markets, and whether portfolios are prepared if financing tightens or expectations reset.

Good pilots don't fly blind into storms. They adjust altitude, manage fuel, and respect the forecast. Thoughtful investors do the same.

If you'd like to review how your portfolio is positioned within this AI-driven weather system — and whether adjustments make sense — that conversation is best had before turbulence becomes unavoidable.

Set up some time on your agenda and let's coordinate a short meeting to review.

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