THE NEW INTELLIGENCE AT ZERO MARGINAL COST

Wall Street applauded. The stock of Block, the payments group created by Jack Dorsey (co-founder of Twitter), jumped strongly after the announcement of the cut of about 4,000 employees out of just over 10,000. A drastic reduction, equal to almost 40% of the workforce, presented not as a defensive measure but as a strategic choice linked to the growing adoption of artificial intelligence (AI). According to Dorsey, AI tools make it possible to work with smaller, flatter, more automated teams. The market interpreted the message in a linear way: less costs, more efficiency, expanding margins. The case is not isolated. Amazon, Salesforce, HP and numerous other technology groups have reduced staff in recent months, accompanying the cuts with automation and digitization plans. In the short term, the dynamics are evident. AI increases productivity, reduces labor costs, and sustains profits. The markets, consistently, reward those who accelerate the transformation. But something deeper is moving beneath the surface of the quarterly results.

Jeremy Rifkin had theorized the "zero marginal cost society",[1] arguing that digitization tends to compress the marginal cost of production towards zero. Today that intuition seems to extend to intelligence itself. For centuries, human intelligence has been a scarce and expensive factor. With artificial intelligence, this assumption falters. Once a model is trained, its replication is virtually limitless. Intelligence, the basis of economic value in advanced economies, tends to become replicable at decreasing marginal cost. This is where the scenario proposed by Citrini Research fits in[2], not

[1] Rifkin, J., *The Zero Marginal Cost Society, The Internet of Things, the Rise of the Collaborative Commons and the Eclipse of Capitalism*, Mondadori, Milan 2014.

[2] "The 2028 Global Intelligence Crisis", written by specialists at Citrini Research and Alap Shah, was published on February 22, 2026, and immediately went viral. It is not a traditional financial report, nor a macroeconomic forecast in the classic sense of the term. Rather, it is a scenario exercise (the world in 2028) that starts from a simple but disruptive assumption: artificial intelligence is no longer a

as a deterministic forecast but as a tail risk simulation. The hypothesis is that the increase in productivity may be accompanied by a compression of income from skilled labor, with effects on income distribution and, over time, on aggregate demand. The point is not the technology itself, but the macroeconomic balance that derives from it.

Artificial intelligence has been the big driver of the American stock cycle. After the lows of April 2025, reached in the midst of uncertainty over the tariffs announced by Donald Trump, AI-related stocks led the reaction. The S&P 500 rose 44% from its spring low to its mid-January high, overcoming geopolitical and trade fears. The market has focused on the transformative capacity of AI. Higher productivity also meant lower inflationary pressures, the Federal Reserve's big concern. An almost "Goldilocks" scenario emerged, growth and inflation under control, a context that fit perfectly into the "Make America Great Again" narrative.

Then something changed. Since the third quarter of 2025, the S&P 500 and, above all, the Nasdaq have started a sideways trend. Not a deep correction, but a pause. After the euphoria, the market began to question the sustainability of the large investments announced. Around $650 billion in investments (capex) are expected from Amazon, Microsoft, Alphabet and Meta in 2026. The point is not financial capacity: these companies generate massive *free cash flows*. The question is monetization time. When and at what pace will these investments fuel profits? Some of these companies, although very liquid, have begun to enter the bond market to further finance research and infrastructure expansion. It is a sign of maturity, but also of the increasing financial intensity of the AI cycle.

In recent weeks, a new source of volatility has been added. The market has reacted strongly to reports that agents developed by Anthropic are able to make many traditional software products less necessary. The sector was sold without great selectivity. Microsoft has lost nearly 30% from its highs, but the entire industry has been hit across the board. Not so much for objective data, but for the fear that AI could develop software, making an

sector, it is a paradigmatic power infrastructure. (https://www.citriniresearch.com/p/2028gic).

entire digitization sector obsolete. The reaction was a rotation. AI stocks, which are very popular and very expensive, have been progressively lightened. Flows have shifted first to companies of the most classic economy capable of integrating AI into their processes, such as Walmart or Roche, and then to sectors with tangible *assets*, difficult to replace by algorithms, such as *commodities*, oil and agribusiness.

It is no coincidence that the Dow Jones (+1.9% since January 1) has started to outperform the S&P 500 (+0.49%) and the Nasdaq (-2.47%). At the same time, geographical rotation has been strengthened. The Eurostoxx (+6%), the Swiss SMI (+6%), the UK's FTSE 100 (+10%) and the MSCI Emerging Markets (+15%) outperformed, supported by lower valuations and greater exposure to *value* and commodities sectors. The Citrini study's predictions came in this climate of recalibration, just when valuations of AI and software stocks were under pressure. The Supreme Court's decision to declare some of Trump's tariffs illegal has further fueled volatility, accentuating a dynamic already underway: sector and geographical rotation in search of value.

What awaits us in the rest of 2026? It is plausible that at least the first part of the year will remain interlocutory. Rotations will continue, selectivity will increase. This environment could support the stock markets and even push them to new highs, even in the presence of episodic volatility related to geopolitics, such as the current tension with Iran. Later, when and if the Trump administration's coercive power diminishes, the market could shift its focus to the sustainability of public debts. At that time, a broader correction is not excluded.

But for now, the ten-year *Treasury below* 4% does not signal extreme dangers, even if gold, back above $5,200, and the VIX building higher lows signal possible tactical corrections. Global monetary liquidity remains at elevated levels with the M2 money supply still at all-time highs, corporate earnings are solid and investment continues. In a context of continuous sector and geographical rotations, the markets seem to be able to absorb even sudden geopolitical shocks, provided that the complex situation in Iran does not get out of hand leading to the rise in the price of oil and therefore inflation. The real question is not whether AI will work. It is what economic equilibrium will

emerge when intelligence, for the first time in history, will no longer be a structurally scarce commodity. The difficulty of pricing NVIDIA's successes expresses the current uncertainty. The search has no end ... .