

MARKET SIGNALS | EQUITY MARKETS

KOSPI crashes 7.6% to 5,554, wiping out its 9,000-point AI rally

Seoul’s stock market has given back its entire AI-fuelled summer.

By **Manasee Kurlekar** | October 15, 2026



The KOSPI fell 7.57% on Thursday to close at 5,554.22, its lowest finish since April 7. A new global chip sell-off hit Samsung Electronics and SK hynix, the two stocks that make up nearly half the index. Around midday the losses passed 8%, which triggered a 20-minute trading halt. It was the first circuit breaker since July 29 and the tenth this year. The index touched 5,450.81

before a small late recovery. The tech-heavy KOSDAQ fell 7.65% to 760.82.

That makes seven losing sessions in a row and a 21% drop. The index has lost nearly 1,000 points since Monday's open alone.

What broke today

The trigger came from Washington. US consumer prices rose 3.7% in September from a year earlier, above the 3.6% forecast, and core inflation came in at 2.6%. That revived fears that the Federal Reserve will raise rates again, which would make borrowing more expensive for the AI data-centre boom. The same night, CoreWeave fell more than 15% as yields on some of its bonds rose above 15%, raising fresh questions about debt-funded AI infrastructure. The Nasdaq fell 1.88% and the Philadelphia Semiconductor Index fell 4.3%.

Korea took the heaviest losses. Samsung dropped 9.48% to ₩210,000 and SK hynix fell 11.06% to ₩1,262,000. Samsung Electro-Mechanics lost 15.36%. Foreign investors sold ₩3.63 trillion of shares, their eighth straight day of selling. Retail investors and institutions together bought nearly ₩3 trillion but could not stop the fall. Japan's Nikkei fell 4.9% and Taiwan's index fell 3.4%. Korea's Financial Services Commission called an emergency meeting and warned investors against heavy borrowing to buy stocks.

Six months: up 70%, then back down

The past six months have been a round trip. From around 5,500 in early April, the KOSPI rose more than 70% in ten weeks. It crossed 9,000 on June 18, hit a record 9,385.59 intraday on June 19 and posted a record close of 9,114.55 on June 22. Several things drove the rally:

- the AI memory boom
- long-term DRAM supply contracts with AI server makers
- leveraged ETFs tied to single chip stocks
- Seoul's shareholder-friendly market reforms
- the US-Iran deal to reopen the Strait of Hormuz

Samsung was up 188% for the year by mid-June. KB Securities raised its 2026 KOSPI target to 10,500.

The reversal came in late July. SK hynix's second-quarter operating profit of ₩60.5 trillion missed estimates of about ₩64 trillion. Around the same time, China's CXMT made a strong stock-market debut, and investors began to worry about Chinese competition. The KOSPI dropped almost 11% on July 28 and briefly fell to 5,262.77 the next day, 44% below its peak. August and September were spent between 6,000 and 7,000. US 10-year yields around 5.2% and high oil prices kept foreign buyers away. The index ended Q3 at 6,838.04, down 19.3% for the quarter, making Korea the world's worst-performing major market in the second half of the year.

The chip paradox: record profits, falling shares

Chip earnings are not the problem. Samsung's preliminary third-quarter operating profit was ₩107.4 trillion (about \$80B), up 783% from a year earlier. It was the company's first quarter above ₩100 trillion, and it beat Nvidia's best quarter. DRAM prices are about four times higher than a year ago and NAND prices about eight times higher. HBM4 sales are rising quickly ahead of Nvidia's Vera Rubin launch. Micron says more than 75% of its 2027 output is already sold.

Markets look ahead, though, and investors now see four problems:

- **Chinese competition:** CXMT has announced progress on advanced DRAM and plans for server memory, which could add supply and push prices down.
- **Buybacks ending:** Samsung and SK hynix's share buybacks are close to finished.
- **AI returns:** investors are less sure that AI spending will pay off.
- **Rates:** every rise in US yields makes AI data centres more expensive to finance.

The market is starting to treat the record profits as the top of the cycle.

Read online: <https://worldbusinesswatch.com/market-signals/28/261/kospi-crashes-7-6-to-5554-wiping-out-its-9000-point-ai-rally.html>

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