



WEEKLY BULLETIN

Gold bounces amid AI wobbles

Key takeaways

After a turbulent week, beset by AI and 'big tech' spending worries, US shares rallied strongly on Friday, helping global stock markets to deliver modest gains. Gold prices bounced back after melting down at the start of the week, although silver failed to recover its lustre.

Mis-Anthropic?

Bringing to mind the furore generated by China's DeepSeek AI release in January last year, Tuesday saw news of Anthropic's updated AI legal chatbot send shivers through the European tech market. These soon spread across Asia and the US. Anthropic is an AI startup funded by Amazon and Google, and the creator of the Claude chatbot.

News of its new plug-in, designed to automate legal work, sent shares in UK publishing and data analytics companies into freefall. European and US software champions slumped soon after as investors fretted that the subscription-based software model could be replaced by AI.

At the same time, tech investors took fright at Amazon's plans to invest \$200bn in AI development in 2026. Last week also saw Alphabet (Google) unveil plans to spend up to \$185bn, while Meta (Facebook) revealed it could spend \$135bn this year.

Landslide in Japan

Japan's prime minister, Sanae Takaichi, showed her political acumen by winning Japan's biggest postwar election victory in Sunday's snap election. News of the result saw the yen strengthen after a recent run of severe weakness while Japanese stock markets jumped to new record levels on Monday.

Japan's heavily export-oriented stock market tends to flourish during periods of extended yen weakness. Investors also piled into Japanese stocks last week on the promise of the increased fiscal stimulus that would attend a victory for Takaichi's Liberal Democratic party. Her new supermajority in parliament means Takaichi is expected to push through a £99bn stimulus package while imposing a two-year suspension of the 8% sales tax on Japanese food.

Gold bounces after melting down

A week ago, the news of a more conventional candidate for chair of the Federal Reserve (in the form of Kevin Warsh) saw the US dollar strengthen. This sparked a momentous sell-off in gold and silver prices as investors moved out of what had become a very popular trade on US dollar weakness.

By mid-week, the tide had turned again for gold. Against a backdrop of weaker US labour market data, increased hopes of US interest-rate cuts, and ever-present geopolitical risks, investors returned to gold. It rallied to end the week almost flat in sterling terms. It was a different story for silver. It ended the week some 27% down, but it's still up well over 100% in the last year.

Market moves

Japanese shares were the top performers due to optimism in the run-up to Sunday's snap election.

The UK stock market gained 1.5% amid takeover news, gains for mining stocks and appetite for other 'old economy' shares as tech stocks sold-off. European stocks delivered smaller gains while emerging markets retreated slightly.

Gilts, or UK government bonds, were flat, despite the UK political upheaval, while US Treasury prices ground higher on the back of rising jobless numbers and softening employment data.

What to look out for this week

A crowded US data week includes business optimism and retail sales reports on Tuesday. Wednesday sees delayed payrolls data, with US jobless numbers on Thursday. Deferred CPI (inflation) numbers are due on Friday.

UK retail sales numbers are due on Tuesday with the RICS house price survey, UK GDP numbers, and a slew of manufacturing and production data arriving on Thursday.

Europe publishes its latest trade, employment and GDP numbers on Friday.

If you have questions about financial markets, or our investment services, please contact the Marketing team:

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