FE Investments

WEEKLY MARKET COMMENTARY BY ROB GLEESON
14 August 2026

A GOLDEN AGE FOR ALL, AVAILABLE ON GENEROUS TERMS OF CREDIT

This week the money kept flowing into AI. The recovery from July's chip-stock sell-off ran into a second week and the S&P 500 set fresh records. Anthropic's backers expect October's float to value it at $2tn or more, double the price they themselves put on it in May, overtaking SpaceX's $1.77tn debut as the largest listing in history. Once public, the scrutiny begins. Markets set expectations quarterly and companies spend their lives chasing them. That treadmill is one reason money is rotating into tech-light Europe, newly profitable and so far untroubled by dearer energy.

Speaking of energy, Washington ended the week threatening to make its blockade of Iranian oil indefinite unless the Strait of Hormuz reopens, and Tehran keeps raising its price, so crude sits near $87. The cupboard is barer than the price admits. America's July inflation prints came in soft. No comfort to the Treasury, which found lenders for thirty-year debt only at rates last paid in 2001. Investors are charging more to lend for longer, not because they expect worse inflation, but because so many borrowers, from Washington to Amazon, are asking at once.

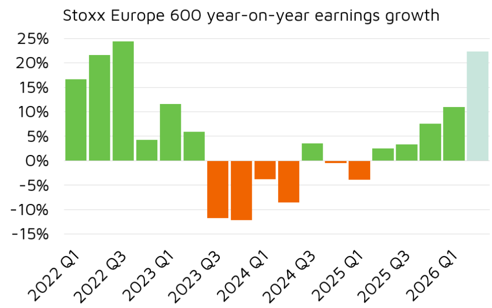
THE MARKETS THIS WEEK

FTSE 100	S&P 500	Nikkei 225	STOXX 600	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Copper	GBP USD
-1.29%	+1.11%	+4.54%	-0.18%	-2.21%	-0.01%	+0.03%	+5.53%	+0.65%	-2.20%	+0.59%

MARKETS: EUROPE, LONG PASSED OVER, QUIETLY FILLS ITS TILL

Europe's second-quarter results have turned heads. Stoxx 600 companies are on course to grow profits by about 22% year on year, their best showing since 2022. The index has set record highs, and national benchmarks from Frankfurt to Madrid have followed. With Washington and Tehran edging towards peace and oil back below $90, money is returning. In July, European equity funds drew their first monthly net inflows since the conflict began, and BlackRock alone took in $4.4bn. Banks led the season. BNP Paribas grew profits by a third and UBS lifted its own by 17% to a record, while chipmakers ASML and Infineon raised their revenue forecasts.

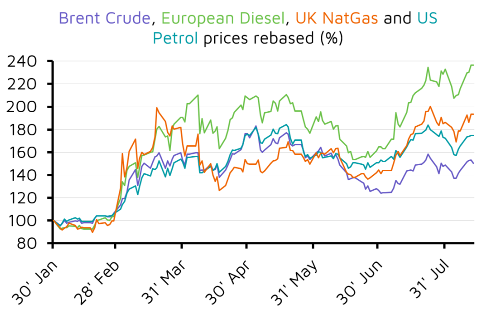
The other draw is diversification. After July's sell-off in chip stocks, Europe appeals because it is light on AI. Spain shows the pattern. Banks make up nearly 40% of the Ibex, which holds just one technology stock, and the index has risen 15% this year. The rotation may have room to run, though America, with profits growing 50%, remains the market to beat.



ENERGY: AMERICA SPENDS ITS EMERGENCY BARRELS TO HOLD OIL DOWN

Brent rose 5% this week, from $83 last Friday to under $87. It brushed $90 before Wednesday's US stockpile build, the biggest since 2023, knocked it back. Tehran raised its price to reopen Hormuz, demanding reparations, sanctions relief and a US pullback, even as its shipping deal with Oman neared completion. Iran's exports are zero under the US naval blockade. Ukraine stopped attacking Kazakh-crude tankers at Washington's request, though its drones destroyed three Russian refineries this month.

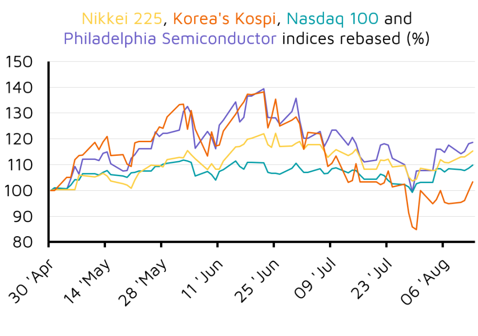
That build deserves a closer look. It rests partly on borrowed barrels. Washington has drained more than a quarter of its strategic reserve since March, 117m barrels in all and 6m last week alone, pushing it below 300m for the first time since 1983. Commercial stocks are merely average, and were partly refilled from the reserve. Diesel futures, for their part, rose 8% this week and trade about $70 a barrel above crude, triple the normal premium, while Gulf refineries stay cut off. Supply is not ample. It is being spent.



TECH: AI RAISES RECORD SUMS WHILE CUSTOMERS COUNT THE COST

After a week of strong tech earnings, attention turned to the financing of AI's next phase. The money kept flowing. Anthropic's backers expect an October float at $2tn or more, the largest IPO ever, and project annualised revenue of $100bn to $120bn by year-end. In China, robotics company Unitree's $900m Shanghai flotation drew retail orders 5,500 times the shares on offer. Nvidia signed agreements with Apollo, Blackstone, Goldman Sachs and others to mobilise over $500bn for data centres. Intel is selling at least $15bn of new stock to fund its turnaround.

Cracks showed elsewhere. Cisco grew quarterly revenue 17.6% and guided above forecasts, yet its shares fell over 4% after hours, having already gained 60% this year. Sandisk and Western Digital beat estimates and still dropped 13% and 19%. Cost is biting too. Anthropic's flagship costs over two and a half times as much to use as OpenAI's, and Ramp payments data show firms capping AI budgets and trading down to cheaper rivals.



Data sourced from FE Analytics, Factset