HUANG'S EXIT POSES PROBLEMS FOR NVIDIA BUT WIDER CASE FOR AI IS UNCHANGED

This week investors felt the full effect of Jensen Huang's departure as CEO of Nvidia. Shares in the tech giant, the linchpin of the global AI boom, are down more than 10% since last Friday. They peaked in early October and are down around 30% since then. The S&P 500 index also peaked then and is down around 15% over the same period. But the broader market steadied this week, and many tech shares, including other chipmakers, recovered some ground. Nvidia's management structure and the lack of a clear successor to Huang complicate the company's outlook. Even so, his departure does not change the shortage of AI-capable chips or the capital spending plans that other AI leaders have committed to.

Less noticed this week was the sharp sell-off in US government bonds as the 10-year US Treasury yield increased by 0.29 percentage points to well above 5% again. The drivers remain the same as earlier in the autumn. Persistent and rising inflation is pushing the US central bank towards faster rate hikes as Donald Trump has once again cools on the idea of a peace deal with Iran.

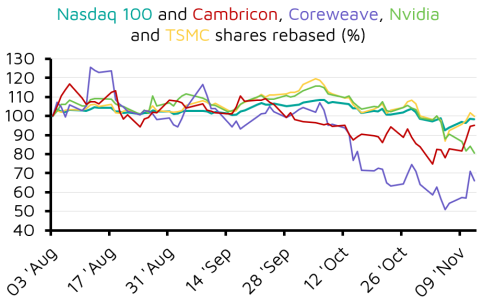
THE MARKETS THIS WEEK

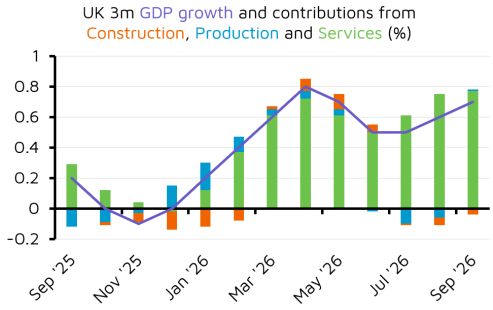
FTSE 100	S&P 500	Nikkei 225	STOXX 600	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Copper	GBP USD
+2.37%	+2.71%	+4.92%	+2.41%	-3.89%	+0.29%	+0.19%	-1.20%	-3.21%	-1.80%	-1.19%

TECH: NVIDIA'S CHIEF RESIGNS AND AI SHARES WHIPSAW

Jensen Huang resigned as Nvidia's chief executive on Thursday after reports of affairs with a suspected Chinese spy and a senior colleague; finance chief Colette Kress takes over for now. Its shares fell 13% at the Thursday's open before trimming losses. Huang had long argued US curbs on chip sales to China backfire, and his exit may embolden China hawks. In Asia, Chinese chipmaker Cambricon rose 8% on bets of tighter curbs, while TSMC, Nvidia's chipmaker, fell 2.3%.

His exit ended a brief AI rally. On Wednesday the Nasdaq 100 had regained nearly all of last week's 4.9% post-election fall, helped by CoreWeave, a US AI cloud provider, whose shares jumped 25% after revenue rose 168% to $3.7bn. However, Nvidia's news sent its shares down 10%, while the Nasdaq 100 lost 2% this week. Next week's listing of AI developer Anthropic will test whether that appetite survives. Strong demand could value it at $1.5tn or more, with up to $64bn from its share sale and $26bn from tech partners, including Nvidia.





UK: AI LIFTS THE ECONOMY WHILE HOUSEBUILDERS FEEL THE SQUEEZE

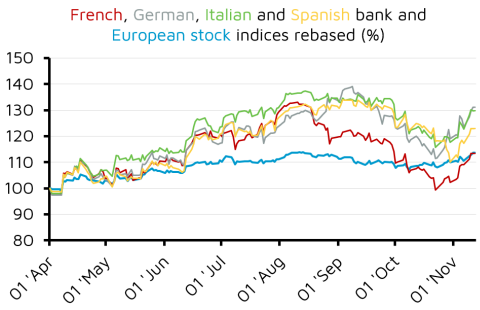
Britain's economy grew 0.7% between July and September, its fastest pace since 2024. Services rose 0.9%, led by IT and consultancy firms benefiting from business spending on AI, while construction shrank 0.7%. Strong growth makes the Bank of England's job harder. It raised rates to 4% last week, warning inflation could hit 5% next year, and markets still see a roughly 75% chance of another rise in December. UK government bonds initially held steady, but sold off on fears of rising US inflation.

Higher borrowing costs are hurting housebuilders. Taylor Wimpey cut its forecast for homes completed this year to about 10,500 and said profit would come in at the bottom of analysts' £262m–£299m range, as costlier mortgages and household bills put off autumn buyers. Its shares fell 7%. Persimmon was more upbeat, keeping this year's targets and planning more homes in 2027, but warned inflation would add £30m–£40m to next year's costs. Its shares were flat despite the rest of the sector falling.

EUROPE: ITALY LOOKS TO BANK PROFITS TO TACKLE DEFICIT

The Italian government has proposed an increase to an existing tax on bank profits as it seeks to address the country's annual deficit. The new tax would increase corporation tax on banks and insurers to raise an additional €11bn over the next three years. Under the proposals which need parliamentary approval, the tax on bank profits would rise to 30.5% and 27% for insurers compared to a standard rate of 24%.

Italian banks are involved in two high profile deals. UniCredit is expected to complete its long-running takeover of German lender Commerzbank now that the European Central Bank has given its approval. It plans to merge Commerzbank with HVB, its German subsidiary. Unicredit's shares are up around 6.5% this week after reporting strong profits growth. Elsewhere in Italy, shares in Banco BPM jumped 10% after French bank Crédit Agricole proposed combining it with its own Italian business to form a new Milan-listed group. In the UK, Metro Bank has put itself up for sale after several rounds of cost cutting.



Data sourced from FE Analytics, ONS and Investing.com

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