



TECH STOCKS' REVENUE GROWTH KEEPS UP WITH INVESTOR EXPECTATIONS

This week technology companies mostly kept up with lofty investor expectations. In recent months, tech stocks have experienced several episodes of selling as some investors questioned whether AI-linked stocks can continue to grow revenues fast enough to justify very high valuations. With two notable exceptions, all the tech companies delivering stock market updates this week have exceeded already ambitious revenue growth forecasts. This has been true not only among mega-cap names such as Apple and Meta, but also across many second-tier US tech firms.

Microsoft and Tesla were the exceptions. Microsoft's slower growth in its Azure cloud business and higher forecast for capex reinforced investor concerns about the pace of investment across big tech. Its shares fell more than 10%, despite beating revenue and profit forecasts. Tesla also disappointed as annual revenues fell after a poor fourth quarter for car sales. Elon Musk's answer appears to be a big shift away from traditional car manufacturing to concentrate on AI, robotics and self-driving cars. For now, investors and Musk see considerable further gains from AI.

THE MARKETS THIS WEEK

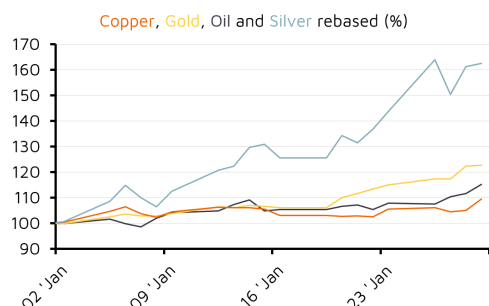
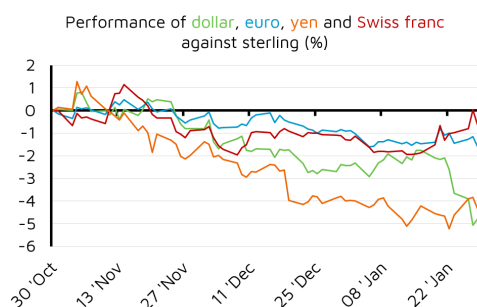
FTSE 100	S&P 500	Nikkei 225	STOXX 600	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Copper	GBP USD
+0.25%	+0.04%	-0.25%	+0.19%	+2.45%	+0.03%	+0.05%	+6.97%	+1.01%	+2.31%	+1.69%

US: FEDERAL RESERVE HOLDS RATES AS DOLLAR SLIDES



The Federal Reserve left interest rates unchanged at its January meeting as it said the US jobs market is showing signs of stabilising. The Fed cut rates by 0.25% at its previous three rate meetings but it now appears unlikely to cut rates further in the short term. Fed chair Jerome Powell said robust US GDP growth shows current interest rates are not restricting economic activity and inflation remains above its target.

US equity and government bonds showed little reaction to the decision, however, signs the Fed is reluctant to cut rates in the short term did not stop the sharp fall of the US dollar. Global investors appear concerned about US president Donald Trump's erratic policy changes including his more aggressive foreign policy as well as speculation about Trump's nomination for the next Fed chair. The dollar index is down around 2% this week. The decline has pushed sterling and the euro to their highest levels against the dollar for more than four years and the Swiss franc has reached its highest level against the dollar since 2011.



COMMODITIES: PRECIOUS METALS AND OIL SOAR ON FEAR-DRIVEN DEMAND

Gold, silver and oil continue to climb as investors grow more concerned about geopolitical tensions. Gold spiked to \$5,600 an ounce this week before slipping to a 20% gain for the month. The greatest demand for gold is coming from retail investors with record ETF inflows of about \$89bn. Silver has gained more than 45% over the last month, helped by speculative buyers seeking lowercost alternative to gold. Both metals are benefiting from heightened geopolitical tensions, including Iran and Greenland. Investment demand has now eclipsed central bank purchases, which have softened as the rising value of existing holdings reduces the need for further accumulation.

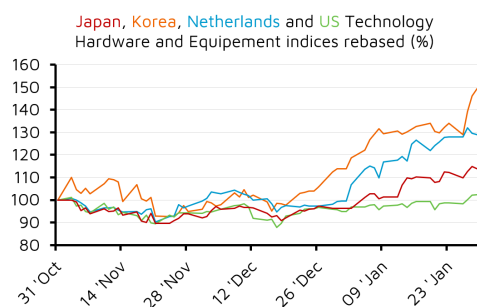
Oil's gains are also tied tightly to geopolitics. The price of Brent crude recently pushed above \$70 a barrel as US-Iran tensions raised the risk of supply disruption. Meanwhile copper has also seen a strong rally fuelled by booming investor flows and expectations of a medium-term supply squeeze after major miners reported declining production.



EQUITIES: US TECH COMPANIES REPORT BIG RISE IN REVENUES

Positive updates helped US tech companies lead the S&P 500 higher. Meta's shares gained 10% after its revenue rose 24% compared to the same quarter a year ago. Meta forecast a jump in capex of up to \$135bn (from \$72bn in 2025) and said AI should significantly boost advertising revenue. Microsoft's quarterly profits easily exceeded forecasts as revenue increased 17%, but investors were disappointed by slower growth in its cloud services business and capex which was higher than expected as its shares fell. Shares in Intel soared 11% as it was linked to new deals with Apple and Nvidia. Texas Instruments gained 9% as it raised guidance. Sentiment helped chip makers Micron and Western Digital.

Bumper results were not confined to the US. Korean memory chip makers SK Hynix and Samsung reported record annual revenues in 2025 and Netherlands-based ASML, which makes chip manufacturing equipment, reported record sales in Q4 and forecast more sales growth this year. European chip makers STMicroelectronics and Infineon also gained.



Data sourced from FE Analytics and Investing.com

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