Nvidia-led slump hits global stock markets

Stock markets globally are feeling the pain of a US-led slump that was sparked by renewed concerns for the country's economy and artificial intelligence-linked values.

The darling of US stocks since 2019, AI chipmaker **Nvidia**, saw its shares plunge almost 10% on the back of **poorly received earnings growth last week**.

Other tech stocks in the AI space were also hit, with market analysts suggesting that a profit-taking bandwagon had gathered pace due to strong performances for prices over the year to date.

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The Nasdaq – dominated by tech firms – lost more than 3%. That was its biggest decline since the **market wobble of early August** caused by jitters over a possible US recession.

Further tepid data on the US economy, this time for manufacturing, was cited as another reason for broader Wall Street market falls on Tuesday, while Brent crude oil costs dropped almost 5% to $73 a barrel.

Asian trading on Wednesday was also dominated by the declines, with Japan's Nikkei leading the way – down 4%.

The FTSE 100 in London was trading 0.8% lower at the open – mirroring the fall seen the previous day on the back of the weaker oil and wider commodity prices spearheaded by the US factory data.

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The decline eased slightly heading into the afternoon as US futures indicated a softer than expected opening that had initially been feared across the Atlantic.

Michael Arone, chief strategist at State Street Global Advisors, said of the Nvidia-led falls: “Good just isn’t good enough any more when it comes to Nvidia’s earnings.

“There was just enough this quarter that wasn’t perfect to cause people to sell. More broadly, the S&P is up 20% as of the end of August, and this is just another excuse to take profits from tech as valuations are high and growth rates are slowing. There is scepticism that all of that AI spending will not pay off in soaring revenues and earnings.

“Then what’s happened here is a bit of a cliché; everyone is returning from summer holidays, volumes are picking up and performance has been good entering what historically has been a seasonally weak period. September has been a losing month for stocks in the each of the last four years, and in six of the last 10 years.

“So what I expect is that we’ll see a continued rotation away from technology stocks leading the way to broader leadership. That’s happening because interest rates and inflation are both falling and that should help to close the gap in earnings growth between the technology sector and the rest of the market.”