Nvidia signals strong AI chip demand despite DeepSeek threat

Nvidia has signalled no drop in demand for its flagship chips among big artificial intelligence (AI) spenders despite the low-cost challenge posed by Chinese rival DeepSeek.

The leading AI chipmaker said it expected Blackwell sales to continue to grow after its latest earnings beat market expectations.

Nvidia forecast revenue of around $43bn (£34bn) for its first quarter after achieving a figure of $39.3bn (£31bn) over its last three months – up 12% from the previous quarter and 78% from one year ago.

Just a month ago, its **shares took a hammering** when it emerged **DeepSeek**'s primary chatbot, which uses lower-cost chips, had become the most popular free application on Apple's App Store across the US.

Nvidia's shares lost almost $600bn in market value in a day.

It also prompted investors to question whether the AI-led stock market rally of recent years was overblown.

There was anxiety ahead of Nvidia's earnings report though shares only fell fractionally in after-hours dealing.

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Market analysts suggested demand from Microsoft, Amazon and other heavyweight tech companies racing to build AI infrastructure remained robust, given Nvidia’s revenue guidance even though the bulk of it is accounted for through data centres.

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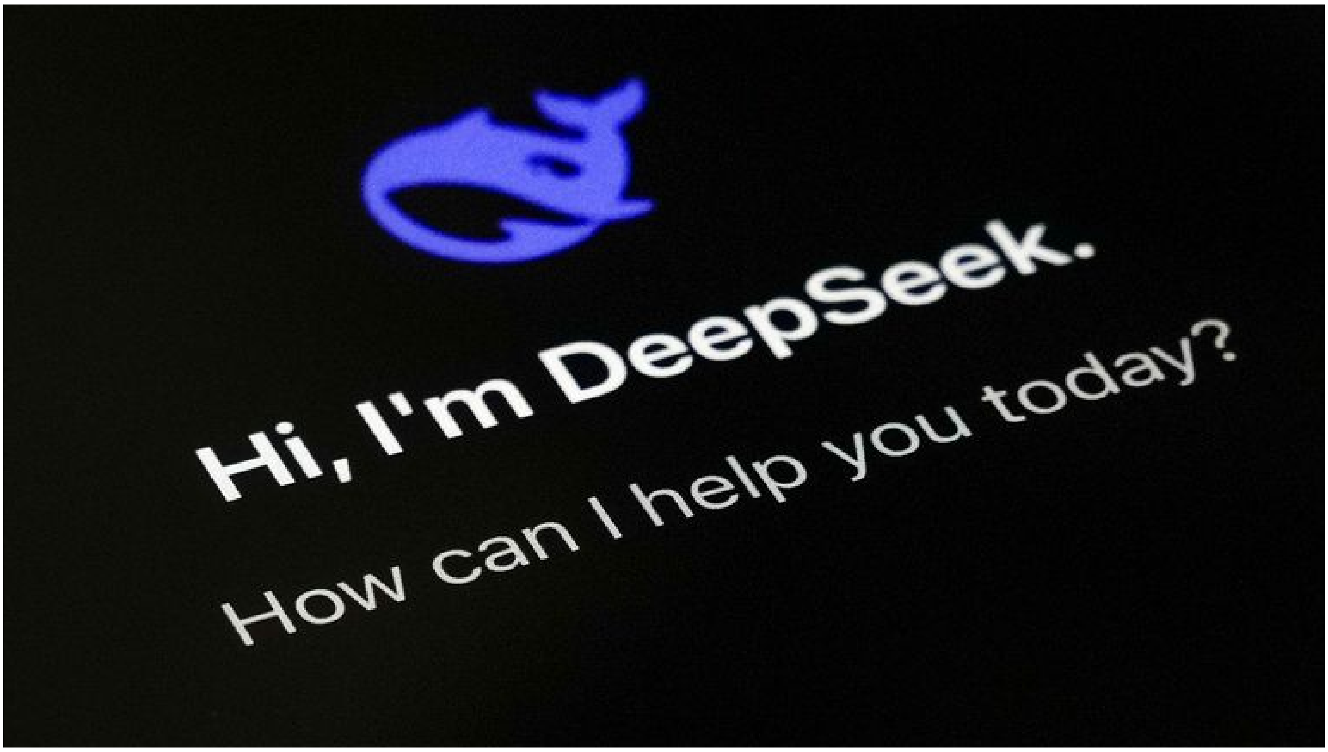

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Nvidia founder Jensen Huang said Nvidia has ramped up the massive-scale production of Blackwell and achieved “billions of dollars in sales in its first quarter”.

They were put at $11bn.

“Demand for Blackwell is amazing as reasoning AI adds another scaling law – increasing compute for training makes models smarter and increasing compute for long thinking makes the answer smarter,” he added.

“AI is advancing at light speed as agentic AI and physical AI set the stage for the next wave of AI to revolutionise the largest industries.”

Derren Nathan, head of equity research at Hargreaves Lansdown, said of the report: "The longer-term investment case for the driver of the AI train is looking difficult to pick holes in, with Meta's $200bn just one of the latest mega investments in data centres to be unveiled recently.

"By virtue of scale, growth may be slowing a little but upgrades to analysts full-year numbers can be expected off the back of today's results. At a around 30x forward earnings, the valuation still doesn't look overcooked."