



CIO continues to recommend a balanced approach within our AI portfolios, diversifying across semiconductors, software, and internet, and selectively adding exposure to AI laggards. (UBS)

Latest developments point to a more mixed near-term outlook for AI

11 August 2025, 13:59 UTC, written by UBS Editorial Team

If tech momentum holds on Monday, investors could build on the Nasdaq's two-day winning streak of record-high closes from last week. Rising hopes for a more dovish Federal Reserve and robust second quarter tech earnings have encouraged investors to look past macro challenges around employment and US tariffs.

Large cap tech earnings meanwhile have confirmed strong cloud revenue growth and yet another rise in AI capital expenditure. We now forecast global AI capex will rise to USD 500bn in 2026.

However, other headlines are also raising some new uncertainties. Leading US AI chipmakers NVIDIA and AMD have agreed to share 15% of future China AI chip sales revenue with the US government, according to sources cited by Bloomberg and the Financial Times, as a prerequisite of sorts for securing US tech export licenses for their China-focused AI chips. Chinese state media meanwhile criticized US AI chips as potentially insecure on national security grounds, and insufficiently powerful for the needs of China's domestic AI players. Separately, OpenAI's highly anticipated ChatGPT 5.0 release has drawn a lukewarm response from its public user base, undershooting lofty expectations and its strong benchmark test results.

We remain constructive on the long-term AI opportunity set, but these latest developments point to a more mixed near-term outlook:

Two major AI catalysts came with surprise negative caveats. Both the anticipated release of GPT-5 and the widely expected resumption of US AI chip sales to China generated excitement and anticipation ahead of the fact. While chip stocks rallied on news of imminent export license approvals tied to US-China trade talks, the reported 15% revenue levy by the Trump administration raises new questions for investors. Likewise, GPT-5 initially received positive influencer feedback for its advanced capabilities, but negative public reviews soon followed over a lack of user control and other teething issues. Despite impressive benchmark scores, the consensus appears it is more evolutionary than revolutionary, especially given the sector's elevated capex.

Margin pressure is emerging as a broader risk. Recent tech earnings have highlighted rising margin pressure across the sector. If these pressures extend to chipmakers, who may need to absorb this new 15% payment on anticipated China revenue, investors can expect more volatility. While details of the agreement are still pending, we think the impact could resemble the earnings drag seen from tariffs on other sectors, or regulatory costs more common in tech.

AI monetization is still a work in progress. Despite improving monetization, AI revenue growth has yet to fully match the sector's aggressive capex. Our analysis of the Big 4 tech firms shows incremental capex of USD 115bn over the past year, versus incremental revenues of USD 170bn, or a capex intensity (capex divided by sales) of 67%. Looking ahead, we expect capex intensity to moderate toward 50%. For context, pre-generative AI capex intensity was just 10-15%, accentuating the need for further improvements on this as AI adoption broadens.

So, we keep our optimistic view on AI, but note that more recent developments do warrant some near-term caution. We continue to recommend a balanced approach within our AI portfolios, diversifying across semiconductors, software, and internet, and selectively adding exposure to AI laggards. Elevated valuations and challenging near-term headlines could see volatility rise in the coming weeks. Should a market pullback materialize, we believe long-term investors underallocated to our Transformational Innovation Opportunities (including AI) should take advantage of these dips to build exposure to these critical structural growth themes.

Original report - [AI narrative faces challenges from US export fees, 11 August 2025.](#)

Disclaimer

Hong Kong / Singapore: For Global Wealth Management clients of UBS AG Singapore / Hong Kong branch, please refer to the [HK/SG Marketing Material Disclaimer](#).

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

This document and the information contained herein are provided solely for your information and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management: Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.