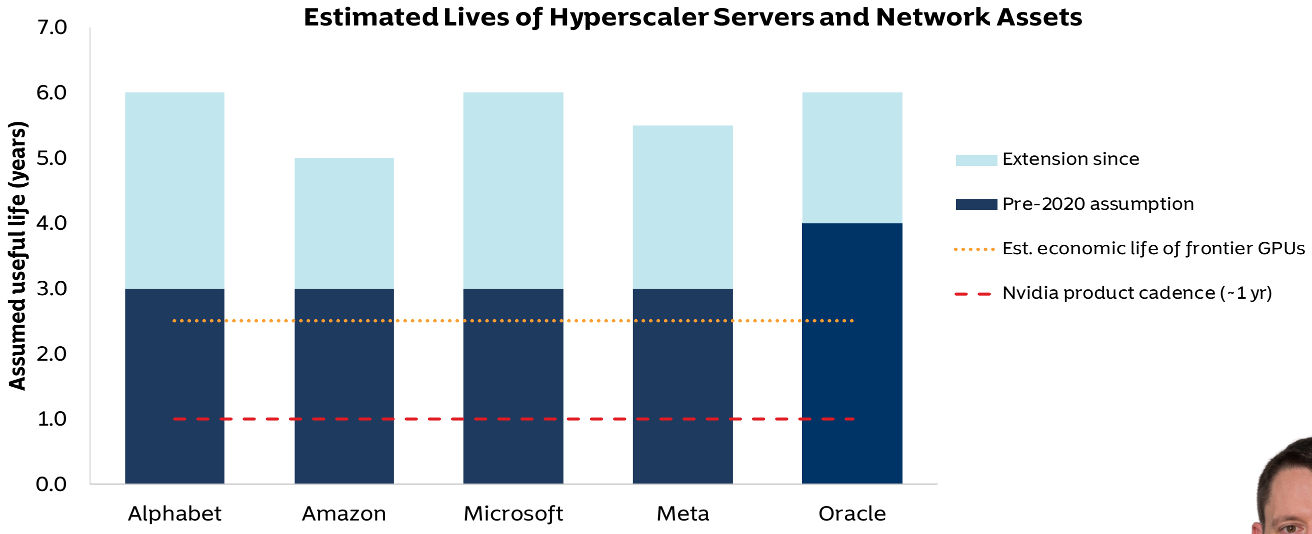
Chart of the Week

10 August 2026

momentum
global investment management



Source: Company 10-K and 10-Q filings. Useful lives cover server and network equipment, not GPUs alone. Estimated economic life of frontier GPUs reflects external estimates, not company disclosure. Amazon reduced the assumed life of a subset of servers from six years to five with effect from January 2025. Data to 30 June 2026.

Buying Time

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Fund Manager

What does the chart show?

This chart shows three things side by side: how long the five largest US hyperscalers assume their servers and network equipment will last, how long the chips inside are estimated to stay economically useful (yellow line), and how often Nvidia, the current dominant chip supplier, is releasing new generations of chips (red line). In 2019 three years was the standard accounting answer. Today it's five or six.

Graphics processing units (GPUs), the specialised chips that do the parallel maths AI models run on, are not disclosed as separate balance sheet items. They sit inside “servers and network equipment”, and none of the five publishes a life for them alone. The bars are therefore a blend, from switches to frontier chips.

The blend, however, is changing. Around three-quarters of hyperscaler capital spending is now AI-related, against a small fraction before 2023, so each new vintage of capital expenditure entering the asset pool is weighted towards the shortest-lived assets. Depreciation runs off equipment already installed, so today's charge reflects an older, cheaper, less GPU-heavy fleet than the one being built now.

Why is it important?

Taking Alphabet, its capital expenditure has grown from $52.5bn in 2024 to $91.4bn in 2025, with $200bn guided for 2026. Across all five, roughly $550bn was spent on property and equipment in the last twelve months against about $160bn of depreciation, over three times the rate the income statements recognise. Assets under construction aren't depreciated until switched on.

For the replacement cycle, Nvidia used to leave about two years between GPU generations: Ampere in 2020, Hopper in 2022, Blackwell in 2024. It now ships annually with Blackwell Ultra in 2025 and Rubin this year and each delivers more compute per dollar and per watt. The older chip still works but it earns less, because the alternative is cheaper to run.

Accounting lives have lengthened towards six years while external estimates of economic life cluster at two to three, and the hardware cycle has compressed to 12-18 months. Nobody outside these companies can easily adjudicate it, because the disclosure doesn't separate the assets.

There is also a question of method, not just length. These assets are depreciated on a straight-line basis, which assumes benefit accrues evenly. Management defend this by reasoning that older chips continue to be used for inference and less demanding work, however that describes a benefit that declines with age which argues for front-loading the depreciation charge, not extending it.

A six-year life also assumes six years of paying customers. In the late 1990s the buyers of telecoms equipment were profitable giants. Today much of the contracted cloud revenue sits with model developers still losing money. Six years may still be right, but some of the earnings growth now forecast for the S&P 500 is accounting arithmetic, with attractive returns on capital still to be determined.

Weekly market update

Week ending 7 August 2026

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Weaker US employment shifted markets towards a more cautious interest-rate outlook, but persistent energy and geopolitical risks kept inflation concerns alive - leaving investors caught between slowing global growth and sticky inflation.

US

» **Labour market weakens:** The US unexpectedly lost 23,000 jobs in July, strengthening expectations that the Federal Reserve will take a more cautious approach to further rate rises.

» **Services remain resilient:** July's ISM services index rose to 54.1, although weaker employment and higher input costs highlighted the tension between slowing growth and inflation.

» **Trade tensions continue:** Washington considered additional measures against Chinese polysilicon imports as the administration maintained its push to protect domestic manufacturing.

» **Iran diplomacy progresses:** The US signalled progress towards an Iran-Oman agreement over the Strait of Hormuz, raising hopes of improved shipping flows and easing energy disruption.

UK

» **Bank of England holds rates:** Bank Rate remained at 3.75%, with policymakers cautious about the inflationary impact of higher energy prices linked to Middle East tensions.

» **Autumn Budget confirmed:** Chancellor John Healey announced the Budget for 28 October, bringing the government's tax, spending and borrowing plans back into focus.

» **Social care adds fiscal pressure:** Prime Minister Andy Burnham committed to social care reform and did not rule out tax increases, increasing scrutiny of the government's limited fiscal headroom.

» **Gilts attract demand:** UK government bonds performed relatively well as investors anticipated softer domestic inflation and potentially easier monetary policy ahead.

Europe

» **Manufacturing recovery strengthens:** Eurozone manufacturing PMI rose to 51.9, its strongest factory expansion in around four-and-a-half years, although new orders remained subdued.

» **Services return to growth:** The Composite PMI reached an eight-month high of 52.0, supported by improving activity in Germany, Italy and Spain.

» **ECB remains cautious:** Policymakers continued to monitor the inflationary implications of higher energy prices, keeping the outlook for interest rates uncertain.

» **US trade tensions contained:** The EU maintained the suspension of retaliatory measures against US exports as Brussels sought to avoid further escalation in transatlantic trade relations.

Rest of the World/Asia

» **Manufacturing momentum slows:** China's private manufacturing PMI slipped to 50.9, indicating factory activity continued to expand but at its weakest pace in four months.

» **Yen intervention remains in focus:** Markets continued to digest joint US-Japanese intervention following the yen's decline towards four-decade lows.

» **Japan's proposed Tax cuts:** Prime Minister Sanae Takaichi's government backed plans to reduce the sales tax on food from 8% to 1% for two years to ease household cost pressures.

» **Middle East alliances strengthen:** Saudi Arabia, Turkey and Pakistan agreed a mutual defence pact, while continuing regional tensions kept geopolitical risk elevated.

Weekly market data

Week ending 7 August 2026

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Asset Class / Region	Currency	Cumulative returns: Week ending 7 August 2026	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	3.6%	3.6%	13.9%	23.4%
United Kingdom	GBP	0.5%	0.5%	12.3%	24.2%
Continental Europe	EUR	2.2%	2.2%	13.6%	23.7%
Japan	JPY	1.8%	1.8%	20.9%	39.5%
Asia Pacific (ex Japan)	USD	-0.5%	-0.5%	20.5%	32.3%
Australia	AUD	3.2%	3.2%	8.0%	8.3%
Global	USD	3.3%	3.3%	13.9%	23.7%
Emerging Markets Equities					
Emerging Europe	USD	2.7%	2.7%	24.6%	32.5%
Emerging Asia	USD	-1.0%	-1.0%	21.6%	36.1%
Emerging Latin America	USD	-1.5%	-1.5%	14.1%	37.3%
BRICs	USD	0.6%	0.6%	-5.0%	0.2%
China	USD	1.1%	1.1%	-6.3%	-1.7%
MENA countries	USD	2.5%	2.5%	1.4%	-1.5%
South Africa	USD	10.7%	10.7%	4.5%	35.0%
India	USD	1.1%	1.1%	-10.3%	-7.1%
Global emerging markets	USD	-0.4%	-0.4%	19.5%	33.9%
Bonds					
US Treasuries	USD	0.5%	0.5%	-0.3%	1.6%
US Treasuries (inflation protected)	USD	0.3%	0.3%	0.6%	1.9%
US Corporate (investment grade)	USD	0.6%	0.6%	0.1%	2.6%
US High Yield	USD	0.8%	0.8%	2.4%	5.5%
UK Gilts	GBP	0.9%	0.9%	-0.6%	1.9%
UK Corporate (investment grade)	GBP	0.9%	0.9%	0.5%	3.4%
Euro Government Bonds	EUR	0.5%	0.5%	0.0%	-0.1%
Euro Corporate (investment grade)	EUR	0.4%	0.4%	0.8%	1.3%
Euro High Yield	EUR	0.4%	0.4%	2.0%	3.0%
Global Government Bonds	USD	0.7%	0.7%	-0.3%	-0.1%
Global Bonds	USD	0.7%	0.7%	-0.2%	1.3%
Global Convertible Bonds	USD	2.5%	2.5%	15.5%	25.0%
Emerging Market Bonds	USD	1.0%	1.0%	1.3%	6.7%
Property					
US Property Securities	USD	-0.7%	-0.7%	18.7%	21.8%
Australian Property Securities	AUD	1.2%	1.2%	-5.7%	-8.6%
Global Property Securities	USD	-0.4%	-0.4%	10.3%	13.9%
Currencies					
Euro	USD	0.4%	0.4%	-1.5%	-0.7%
UK Pound Sterling	USD	0.2%	0.2%	0.3%	0.5%
Japanese Yen	USD	1.2%	1.2%	-0.4%	-6.4%
Australian Dollar	USD	0.6%	0.6%	5.9%	8.7%
South African Rand	USD	2.4%	2.4%	2.5%	9.8%
Swiss Franc	USD	0.1%	0.1%	-1.8%	-0.1%
Chinese Yuan	USD	0.1%	0.1%	3.6%	6.4%
Commodities & Alternatives					
Commodities	USD	-0.3%	-0.3%	31.6%	38.6%
Agricultural Commodities	USD	1.0%	1.0%	12.8%	11.3%
Oil	USD	-7.3%	-7.3%	37.3%	25.8%
Gold	USD	7.1%	7.1%	0.2%	27.7%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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