

AI fears weigh on tech stocks, as tariff talk boosts dollar

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AFP- Japanese tech firms sank Tuesday following a rout on Wall Street after China's DeepSeek chatbot upended the artificial intelligence sector and sparked questions about huge investments by US titans.

The dollar rallied on a report saying Washington was considering universal tariffs on a range of goods, fanning fresh fears about a trade war.

Other Asian equity indices ended mixed in limited trade ahead of the Lunar New Year break.

European stock markets rose in morning deals and oil prices advanced, as traders awaited interest-rate decisions from the US Federal Reserve and European Central Bank due this week.

Tokyo-listed companies linked to the artificial intelligence sector tanked for a second straight day as investors tracked a rout on Wall Street that saw Nvidia crumble 17 percent, wiping more than half-a-trillion dollars off its market capitalisation.

The retreat came after DeepSeek unveiled its R1 chatbot, which has apparently shown the ability to match the capacity of US AI pace-setters for a fraction of the investments made by American companies.

"The DeepSeek news has triggered a rethink on the AI revolution and arguably one of the pillars of the current US exceptionalism," said Rodrigo Catril, foreign exchange strategist at National Australia Bank.

“If R1 is as good as first impressions seem to suggest, then demand for sophisticated chips, infrastructure (think data centres) and energy may not be as large as originally thought.”

Nvidia has been the standout company that has led the drive by investors to seek out all things AI, spending vast sums of cash but seeing their share prices rocket.

The US chip firm has piled on about 1,900 percent in five years.

The DeepSeek bombshell also came on the heels of President Donald Trump’s announcement of a new \$500 billion venture to build infrastructure for artificial intelligence in the United States.

Trump said the release of DeepSeek’s model “should be a wake-up call for our industries that we need to be laser-focused on competing to win”.

He argued that it could be a “positive” for US tech giants.

“Instead of spending billions and billions, you’ll spend less, and you’ll come up with hopefully the same solution,” he said.

Sam Altman, the boss of OpenAI, which runs lead US chatbot ChatGPT, called DeepSeek “impressive”.

Wall Street’s Nasdaq index filled with tech stocks tanked more than three percent and the S&P 500 more than one percent Monday, with another US chip-maker, Broadcom, off 17.4 percent.

The selling in Tokyo extended into Tuesday, with the Nikkei ending down 1.4 percent.

In the semiconductor sector, Advantest plunged more than 11 percent, while Tokyo Electron shed 5.7 five percent and Disco Corporation almost three percent.

Tech investor SoftBank, which is a key investor in Trump's AI project, tumbled more than five percent, having lost more than eight percent the day before.

– Greenback rally –

The dollar pushed higher after the Financial Times reported that US Treasury Secretary Scott Bessent was looking to impose universal tariffs of 2.5 percent on goods initially and lifting them by the same amount each month.

It said the move would give room for negotiations with the White House but the tariffs could go as high as 20 percent.

The report comes after Trump rattled confidence Sunday by a row with Colombia over deportations, in which the president said he would hit the country with 25 percent levies.

Bogota backed down after a short standoff, but analysts said the development highlighted the president's willingness to weaponise tariffs.

– Key figures around 0945 GMT –

London – FTSE 100: UP 0.6 percent at 8,550.13 points

Paris – CAC 40: UP 0.3 percent at 7,932.00

Frankfurt – DAX: UP 0.4 percent at 21,365.92

Tokyo – Nikkei 225: DOWN 1.4 percent at 39,016.87 (close)

Hong Kong – Hang Seng Index: UP 0.1 percent at 20,225.11 (close)

Shanghai – Composite: Closed for a holiday

New York – Dow: UP 0.7 percent at 44,713.58 (close)

Euro/dollar: DOWN at \$1.0442 from \$1.0492 on Monday

Pound/dollar: DOWN at \$1.2451 from \$1.2496

Dollar/yen: UP at 155.47 yen from 154.61 yen

Euro/pound: DOWN at 83.87 pence from 83.94 pence

Brent North Sea Crude: UP 0.5 percent at \$76.48 per barrel

West Texas Intermediate: UP 0.5 percent at \$73.55 per barrel

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