Nvidia forecasts sales growth of 70 percent for next year

Chipmaker signals AI spending boom has years left to run

Anhata Rooprai, Max A. Cherney and Deborah Mary Sophia

Reuters

Nvidia on Wednesday forecast a 70 percent jump in revenue next fiscal year, underscoring unabated demand for artificial intelligence computing, while warning that shortages of memory components would continue to curb how quickly it can expand.

The chip company's shares rose nearly 5 percent in extended trading, after having dipped over 1 percent initially.

"AI has reached its inflection point. It's doing useful work. Its tokens are productive and profitable. Now, compute is revenue," Nvidia chief executive Jensen Huang said.

The outlook is likely to reassure investors who have questioned how long the AI spending surge can last after years of explosive growth. By forecasting revenue growth well above Wall Street expectations and outlining demand from the biggest tech companies as well as AI labs,

Nvidia is arguing that the market for AI computing is expanding rather than peaking, even as supply constraints limit how much business it can capture.

Executives shared a road map for growth over the next few years, including a ramp in its next-generation Vera Rubin processors and expanding sales at AI labs such as OpenAI.

Nvidia's outlook for 70 percent growth in its next fiscal year, ending January 2028, is a rare disclosure for the chip company, which typically does not issue such projections.

"We've never forecast or never guided to a year in advance," Huang said. Ahead of Wednesday's results, analysts, on average, projected 44 percent revenue growth in the same period.

"What makes [the forecast] even more credible is that demand is broadening beyond the original hyperscalers with AI clouds, enterprises, sovereign buyers and industrial customers now growing materially faster," said Shay Boloor, chief market strategist at Futurum Equities.

AFP/Getty Images/Benjamin Fanjoy

Eye on growth: The Nvidia logo is displayed on Wednesday at the United States chipmaker's headquarters in Santa Clara, California.

The company said its Vera Rubin platform, which has now started shipping to customers, will account for about a fifth of its overall data center revenue in the current quarter, which ends in October.

In its fiscal second quarter ended July, data center revenue more than doubled to $89 billion, beating estimates of $85.08 billion, according to LSEG data.

Nvidia said it expects demand from AI labs to contribute roughly a quarter of its overall business next year, indicating a diversified customer base.

The company added that the so-called neo-clouds, which include companies like Nebius and CoreWeave are set to exit this year with more than 8 gigawatts in Nvidia GPU capacity, a surge from the 3 GW at the end of last year.

Nvidia also announced an expansion of its partnership with Amazon's cloud computing unit, Amazon Web Services. The pair will deploy an additional 2 million Nvidia graphics processors across Amazon's global infrastructure in 2027 and 2028.

"We are seeing demand acceleration even at our scale. Customers' forecasts point to our growth doubling next year. However [...] we are supply-constrained," finance chief Colette Kress told analysts on an earnings call.

Soaring memory prices and higher component costs will continue to pressure its margins, Kress said, adding that margins would bottom in the fourth quarter at roughly 71 to 72 percent, down from about 74 percent in the third quarter. Analysts were expecting 74.77 percent for the third quarter.

The company forecast third-quarter revenue of $108 billion, plus or minus 2 percent, compared with analysts' average estimate of $104.19 billion, according to data compiled by LSEG.

China chip sales remain unclear

Nvidia's China business has been highly uncertain. In May, Washington cleared roughly 10 Chinese firms, including Alibaba, Tencent and ByteDance to buy one of Nvidia's most powerful AI chips, the H200, though deliveries stalled for months. Nvidia did not include China data center revenue in its outlook.

Nvidia began pitching its new Vera CPU to Chinese clients in June, telling them the chip could be available by August, as China separately weighed allowing top AI firms limited H200 purchases.

Last month, a United States Commerce Department official said shipments had begun but remained "very few."

Nvidia's second-quarter revenue more than doubled to $96.22 billion, beating estimates of $92.17 billion. Adjusted profit was $2.22 per share for the three months ended July 26, compared with estimates of $2.10.

Bond yields are surging. Here's why that could spell trouble

By Sophie Laubie and Joseph Schmid

Agence France-Presse/Paris

From Japan to Europe and the United States, officials are getting antsy as bond yields hit highs not seen in a decade or more, making borrowing more expensive for governments as well as businesses and consumers.

The main reason is soaring deficits and the resulting debt piles, which are fueling doubts among investors that countries will get their financial houses in order.

And stubbornly high inflation in Europe and the US has accelerated further as the Middle East war pushes up energy prices, which may require central banks to raise interest rates.

Where are rates now?

Yields on government-issued debt rise when investors demand higher interest rates to buy or hold bonds.

US Treasury bonds have long been considered among the safest investments available, allowing Washington to borrow money from around the world at favorable rates.

But the yield on 30-year Treasuries, a gauge of long-term confidence in the economy, hit 5.34 percent in mid-August, the highest since 2007, before the global financial crisis.

It has since fallen back to around 5.17 percent.

The trend is similar in Europe, where the benchmark 10-year German bund is yielding around 3.22 percent, a level not seen since 2011.

In France, where the government is struggling to make spending cuts ahead of next year's presidential election, the 10-year OAT stands at 4.05 percent, the highest since 2008 and well above the 3.5-percent yield at the beginning of the year.

Even in Japan, which for years had yields close to zero as the government grappled with deflation, the 10-year yield has jumped to nearly 2.9 percent from just 2.1 percent in February.

Why are they rising?

Government spending in several major economies has soared, and investors have little faith that governments will take tough steps to control their budgets.

"Since the major financial crisis of 2008-2009, public debt has kept growing around the world," said Frederik Ducrozet, head of macroeconomic research at the Swiss bank Pictet.

And "since the COVID pandemic, the start of the Iran war, and the trade wars, we've had a series of shocks" that have required massive spending to withstand, he said.

Charlotte de Montpellier, an economist at ING, noted that even "countries that usually know how to tighten their belts, like Germany, are seeing their deficits climb as well".

That means they have to offer higher interest rates to borrow, with the yields on bonds already on the market effectively telling them how high they will go.

What's the price to pay?

Governments are also now competing for cash with technology companies that are borrowing massively to fuel the artificial intelligence boom.

The situation is especially alarming in the US, where government debt topped US$40 trillion for the first time this month.

That is double the total debt from just 10 years ago, and servicing costs have ballooned as a result, money that could otherwise be spent on health care or defense or education.

Last year the interest outlays for Washington hit a whopping $970 billion, up from $350 billion in 2021.

All this comes at a time when bond investors are unsure what the new head of the Federal Reserve, Kevin Warsh, is going to do about inflation running at 3.7 percent, nearly double the Fed's 2 percent target.

"One of the reasons for this increase in yields [...] is the uncertainty about US monetary policy," De Montpellier said.

"Since Warsh's arrival, he wants to communicate less, he's been a bit vague," she said, referring to his reluctance to give guidance on future Fed rate moves.

"But we know that what happens in the US is going to have a very strong impact on bond markets and interest rates in general," she said.

Reuters/Ken Cedeno

Soaring rates: The United States flag flies atop the Department of the Treasury on Feb. 1 in Washington, DC.

Meta's youth safety changes should be global, South Korea media commission says

Kyu-seok Shim

Reuters/Seoul

South Korea's media regulator said on Thursday that measures proposed by Meta to curb potentially addictive features for young users should ideally be applied worldwide, as Seoul considers tighter rules on how social media platforms serve minors.

The Korea Media and Communications Commission (KMCC) said in a statement to Reuters that social media companies needed to take greater responsibility for protecting children and teenagers and pointed to seven bills pending in the country's parliament aimed at strengthening youth protections online.

The commission "believes that in order to create an environment in which Korean youth can use social networking services safely, it is necessary to strengthen social media providers' responsibility to protect minors", the regulator said.

The comments followed landmark United States settlements announced on Wednesday under which Meta agreed to pay up to US$18 billion and implement a series of changes to Facebook and Instagram after several states accused the company of designing products that contributed to youth addiction and harmed mental health.

The measures include limits on usage time, restrictions on notifications, stronger age-verification tools, the option of non-algorithmic feeds and hiding "likes" and similar engagement metrics for younger users.

The KMCC said that, among Meta's proposed corrective measures, changes to features that may encourage excessive use, including algorithm-based content recommendations, display of engagement metrics such as likes and push notifications designed to draw users back onto platforms, "would ideally be applied to youth users worldwide as well".

South Korea has also been moving toward stricter oversight of social media use by minors amid growing concerns about excessive screen time and the role of recommendation algorithms in keeping young users engaged.

At a policy briefing to President Lee Jae-myung in July, KMCC chairman Kim Jong-cheol said the regulator was reviewing phased restrictions on social media use by minors, including limits on algorithms and other features that could encourage excessive use among teenagers.

Kim said that seven related legislative proposals were already pending in the National Assembly.

A KMCC spokesperson said on Thursday that the commission supports efforts to advance the bills through public discussion and consultation.

The proposals under discussion include restricting social media access for users under 14 and limiting algorithms and other platform features that could encourage excessive use among teenagers aged 14 to 19, Kim said.

The debate mirrors a broader global push to protect children online, though proposed restrictions on minors' social media use have drawn criticism over privacy concerns and questions about enforcement.

Bill Gates warns world unprepared for AI upheaval

Agence France-Presse

Washington

Bill Gates warned on Wednesday that the world is dangerously unprepared for the upheaval brought by artificial intelligence, with the technology destroying jobs and threatening human connection, especially for young people.

In a nearly 6,000-word essay published on his blog, the Microsoft cofounder said the shift into the AI era will rank among the most turbulent periods in human history and that no one has produced a credible plan for managing it.

His stance will draw significant pushback from many in Silicon Valley and the Trump administration who blame "doomer" attitudes among some tech leaders for giving the AI revolution a bad reputation.

"AI will either be the greatest equalizer ever invented, or the worst source of injustice," wrote Gates, 70, who now chairs the philanthropic foundation that bears his name.

AFP/Getty Images/Kevin Dietsch

Bill Gates

"There is no plan to ease the entry into the AI era," Gates said, adding that he would likely support one if it existed.

"However, I don't think that's going to happen. The geopolitical and economic incentives are pushing too hard to go full speed ahead," he warned.

Gates said he saw three main risks arising from the fast deployment of AI.

The first is permanent job destruction. Gates insisted comparisons to the shift from farm work to office work were misleading, as that transition unfolded over generations and created roles that still required human thinking.

AI can substitute for thinking itself, he warned, hitting law, medicine, customer service, software and manufacturing within roughly a decade.

Entry- and mid-level positions are the most exposed, Gates said, leaving young people entering a labor market with far fewer openings.

Blue-collar work will follow as robots become cheaper, with the construction and hospitality sectors feeling pressure by the end of the decade.

Gates suggested that some jobs should be set aside for humans, even if AI can do them better and more cheaply.

The second risk is that AI hands new capabilities to bad actors.

Gates said cybersecurity specialists he knows are alarmed that attackers are gaining ground faster than defenders can patch weaknesses.

Hospitals, banks, water systems and power grids are all exposed, he said.

The third area of risk concerns children and human relationships.

Citing research, Gates said AI chatbots that never challenge or frustrate users risk becoming addictive and deny people the chance to build social skills.

AI bots "rob us of the lessons we learn from connecting with other people", he wrote.

Gates acknowledged he retains deep financial ties to the technology industry, saying investment profits will flow to his foundation, which plans to spend its remaining US$200 billion over the next two decades.

The essay comes months after Gates was interviewed by the House Oversight Committee over his ties to the late sex offender Jeffrey Epstein, telling lawmakers in June that the association was "a grave error in judgment".

Invitation for Bids (IFB)

Rehabilitation and Development of Way Sekampung Irrigation Area

Friday, August 28th 2026
The Urgent Rehabilitation of Strategic Irrigation Project (URSIP)
Loan Agreement NO. INA-23

1. The Government of the Republic of Indonesia has received a Loan from the Export-Import Bank of Korea from the resources of the Economic Development Cooperation Fund (EDCF) of the Republic of Korea toward the cost of The Urgent Rehabilitation of Strategic Irrigation Project (URSIP) and intends to apply a portion of the proceeds of this loan to payments under the contract for Rehabilitation and Development of Way Sekampung Irrigation Area.
2. The SNVT Pelaksanaan Jaringan Pemanfaatan Air Mesuji Sekampung, Balai Besar Wilayah Sungai Mesuji Sekampung, Directorate General of Water Resources of the Ministry of Public Works, as the Project Executing Agency, now invites sealed bids from eligible bidders for the rehabilitation and development of the Way Sekampung Irrigation System in Lampung Province. The scope of work includes rehabilitation of the existing irrigation system, development and modernization, with the main works consisting of canal works and embankment. The duration of the works is thirty-six (36) months.
3. Bidding will be conducted through Competitive Bidding (CB) procedures as specified in the Guideline for Procurement under EDCF Loans, and is open for Korean eligible contractors that meet the following minimum qualification criteria. Interested Korean contractors should have relevant experience related to rehabilitation of irrigation system and incorporated and registered in the Republic of Korea participating in the bidding shall form a joint operation with an Indonesian contractor(s) in which nationals of Korea hold more than 50% of shares in consortium amount and have the de facto decision-making rights which shall be stated in Joint Venture Agreement.
4. Interested eligible Bidders may obtain further information from the Tender Committee on behalf of The Directorate General of Water Resources of the Ministry of Public Works and inspect the bidding documents at the address below from 09.00 – 16.00 local time.
5. A complete set of bidding documents may be downloaded by any interested Bidders from SPSE ICB of National Public Procurement Agency (LKPP) system (https://spseicb. lkpp.go.id/spseicb/), and Bidders are advised to refer to SPSE User Guide for step by step Instructions. Bidders are given 45 days to prepare and upload the bids and related documents, started from August 28th 2026, and the bids must be uploaded in SPSE ICB of National Public Procurement Agency (LKPP) system and original bid security delivered to the address below, at or before October 13th 2026 at 13.00 local time. All bids must be accompanied by a bid security. The Bid security in the form of Bank Guarantee shall be USD 1,500,000. The original bid security shall be received by the Tender Committee before the bid submission deadline. Bids will be opened at the address below at October 13th 2026 at 13.05 local time. Late bids shall be rejected unopened.
6. The SNVT Pelaksanaan Jaringan Pemanfaatan Air Mesuji Sekampung, Balai Besar Wilayah Sungai Mesuji Sekampung, Directorate General of Water Resources of the Ministry of Public Works will not be responsible for any costs or expenses incurred by Bidders in connection with the preparation or delivery of Bids.

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