Global Matters Weekly

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Great Expectations

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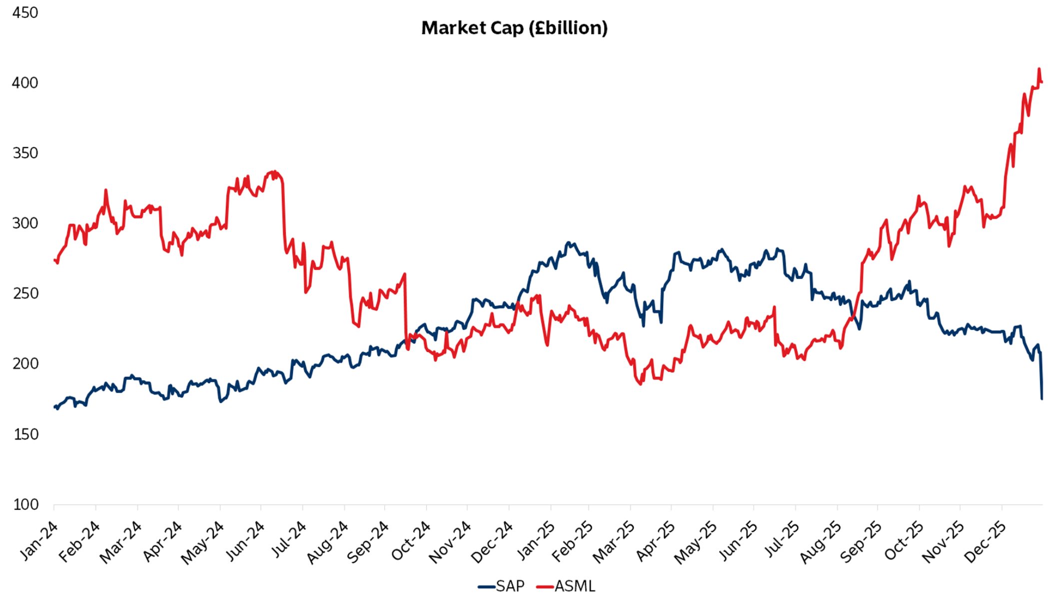

Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 29 January 2026.

What this chart shows

European technology markets saw a striking divergence last week as SAP and ASML moved sharply in opposite directions. SAP shares fell 16% on 29 January, their steepest one-day decline since 2020, after cloud-backlog growth and 2026 guidance missed expectations, intensifying market concerns around how artificial intelligence may reshape traditional enterprise-software models. By contrast, ASML continued to benefit from strong demand across the semiconductor supply chain, reporting record orders of €13.2 billion and reinforcing an upbeat outlook as chipmakers expand capacity to meet accelerating AI-related needs.

The resulting performance gap, illustrated in this week's chart, highlights how AI-driven sentiment is influencing equity markets. The two companies had similar market capitalisations in September, but there is now roughly a £225 billion gap between them. Companies perceived as core enablers of AI infrastructure are being rewarded, while those exposed to software-centric models are seeing sharper scrutiny even when underlying performance remains broadly stable.

Why this is important

This dynamic becomes clearer when looking beyond SAP to the wider European information services and software ecosystem. Wolters Kluwer and RELX, for example, have both experienced significant share-price pullbacks from their 2025 highs. Wolters Kluwer declined from an all-time high of €180 in February 2025 to around €79 in January 2026. RELX similarly retreated from a £41 peak in February 2025 to near £26 in January 2026 as the market became increasingly concerned that AI could disrupt their profitability.

Yet despite these market moves, operational performance at both firms has remained fundamentally sound. Wolters Kluwer reported 6% organic revenue growth for the first nine months of 2025, supported by 7% growth in recurring revenues and 15% organic growth in cloud software, while maintaining full-year guidance. RELX delivered 7% underlying revenue growth in the first half of 2025, with continued strength across its AI-enabled analytics, risk, legal, and scientific tools.

Taken together, these developments highlight a nuanced landscape. AI is undoubtedly reshaping the sector, and some business models will face genuine competitive pressure. At the same time, others may see their relevance strengthened as AI enhances data-rich, workflow-embedded platforms. Recent share-price behaviour appears to reflect shifting expectations rather than uniform fundamental weakness.

For investors, the key will be monitoring how quickly fundamentals and sentiment realign. As AI continues to reshape both risks and opportunities, distinguishing structural change from cyclical market reactions will remain essential.

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