Markets brace for higher-for-longer rates as AI safety debate heats up

Thursday 17 September, 2026

- FTSE 100 opens higher as crude prices fall slightly and a pause decision on interest rates is expected from the Bank of England.
- Fed turns up the heat on inflation, with one more US rate hike pencilled in this year.
- AI investment boom faces a new test as investors question whether hyperscaler spending can keep accelerating.
- King Charles's AI summit brings tech giants together as debate intensifies over safety, guardrails and the pace of development.

Susannah Streeter, Chief Investment Strategist, Wealth Club

"The FTSE 100 is on the front foot in early trade, with investors taking some comfort from slightly lower crude prices and the prospect of the Bank of England keeping rates on hold later today.

But the mood across broader markets is still set to remain cautious after the Fed took a tougher line on inflation, signalling that US borrowing costs could stay higher for longer. The focus will be on whether the Bank of England will keep holding its nerve as high energy costs work their way through the economy. The hope is that higher oil and gas prices won't fire up inflation even more, given demand is hardly racing away. However, a hike in November still looks highly possible given the energy crunch has now entered a chronic phase. The bank set out what is deemed an adverse scenario back in July and crude prices have hit that level. However, Brent has retreated slightly, edging below $105 a barrel, offering a few crumbs of comfort, amid hopes that the East West Saudi pipeline will be repaired more quickly. Yet with the possibility of fresh attacks by Iran on the US and its allies still clear and present, energy costs are set to stay elevated.

In the US, inflationary pressures are building more strongly, so although the Fed's decision to raise rates by 25 basis points to 3.75%-4% was broadly expected, the tougher tone from Kevin Warsh sent pulses racing. Treasury yields initially dipped after the decision, as investors took some comfort from the Fed standing firm in the face of Donald Trump's noisy demands for lower rates. But as the newish Chair made clear that the fight against inflation is far from over, expectations of further tightening have strengthened. The Fed's own projections point to at least one more rate hike this year.

With borrowing costs set to rise for the US administration and millions of ordinary Americans, pressure is spreading across a raft of sectors. Consumer discretionary companies could be squeezed as households tighten their purse strings, while real estate remains vulnerable to higher mortgage and financing costs, and industrials face the prospect of more expensive funding alongside a potential drag on economic growth.

This is colliding with ongoing concerns about a potential slowdown in the AI boom, which has underpinned a powerful part of recent US growth. The tug of war between AI acceleration and safety is underway, and it's playing out in the markets. Chip stocks have come under pressure as investors question whether the blistering pace of spending on ever more sophisticated AI architecture can continue indefinitely. At the same time, hyperscalers like Amazon and Microsoft have already ploughed huge sums into data centres, and there's some expectation that capital expenditure will slow, while still enabling the tech giants to capitalise on the infrastructure they've already built out.

The AI race is showing signs of moving into its next stage more quickly than expected – with future winners potentially those that carve out the most successful applications and services using the technology, rather than the companies manufacturing the chips and infrastructure needed to underpin the system.

King Charles's AI summit taking place today could not be more timely, given the increasingly stark warnings about where the technology could lead. The big issue is that not all technology leaders are singing from the same song sheet when it comes to the risks. The gathering of senior figures from Nvidia, Google DeepMind, OpenAI and Anthropic, alongside the UK's AI minister, could help open the door to greater cooperation. The debate will centre on whether shared principles are needed for the development and deployment of AI, and how companies, governments and researchers can work together to keep increasingly powerful systems under control.

Related Sectors:

Business & Finance ::

Scan Me:

The UK is already trying to cement its reputation as a global centre for AI safety and security, as the summit could be a catalyst in carving out its role. The UK’s AI Security Institute has already been established, which has a particular focus on national security and criminal misuse of AI, while its alignment project is funding research into how advanced AI systems can remain safe, reliable and aligned with human intentions.

The big question now is whether the major players will play ball and whether they will be willing to give independent researchers enough access to their systems to properly assess the risks and work out the guardrails needed to keep humans in control.”

Ends

Wealth Club

Founded in 2016 by former Hargreaves Lansdown director Alex Davies, Wealth Club is the UK's leading non-advised investment service for high-net-worth and sophisticated investors.

The company provides access to a wide range of tax-efficient, alternative and private market investments. Through the UK's only Private Funds Supermarket, sophisticated investors can access private market funds managed by leading global firms across private equity, private credit, infrastructure and real assets. In 2025, Wealth Club launched the UK's first dedicated Private Markets SIPP, enabling eligible investors to hold semi-liquid private market funds within a tax-efficient pension wrapper.

Wealth Club is also the UK's largest broker of Venture Capital Trusts (VCTs) and Enterprise Investment Scheme (EIS) funds.

Today, Wealth Club has more than 70,000 members and 14,200 clients, who have invested over £1.8 billion through the platform. The business has been profitable since 2017 and has received no external funding.

Headquartered in Bristol, Wealth Club employs 43 people and provides wealthier and sophisticated investors with access to tax-efficient, alternative and private market investments alongside expert research and analysis.

Company Contact:

Wealth Club

E. press@wealthclub.co.uk
W. https://www.wealthclub.co.uk/

View Online

Newsroom: Visit our Newsroom for all the latest stories:
https://www.wealthclub.pressat.co.uk