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ABSTRACT

Today in AI: (1) Zhipu's GLM-5.2 ships open MIT weights with a 753B-parameter MoE, 1M context and self-reported SWE-bench Pro 62.1, undercutting Western flagships on price; (2) Google's eighth-gen TPUs (8t/8i) and a Broadcom-Alphabet deal route ~3.5 GW of custom-silicon compute to Anthropic from 2027; (3) Epoch's FrontierMath v2 quietly rewrites the math leaderboard after finding errors in 42% of the old problem set; (4) GPT-5.6 benchmark leaks and an imminent Gemini 3.5 Pro (2M context, Deep Think) point to a token-efficiency war; (5) Microsoft's in-house MAI stack - Thinking-1, Image-2.5, Transcribe-1.5 - keeps decoupling Copilot from OpenAI; (6) the EU's Digital Omnibus defers high-risk AI Act duties to December 2027 while GPAI rules stay live. Tape: a Broadcom AI-chip guide miss plus a hot May jobs print knocked Nvidia ~6% below $5T and erased ~$1T+ of chip-cap before a partial rebound.

Keywords: GLM-5.2, open weights, Google TPU v8, Broadcom, FrontierMath v2, GPT-5.6, Gemini 3.5 Pro, Microsoft MAI, EU AI Act, HBM, semiconductor selloff

Today in AI

1. **GLM-5.2** - Zhipu ships an MIT-licensed 753B MoE coding model with a 1M context, at a fraction of flagship token prices.
2. **Google TPU v8 + Broadcom/Anthropic** - eighth-gen TPUs claim ~2.7-2.8x price-performance; a long-term Broadcom deal routes ~3.5 GW to Anthropic from 2027.
3. **FrontierMath v2** - Epoch error-corrects 42% of its math benchmark; scores rise and rankings reshuffle.
4. **GPT-5.6 & Gemini 3.5 Pro** - leaks and an imminent launch (2M context, Deep Think) frame a token-efficiency arms race.
5. **Microsoft MAI stack** - Thinking-1, Image-2.5 and Transcribe-1.5 push Copilot further off OpenAI dependence.
6. **EU AI Act Digital Omnibus** - high-risk obligations slip to December 2027; GPAI duties and August enforcement stay on the clock.

Tape. Broadcom's soft AI-chip guide plus a hot May payrolls print sparked a chip rout - Nvidia fell ~6% below $5T and ~$1T+ of semiconductor value evaporated intraday before a partial rebound.

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1. GLM-5.2 puts a 753B open-weight coding model on the table at flagship-minus pricing

What happened. Zhipu AI released GLM-5.2 on June 13, 2026, with MIT-licensed open weights, a standalone API and a chatbot rolling out over the following week, positioning the GLM-5 line explicitly around the move "from vibe coding to agentic engineering" [1][2].

The technical read. GLM-5.2 is a Mixture-of-Experts model of roughly **753B total parameters with ~40B active per token**, paired with a usable **1M-token context window** and up to **131,072 tokens of output**, exposed at two reasoning-effort levels ("thinking" and "max thinking") [1][2]. Vendor self-reported headline scores are **SWE-bench Pro 62.1, Terminal-Bench 2.1 at 81.0 (82.7 with the best harness), AIME 2026 99.2, GPQA Diamond 91.2, HLE-with-tools 54.7, and MCP-Atlas 76.8** - strong on agentic coding and tool use, though none are independently verified yet [1][3]. Pricing lands at **$1.40 / $4.40 per million input/output tokens** (Coding Plan from ~$18/mo) [1][2]. The pricing pressure is corroborated next door: Alibaba's Qwen 3.7 Max is reported to match or beat Claude Opus 4.7 on agentic benchmarks at roughly **half the input and a quarter of the output cost** [4].

Why it matters. An open-weight model with a sub-$5 output price and self-reported SWE-bench Pro in the low-60s collapses the cost of capable coding intelligence and hands enterprises a self-hostable alternative to metered Western APIs - the structural threat to closed-model gross margins is the license, not the leaderboard [1][4].

> **PARAMETER VIEW:**
> Treat the self-reported numbers as a ceiling, not a reading - vendor harness tuning (the +1.7 Terminal-Bench delta from "best harness" alone) shows how much of the headline is configuration. The durable signal is the **price-times-license** combination: at $4.40 output and MIT terms, a buyer running ~50M output tokens/day pays roughly **$220/day vs. an estimated $750-$1,100/day** for a comparable closed flagship at $15-$22 output (Parameter estimate, from posted flagship output rates) - and can fork the weights to avoid the meter entirely. That arbitrage, not a benchmark point, is what pulls coding workloads toward open weights this quarter.

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2. Google's eighth-gen TPUs and a Broadcom deal route ~3.5 GW of custom silicon to Anthropic

What happened. Google detailed its eighth-generation TPUs - **TPU 8t** (training, co-designed with Broadcom) and **TPU 8i** (inference and agentic workloads, co-designed with MediaTek) - while Broadcom confirmed a long-term agreement with Alphabet to design and supply custom TPUs and networking through 2031, with Anthropic granted access to **~3.5 gigawatts** of next-gen TPU-based compute starting in 2027 [5][6].

The technical read. Google claims **~2.7-2.8x better price-performance** for the new generation over its predecessor, with manufacturing at TSMC [5]. The accompanying network fabric leans on Broadcom's **Tomahawk 6** switch silicon - the industry's first **102.4 Tbps** Ethernet part, in volume production since March - to scale rack-to-rack bandwidth for training clusters [5]. The split-vendor design (Broadcom for training-class 8t, MediaTek for inference-class 8i) is a deliberate cost/perf bifurcation: throughput-optimized parts for pre-training, latency-optimized parts for serving and agents [5].

Why it matters. A named ~3.5 GW commitment to a single AI lab on non-Nvidia silicon is one of the largest disclosed custom-accelerator allocations to date, and it hard-wires Anthropic's 2027+ capacity to the Google/Broadcom axis rather than the merchant-GPU market [6].

> **PARAMETER VIEW:**
> The understated number here is power, not FLOPs. At ~3.5 GW, Anthropic's TPU tranche alone is on the order of **three to four large nuclear reactors' worth of continuous draw** dedicated to one tenant's training and serving - the binding constraint on frontier scaling has visibly migrated from chip supply to interconnect and grid interconnects. Expect the next round of "compute deals" to be quoted in gigawatts and substation lead-times, not GPU counts; the lab that locks power and custom silicon together buys itself a multi-year cost-per-token edge that a spot-GPU competitor cannot match.

3. FrontierMath v2 error-corrects 42% of the field's hardest math benchmark - and the leaderboard moves

What happened. On June 12, 2026, Epoch AI released **FrontierMath v2**, an error-corrected rebuild of its research-level math benchmark after an internal audit found small but decisive errors in **42%** of the original problems [7].

The technical read. The update **corrected 135 problems and removed 12, leaving 338** [7]. Post-correction, scores rise across the board and rankings shuffle: reporting puts **Claude Fable 5 at 87% on Tiers 1-3 and 88% on Tier 4**, against **GPT-5.5 (xhigh) at 85% on Tiers 1-3** and a Google "AI co-mathematician" system at **76% on Tier 4** [7]. The methodological point is sharper than any single score: every state-of-the-art claim made against v1 was graded on a test that was wrong about roughly two in five of its own questions [7].

Why it matters. FrontierMath is one of the few benchmarks still discriminating at the frontier; a 42% error rate in its problem set means months of "SOTA math" press has rested on a noisy ruler, and the v2 reshuffle changes who can credibly claim the top of the math table [7].

PARAMETER VIEW:
This is the strongest evidence yet that **benchmark integrity, not benchmark difficulty, is the binding constraint** on evaluating frontier models. When the gap between first and third place is a few points, a 42% item-error rate is larger than the signal it is supposed to measure - meaning much of the published frontier-math ranking over the past year sat inside the noise band. The takeaway for buyers: weight independently audited, versioned benchmarks over vendor self-reports (see item 1), and treat any leaderboard without a published error-rate as a marketing artifact.

4. GPT-5.6 leaks and an imminent Gemini 3.5 Pro turn the frontier into a token-efficiency race

What happened. Benchmark figures attributed to internal testers and consistent with a June release window for **GPT-5.6** began circulating this week, while **Gemini 3.5 Pro** is expected before June 30 with a **2-million-token context window** and a "Deep Think" reasoning mode, after Google confirmed the June window at I/O [8].

The technical read. The leaked GPT-5.6 emphasis is less about raw capability and more about **token economics**: improved multi-step agentic reasoning accuracy plus an estimated **20-30% reduction in tokens** needed for equivalent outputs, alongside better image understanding [8]. Gemini 3.5 Pro's headline is the **2M-token context** paired with Deep Think test-time compute - a bet that long-context plus deliberate reasoning beats parameter count for agentic and research workloads [8]. Both point the same way: at the frontier, the competitive axis is shifting from "can it answer" to "how many tokens (and dollars) per correct answer."

Why it matters. A 20-30% token reduction is a direct margin and latency lever for every agentic deployment built on these APIs - it compounds with falling per-token prices (item 1) to keep cutting the real cost of a unit of useful work [8].

PARAMETER VIEW:
Token efficiency is becoming the frontier's most underrated moat because it is **invisible on a capability leaderboard but decisive on a P&L**. A 25% token cut on a fixed task is, to first order, a 25% cost cut *and* a ~25% throughput gain on the same hardware - for an agent loop that emits millions of tokens per task, that swamps a one- or two-point benchmark edge. Watch for labs to start publishing "tokens-per-solved-task" as a headline metric within two quarters (Parameter estimate); the vendor that standardizes that number controls how cost-of-intelligence gets compared.

5. Microsoft's MAI stack keeps pulling Copilot off its OpenAI dependence

What happened. Microsoft's in-house **MAI** family - unveiled at Build 2026 and continuing to roll out into its products this month - now spans **MAI-Thinking-1** (its first reasoning model), **MAI-Image-2.5**, **MAI-Transcribe-1.5**, **MAI-Code-1** and **MAI-Voice-2**, with Image-2.5 live in PowerPoint and reaching OneDrive [9][10].

The technical read. MAI-Thinking-1 is described as built **from scratch on commercially licensed enterprise data with no distillation from third-party models**, including OpenAI's GPT series - a clean-IP provenance claim aimed at enterprise procurement [9]. **MAI-Image-2.5** handles both text-to-image and image-to-image and ranks **third (and second for the flash variant)** on the Arena leaderboard [10]. **MAI-Transcribe-1.5** claims state-of-the-art accuracy across **43 languages** with a **~5x speed improvement** over competing transcription models and streaming support inbound [10]. The portfolio is explicitly a stack - reasoning, code, image, voice,

transcription - not a single flagship.

Why it matters. Owning the model layer lets Microsoft route Copilot traffic to in-house weights, compressing its cost of goods and reducing reliance on a partner it also competes with - a structural shift in the economics of the most-deployed enterprise AI surface [9][10].

> **PARAMETER VIEW:**
> The competitive signal is the **"no distillation from OpenAI" provenance claim**, not the Arena placement. For regulated buyers, clean training-data lineage is becoming a procurement gate as real as accuracy - and it is one OpenAI-derived or distilled models structurally cannot clear. Microsoft is quietly converting *IP hygiene* into a moat: if MAI can serve "good-enough" reasoning and media at Copilot scale on owned weights, the partner-API line item shrinks every quarter, and the next Azure/OpenAI renegotiation happens with Microsoft holding a working substitute.

6. The EU's Digital Omnibus defers high-risk AI Act duties to December 2027 - but the GPAI clock keeps ticking

What happened. Following a provisional Digital Omnibus agreement reached May 7, 2026, the EU is deferring its highest-profile AI Act obligations: high-risk (Annex III, use-based) systems move from **August 2, 2026 to December 2, 2027** - a 16-month slip - even as already-live rules and August enforcement powers remain in force [11].

The technical read. The enforcement architecture is now staggered: **prohibited practices** (since Feb 2, 2025) and **general-purpose AI (GPAI) model rules** (since Aug 2, 2025) are already enforceable, and the Commission's enforcement actions - requests for information, model access, recall - begin **August 2, 2026** [11]. The Omnibus also adds **two new prohibited practices** expected to take effect **December 2, 2026**: AI-generated non-consensual intimate imagery and AI-generated CSAM [11]. Penalties remain steep - up to **EUR 35M or 7% of global annual turnover** [11].

Why it matters. The deferral buys high-risk deployers 16 months, but GPAI obligations and the August enforcement window mean frontier model providers - exactly the labs shipping items 1-5 - face live compliance now, not in 2027 [11].

> **PARAMETER VIEW:**
> The deferral is a tell that **enforcement capacity, not political will, set the timeline** - Brussels blinked on the hardest-to-operationalize tier (use-based high-risk) while keeping the model-layer (GPAI) duties it can actually supervise. For frontier labs the practical message is inverted from the headline: the part of the Act that touches *you* did not move. Expect compliance budgets to concentrate on GPAI documentation and August enforcement readiness, and expect the 2027 high-risk slip to become the template for the next deferral if capacity still lags.

Market Movers

The dominant move was a chip-sector rout: **Broadcom posted record quarterly revenue but guided AI-chip demand softly**, and a **hot May payrolls print (unemployment easing to 3.4%)** revived "higher-for-longer" rate fears - together knocking the high-multiple AI complex. Nvidia fell ~6% below a $5T cap and the broader chip basket shed ~$1T+ of value intraday before a partial rebound as investors re-priced still-robust AI capex [12][13].

Name (Ticker)	Move	Driver - why it moved
Broadcom (AVGO)	Down (this week)	Record quarterly revenue but a soft AI-chip guide rattled the AI trade; the proximate trigger for the rout [12]
Nvidia (NVDA)	Down ~6% (this week), below $5T cap	Caught in the chip selloff + hot jobs print; trades ~25.4x forward on record FY2026 revenue of $215.9B [12][13]
Micron (MU)	Down >9% intraday in the selloff; Up ~70% YTD 2026	HBM sold out through 2026; FQ3 earnings due June 24 (consensus EPS ~$19.82, rev ~$34.8B, ~81% GM) [13][14]
AMD (AMD)	Down >9% (this week)	Swept up in the AI-chip selloff alongside Micron and Qualcomm [12]
Qualcomm (QCOM)	Down >9% (this week)	Same selloff; rate-sensitive, high-beta semis hit hardest [12]
Oracle (ORCL)	Down ~10% (Jun 5) into the selloff; ~$212 (Jun 9)	RPO hit $638B (+363% YoY) on June 10 AI contracts, but capex/free-cash-flow risk weighs [15]

Key metrics. The Philadelphia Semiconductor index (SOX/SOXX) **plunged ~10% last week before rebounding sharply**; chip stocks were on track to wipe out **~$1T+ (one estimate ~$1.4T) of market value** intraday before recovering [12][13]. Nvidia slipped **below $5T**; Micron's cap topped **$1T in May 2026** [13]. In private markets, Anthropic is the most valuable standalone AI startup at **$965B post-money** (after a $65B Series H in late May), ahead of OpenAI's last private round at **$852B**; hyperscaler 2026 capex guidance sits near **$750B** [16][13].

Positioning

Company (Ticker)	Read	Conviction	Horizon	Thesis (one line)
NVIDIA (NVDA)	Add	Medium	6-18 mo	Selloff is rate-driven, not demand-driven; record FY2026 revenue and ~$750B hyperscaler capex intact, but custom silicon (item 2) caps the multiple [12][13].
Broadcom (AVGO)	Hold	Medium	6-18 mo	Long-term Alphabet/Anthropic TPU deal (item 2) is structurally bullish, but this quarter's guide shows the AI-chip ramp is lumpy [6][12].
Micron (MU)	Hold	Medium	3-9 mo	HBM sold out through 2026 is priced in after +70% YTD; June 24 print and FY27 HBM pricing are the catalysts to clear [13][14].
Alphabet (GOOGL)	Add	Medium	12-24 mo	TPU v8 + in-house silicon lowers Google's cost-per-token and underwrites the Anthropic deal; a compute-cost edge that compounds [5][6].

Microsoft (MSFT)	Add	Medium	12-24 mo	MAI stack (item 5) converts clean-IP in-house models into Copilot COGS relief and OpenAI optionality [9][10].
Oracle (ORCL)	Trim	Low	3-9 mo	$638B RPO is real, but negative free cash flow and a heavy capex build must convert to delivered capacity before the multiple re-rates [15].

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