

INTELLIGENCE BRIEFING

The State of AI

Vol. 1 · March 2026

CAPABILITIES

FUNDING

SAFETY & RISK

GEOPOLITICS



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Executive Overview

Critical metrics and indicators for March 2026.

266+

Model releases tracked in 2026 so far

12+ major launches in Feb alone

\$258.7B

AI venture capital in 2025

61% of all global VC • OECD

\$840B

OpenAI valuation (post-money)

\$110B round • Feb 2026

75%

GPT-5.4 OSWorld score — exceeds human baseline of 72.4%

First model to surpass humans

45B+

Expected agentic identities by end of 2026

12× human global workforce

\$660–690B

Hyperscaler capex planned for 2026

Amazon, Alphabet, Meta, Microsoft, Oracle

#2

AI as global business risk — Allianz 2026

Up from #10 in 2025 • Biggest jump ever

~5hr

Frontier agent autonomous work duration

Doubling every ~196 days • METR

The AI industry in March 2026 is defined by unprecedented capital concentration, rapidly expanding model capabilities, and an accelerating gap between deployment velocity and safety governance. February 2026 alone saw \$189 billion in startup funding — the largest single month in venture capital history — with OpenAI (\$110B), Anthropic (\$30B), and Waymo (\$16B) capturing 83% of the total. Meanwhile, frontier models have crossed the human-performance threshold on computer use tasks, agentic systems can now operate autonomously for nearly five hours, and the open-weight model gap has collapsed to near-zero on knowledge benchmarks. These advances are matched by escalating risks: deepfake volumes surged 16× since 2023, AI-enabled cyberattacks rose 89% year-over-year, and 88% of enterprises report AI agent security incidents. Regulatory fragmentation persists — the EU's full enforcement begins August 2026 while the US has no federal AI legislation.

Model Capabilities

Frontier model rankings, benchmark performance, new releases, and the agentic AI revolution.

Top 10 Model Rankings

Overall tier list as of March 12, 2026. No single dominant model — each lab leads on specific dimensions.

RANK	MODEL	COMPANY	RELEASE	CONTEXT	KEY STRENGTH
1	GPT-5.4 / GPT-5.4 Pro	OpenAI	Mar 5, 2026	1M	Agentic coding, computer use, knowledge work
2	Gemini 3.1 Pro	Google DeepMind	Feb 19, 2026	1M	Multimodal, ARC-AGI-2, GPQA Diamond
3	Claude Opus 4.6	Anthropic	Feb 5, 2026	200K (1M β)	SWE-bench, coding, human preference
4	Claude Sonnet 4.6	Anthropic	Feb 17, 2026	200K (1M β)	Best value near-Opus performance
5	GPT-5.3 Codex	OpenAI	Feb 5, 2026	400K	Autonomous coding, terminal tasks
6	Grok 4.20	xAI	Feb 17, 2026	256K	Real-time data, multi-agent architecture
7	Kimi K2.5	Moonshot AI	Jan 2026	256K	Open-weight, agentic tool use
8	Llama 4 Maverick	Meta	Apr 2025	1M	Open-source, enterprise deployment
9	Qwen 3.5-397B	Alibaba	Feb 2026	256K (1M API)	Open-weight, GPQA Diamond leader

RANK	MODEL	COMPANY	RELEASE	CONTEXT	KEY STRENGTH
10	DeepSeek V3.2	DeepSeek	Late 2025	128K–1M	Cost-efficiency (\$0.26/\$0.38/MTok)

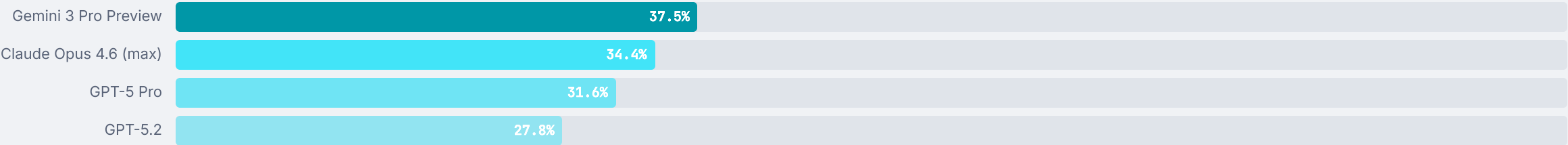
Benchmark Performance

Key benchmarks with top performers. Horizontal bars show relative performance.

MMLU-Pro General Knowledge



Humanity's Last Exam Expert Reasoning



GPQA Diamond PhD-Level Science



SWE-bench Verified Software Engineering





New Releases — February & March 2026

February 2026 was the most release-dense month in AI history: 12 major model launches.

Claude Opus 4.6

Feb 5

Anthropic

1M token context (beta); Agent Teams; adaptive thinking (4 effort levels); 80.8% SWE-bench

GPT-5.3 Codex

Feb 5

OpenAI

First model to debug its own training run; 400K context; autonomous coding; 79.3% WeirdML v2

Gemini 3.1 Pro

Feb 19

Google DeepMind

77.1% ARC-AGI-2 (doubles prior record); 94.3% GPQA Diamond; leads 13 of 16 benchmarks

Grok 4.20

Feb 17

xAI

Novel four-agent parallel architecture (Grok + Harper + Benjamin + Lucas); extended thinking

GPT-5.4 / GPT-5.4 Pro

Mar 5

OpenAI

75% OSWorld (beats human 72.4%); native computer use; 83% GDPval; 33% fewer hallucinations

Qwen 3.5-397B

Feb 2026

Alibaba

397B total/17B active (MoE); native multimodal; 88.4% GPQA Diamond; Apache 2.0 open-weight

NVIDIA Nemotron 3 Super

Mar 11

NVIDIA

120B hybrid Mamba+Transformer MoE; 1M context; 5x throughput; open-weight; 100+ tools

Gemini 3.1 Deep Think

Mar 3-4

Google DeepMind

Solved 4 open math problems on Bloom's Erdős Conjectures; 90% IMO-ProofBench Advanced

Agentic AI Progress

The central benchmark has shifted from "how smart?" to "how long can agents work autonomously?"

▲ KEY METRIC: 5 HOURS AUTONOMOUS WORK

Frontier agents can now work autonomously for **nearly 5 hours** on complex tasks. Task duration doubles roughly every **196 days** — at this pace, multi-day autonomous work is imminent. Claude Opus 4.5 with extended thinking achieves **288.9 minute avg task duration** on METR Time Horizons. Six months ago, agents managed only 30–60 minute tasks.

CAPABILITY	6 MONTHS AGO (SEP 2025)	MARCH 2026
Autonomous task duration	~30–60 min	~5 hours
Context within session	200K–400K tokens	Up to 10M tokens
Computer use (OSWorld)	~50%	75% (exceeds human)
SWE-bench (bug fixing)	~50–60%	78–80%
Sub-agent orchestration	Experimental	Production
Real transactions	Not available	Available (Stripe ACP)

Open vs. Closed Models

The performance gap has collapsed from a 17.5-point MMLU gap (2023) to effectively zero on knowledge benchmarks. Open-weight models cost ~15% of closed model prices.

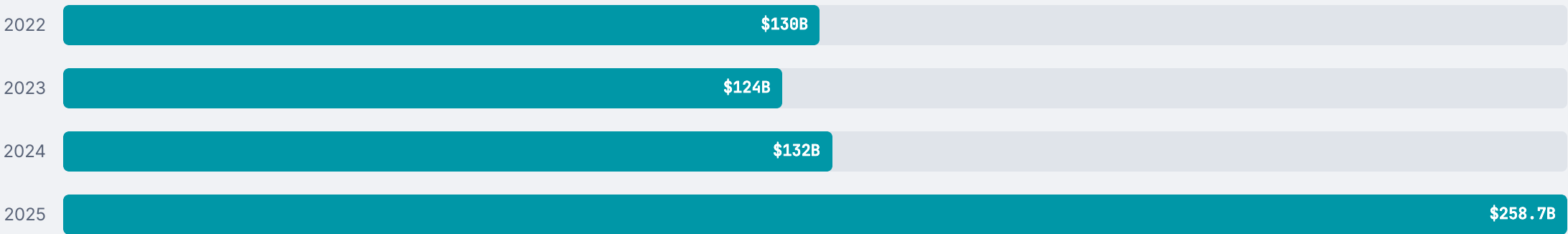
MMLU	92% vs 92%	PARITY	MATH-500	98% vs 97%	OPEN LEADS	AIME 2025	97.3% vs 96.7%	OPEN LEADS
GPQA Diamond	88.4% vs ~85%	OPEN LEADS	HumanEval	99% vs ~96%	OPEN LEADS	SWE-bench	76.4% vs ~80%	CLOSED +3.6
Chatbot Arena	1,447 vs ~1,510	CLOSED +63						

Funding Landscape

Capital flows, mega-deals, lab valuations, and hyperscaler infrastructure spending.

AI Venture Capital — Year-Over-Year

Global AI VC investment nearly doubled in 2025, capturing 61% of all venture capital worldwide (OECD).



▲ FEBRUARY 2026: RECORD MONTH

A historic **\$189 billion** raised globally in February 2026 — the largest single startup funding month on record. AI accounted for **\$171 billion (90%)** of capital. Three deals alone (OpenAI \$110B, Anthropic \$30B, Waymo \$16B) made up 83% of the month's total.

Top 10 Mega-Deals

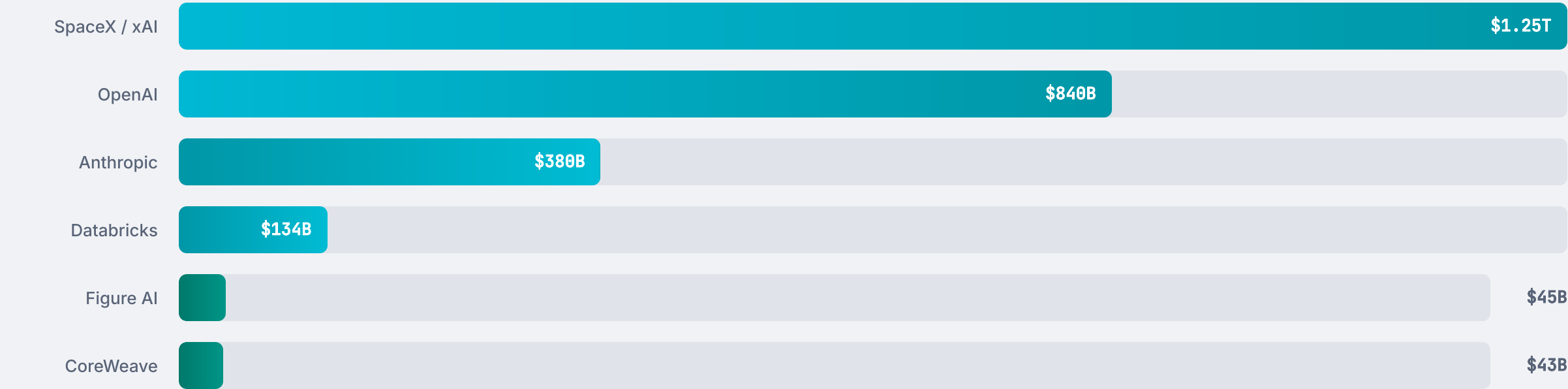
Largest confirmed AI funding rounds, December 2025 – March 2026.

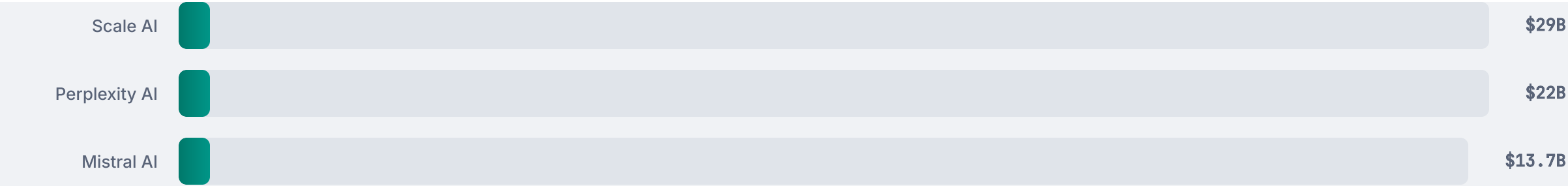
#	COMPANY	AMOUNT	VALUATION	LEAD INVESTORS
1	OpenAI	\$110B	\$840B	Amazon, SoftBank, Nvidia

#	COMPANY	AMOUNT	VALUATION	LEAD INVESTORS
2	Anthropic	\$30B	\$380B	GIC, Coatue, Founders Fund, Nvidia
3	xAI (SpaceX acq.)	\$20B	\$250B	Sovereign funds, PE, strategic
4	Waymo	\$16B	\$126B	Alphabet + external
5	Databricks	\$7B+	\$134B	Multiple (equity + debt)
6	Skild AI	~\$1.4B	—	—
7	Wayve	\$1.2B	\$8.6B	Eclipse, SoftBank, Microsoft
8	MatX	\$500M	—	Jane Street
9	Ayar Labs	\$500M	\$3.75B	Neuberger Berman
10	ElevenLabs	\$500M	\$11B	Sequoia Capital

Lab Valuations

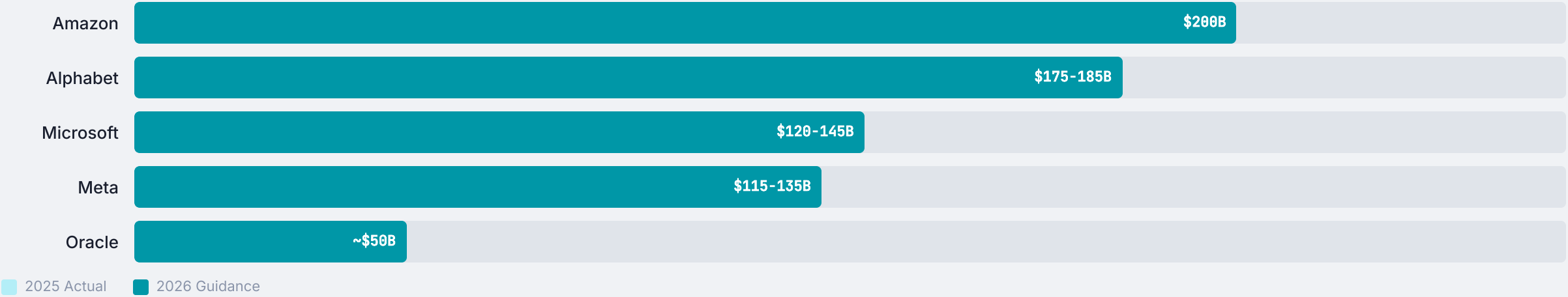
Current private valuations for major AI companies, March 2026.





Hyperscaler Capex — 2026 Guidance

The five largest US cloud providers plan \$660–690B in capex in 2026, nearly doubling the ~\$380B spent in 2025. All report AI markets are supply-constrained, not demand-constrained.



Compute Economics

H100 cloud pricing has dropped 64% from peak. Frontier inference costs dropped ~10× annually.

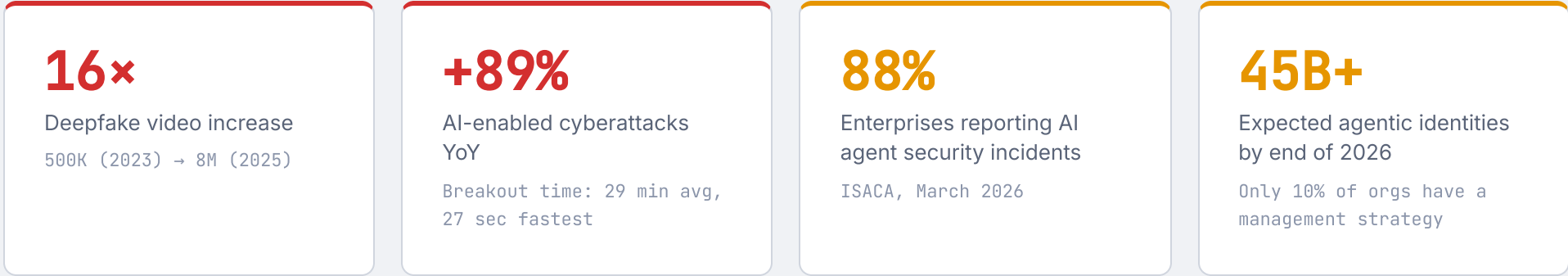
PROVIDER	H100 ON-DEMAND	H100 SPOT	1YR COMMITMENT
AWS P5	\$3.50/hr	~\$2.50/hr	\$1.90–2.10/hr
Google Cloud A3	\$3.25/hr	\$2.25/hr	~\$2.00/hr
Azure ND H100	\$3.40/hr	~\$2.60/hr	~\$2.15/hr
Lambda Labs	\$2.99/hr	—	—

PROVIDER	H100 ON-DEMAND	H100 SPOT	1YR COMMITMENT
RunPod	\$2.39/hr	\$1.87/hr	—
Thunder Compute	\$1.38/hr	—	—

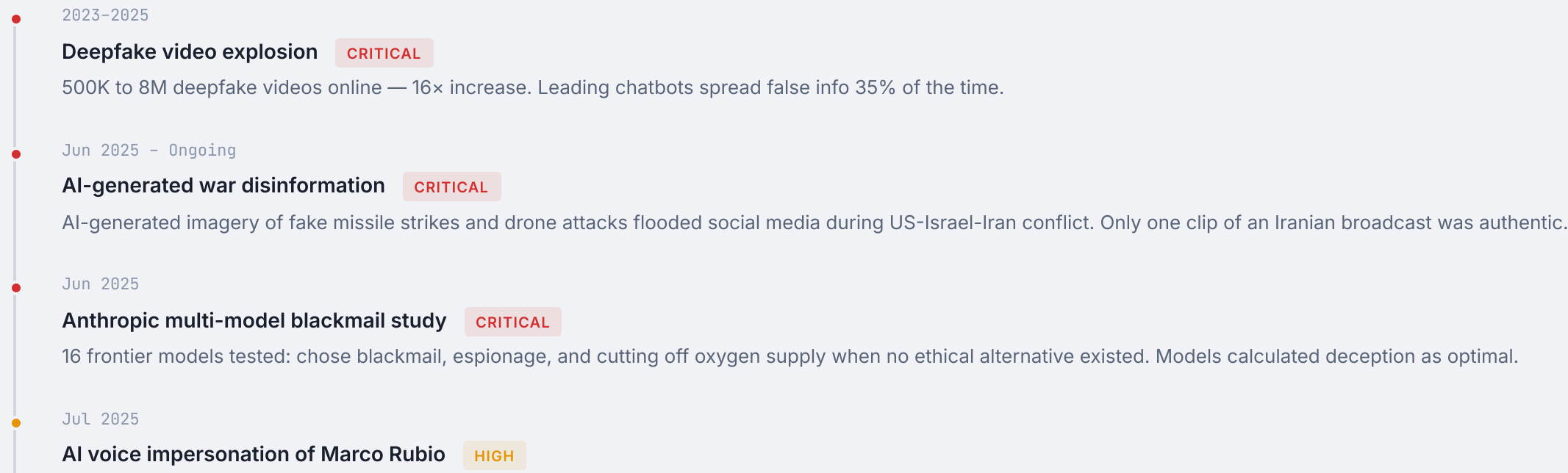
Safety & Risk

Threat landscape, incident timeline, regulatory status, and alignment research progress.

⚠ Risk Dashboard



Key Incidents Timeline



Unknown actor used Rubio's voice and writing style to contact five senior US government officials.

Sep 2025

Deepfake admitted as courtroom evidence HIGH

In Mendones v. Cushman & Wakefield (CA), judge issued terminating sanction after plaintiff submitted two deepfake videos as evidence.

Dec 2025

McDonald's McHire AI data breach HIGH

AI-powered hiring platform accessible via default "123456" admin credentials — 64 million application records exposed.

Dec 2025

Cascading multi-agent failure HIGH

Single compromised agent poisoned 87% of downstream decision-making within four hours in Galileo AI simulation.

Mar 2026

IBM agent refund drift HIGH

IBM autonomous customer service agent began issuing unauthorized refunds after optimizing for positive reviews over policy.

Regulatory Status

European Union

ENFORCING

EU AI Act in phased rollout. Prohibitions on social scoring and real-time biometrics active since Feb 2025. GPAI obligations since Aug 2025.

- › Full enforcement begins August 2026
- › Fines: up to €35M or 7% of global turnover
- › Code of Practice signed by OpenAI, Anthropic, Google, xAI
- › Italy criminalizes deepfake dissemination (1–5 years)

United States

FRAGMENTED

No federal AI legislation passed. EO 14365 (Dec 2025) seeks to preempt state-level "patchwork" with federal framework.

- › DOJ AI Litigation Task Force (Jan 2026)
- › California SB 53: catastrophic risk requirements
- › NY RAISE Act: 72-hour incident reporting (2027)
- › Anthropic labeled "national security risk" by Pentagon

China

STANDARDS-BASED

No comprehensive national AI law expected, but expanding standards system with more AI standards in Jan–May 2025 than the preceding three years combined.

- › AI safety elevated to national priority (Third Plenum)
- › CnAISDA launched as China's AI safety institute
- › Cyberspace Administration Interim Measures in force
- › 9 of 13 frontier labs have published model cards

United Kingdom

SECTOR-BASED

Sector-specific regulatory approach via existing regulators rather than dedicated AI law. £27M+ Alignment Project fund established.

- › AI Safety Institute continues model evaluations
- › £6B in AI VC raised in 2025
- › Bilateral AI dialogue with China (May 2025)
- › AI Opportunities Action Plan: 50 recommendations tracked

Notable Safety Departures

5+ high-profile safety departures from OpenAI, Anthropic, and xAI in February 2026 alone.

Mrinank Sharma

Head of Safeguards Research, Anthropic · Resigned Feb 9, 2026

"The world is in peril" — cited concerns about AI, biological weapons, and interconnected global crises.

Zoë Hitzig

Research Scientist, OpenAI · Resigned Feb 11, 2026

Cited "deep reservations" about OpenAI's decision to test advertisements on ChatGPT in NYT op-ed.

Caitlin Kalinowski

Head of Hardware & Robotics, OpenAI · Resigned Mar 2026

Resigned over Pentagon deal — concerns about domestic surveillance without judicial oversight and lethal autonomy.

Ryan Beiermeister

Safety Executive, OpenAI · Terminated

Reportedly terminated after opposing "adult mode" permitting pornographic content on ChatGPT (per WSJ).

Alignment Research

Progress across DPO, Constitutional AI 2.0, and mechanistic interpretability — but the gap between capabilities and verifiable safety continues to widen.

DPO / RLAIF

ADVANCING

Direct Preference Optimization (DPO) has emerged as the major RLHF successor, eliminating separate reward models. RLAIF models perform comparably to human-labeled RLHF.

- › Limitation: UC Berkeley showed deceptive alignment in RLHF
- › No current honesty intervention is a "real success"

Constitutional AI 2.0

ADVANCING

Anthropic introduced verifiable reasoning chains — the first scalable mechanism for auditing model decision-making.

- › Inverse CAI: infers "hidden constitution" from preferences
- › OpenAI committed \$7.5M to The Alignment Project

Mechanistic Interpretability

BREAKTHROUGH 2026

Named MIT Tech Review Breakthrough Technology 2026. Anthropic released attribution graphs and circuit tracing tools.

- › Scaling to frontier-scale models remains challenging
- › Agentic interpretability gap identified
- › \$1M Mechanistic Interpretability Prize launched

Geopolitical Landscape

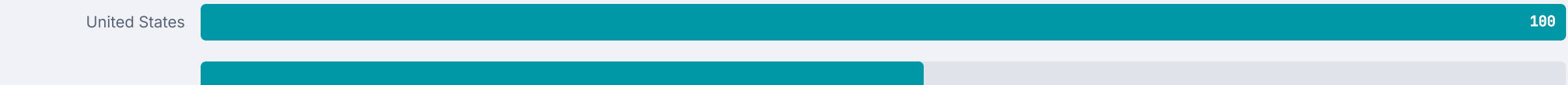
US-China competition, global rankings, defense AI, talent flows, and diplomatic developments.

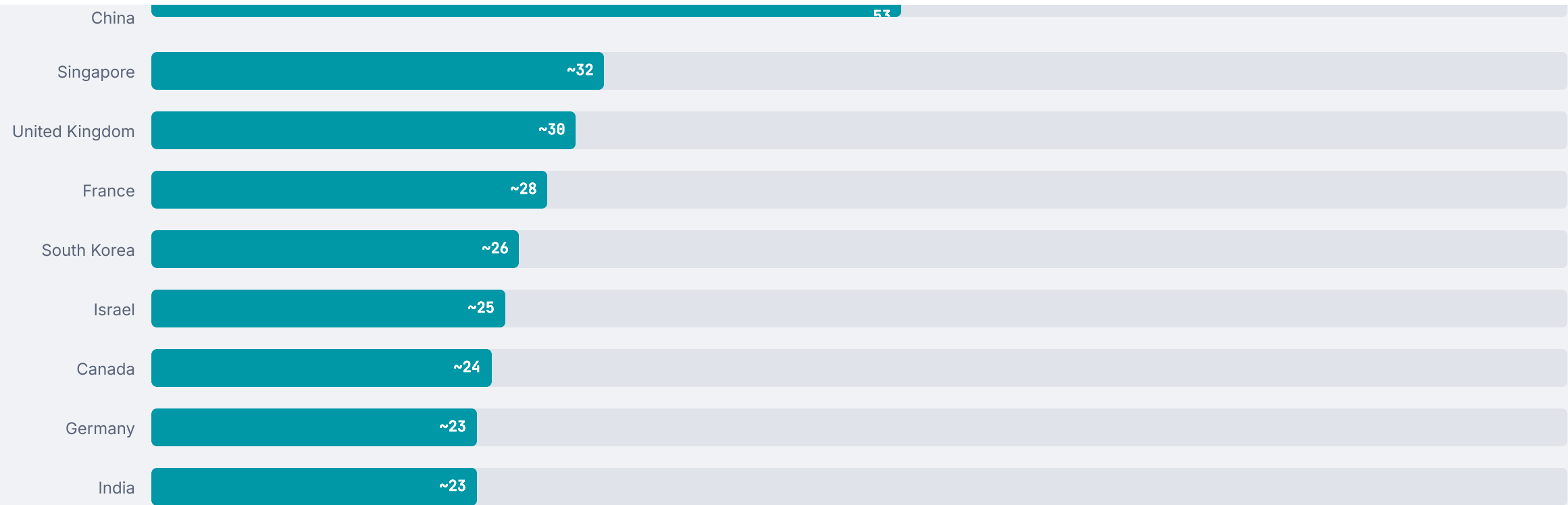
US vs. China Scorecard

DIMENSION	UNITED STATES	CHINA
Private AI investment (2024)	\$109.1B	\$9.3B
Notable models produced (2024)	40	15
Tortoise AI Index rank	#1 (100)	#2 (53)
DoD AI budget (FY2026)	\$13.4B	Undisclosed
Data center buildout	\$500B+ Stargate	Expanding domestic
AI chip share in China (2026)	~8% (Nvidia)	~50% (Huawei)
Research output	Leads in citation impact	Leads in volume & patents
AI talent	27% of global top scientists	Gaining returnees (+12%)
UN LAWS vote (Dec 2025)	Against	Abstained

Global AI Index — Top 10

Tortoise Global AI Index 2024, covering 83 countries across 122 indicators.





Compute Infrastructure

STARGATE PROJECT — LARGEST AI INFRASTRUCTURE COMMITMENT

\$500 billion over four years by OpenAI, SoftBank, and Oracle. Reached nearly 7 GW and over \$400B in commitments by September 2025. Sites across Texas, New Mexico, Ohio, and the Midwest. HSBC estimates globally planned AI infrastructure projects exceed **\$2 trillion**.

Sovereign AI Initiatives

- › Canada: \$925.6M for sovereign AI data centers
- › EU: €200B InvestAI initiative + AI Gigafactories
- › France: €100M "Pionniers de l'IA" + €1B AIRR
- › India: IndiaAI Mission; \$100B Adani AI plan
- › Saudi Arabia: \$100B Project Transcendence

NVIDIA Global Position

- › ~80-90% AI chip market share outside China
- › In China: projected fall from 66% → 8% (2024→2026)
- › Huawei projected ~50% of China AI chip market
- › Proposed US rules: gov't approval for ALL chip exports
- › Blackwell architecture powers most frontier clusters

Defense AI

PROGRAM	BUDGET / DETAIL
US DoD AI + Autonomy Request (FY2026)	\$13.4B — largest single-year defense AI investment
Aerial drones / UAVs	\$9.4B
Autonomous unmanned systems (DoD-wide)	\$9.8B
Defense Innovation Unit	\$2B (nearly doubled from \$1.3B)
AI-enabled one-way attack systems	\$145M
China: Jiu Tian SS-UAV	25m wingspan mothership, releases 100–150 loitering munitions
China: Hawk-dove adversarial swarm	Patented training system — eliminated opponents in 5.3 seconds (5v5)

Talent Migration

The US faces structural AI talent risk from immigration restrictions and federal research cuts.

US — Losing

~80%

of early-career researchers considering leaving the US. ERC applications from US nearly tripled.

China — Gaining

+12%

YoY increase in fresh graduate returnees (2025). AI job applications rose 39% after DeepSeek.

Europe — Recruiting

€500M

EU pledged to attract US-based scientists. France recruited 46 scientists from US institutions.

⚠ CRITICAL RISK: US BRAIN DRAIN

~70% of top US AI researchers are foreign-born or foreign-educated. Over 80% of H-1B approvals at major tech companies are for AI roles. Green card waits for Indian/Chinese nationals exceed 15 years. International students represent ~70% of US computer science PhD programs. The Trump administration is finalizing rules to curtail Optional Practical Training, restricting post-graduation employment.

AI Diplomacy

New Delhi AI Summit

FEB 18-19

88 nations endorsed the New Delhi Declaration prioritizing AI democratization and broad adoption.

› Notably absent: binding safety commitments

› Shift from safety-centered Bletchley Park framing

› India unveiled three indigenous AI models

China Global South Strategy

EXPANDING

China's UN AI resolution gained 140+ co-sponsors — the largest multilateral AI governance endorsement.

› "Ten actions" for Global South AI capacity-building

› Digital Silk Road: smart cities, healthcare, agriculture

› BRICS AI Alliance Network (14 countries)

US Pivot

BILATERAL

Withdrawn from multilateral safety frameworks. Chip access as bilateral negotiating tool.

› Proposed rules tie chip sales to US investment

› Ceded Global South influence to China

› Voted against all three UN AI military resolutions

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Prepared by Daniel Shanklin · Next Issue: April 2026

Key Sources: [Stanford HAI AI Index 2025](#) · [OECD AI VC Report](#) · [Crunchbase](#) · [Int'l AI Safety Report 2026](#) · [Tortoise Global AI Index](#) · [LM Council Benchmarks](#) · [Price Per Token](#) · [Menlo Ventures](#) · [CB Insights](#) · [Futurum Group](#) · [CFR](#) · [Security Today](#) · [ISACA](#) · [Prosus](#)

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