Capital Markets Strategy
Essential inCights for the C-Suite

Chart of the Day

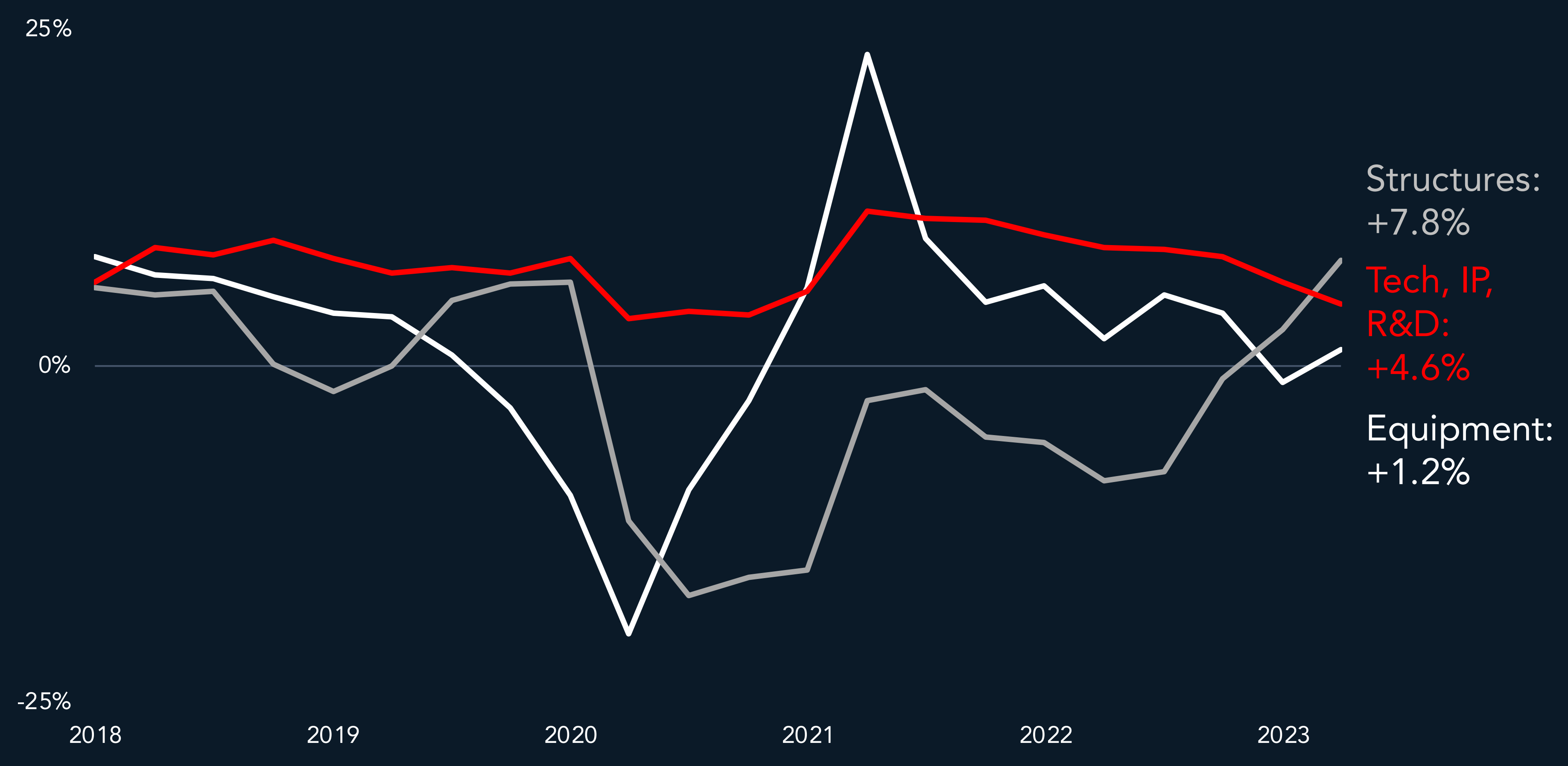
During the pre-COVID period of "secular stagnation" across advanced economies, labor and total factor productivity declined and capital investment remained low. In the post COVID new macro supercycle, we expect CapEx spending to increase as corporations invest in productivity-enhancing technology, energy transition and restructuring of global supply chains.

Key drivers of CapEx supercycle

Productivity-enhancing technology spend (AI, digitization, R&D)
Corporate sector substitution of capital for labor (i.e., automation, robotics)
Restructuring global supply chains (onshoring, near-shoring, friend-shoring)
Renewables and energy transition
Public infrastructure spending
National security directed spending (cyber, semiconductors, rare Earth minerals)
Defense spending (weapons)

Technology, IP and R&D related CapEx has been resilient throughout the COVID downturn.

Fixed investment, y/y



Source: (1-2) Bloomberg. FRED. Business investment in real gross private domestic, fixed, nonresidential investment. Data as of September 13, 2023

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"Macro stability isn't everything, but without it, you have nothing."