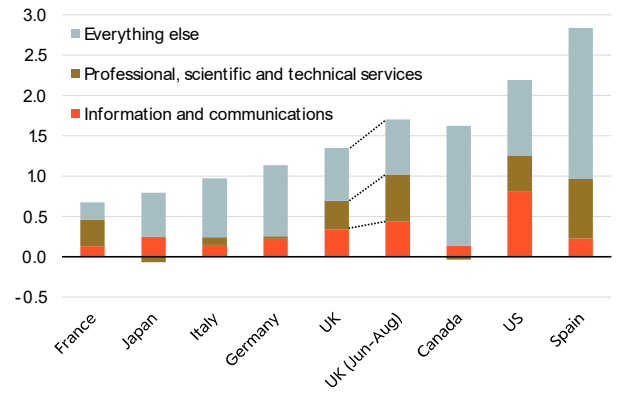
Economics
Chart of the Week

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16 October 2026

Who will capture the AI windfall?

AI adoption appears to have boosted UK and US GDP



Contribution to yoy growth in gross value added in Q2 2026, in ppt. For the UK, we also show the latest three-month yoy contributions.
Sources: Haver, Berenberg.

- **From demand boost to supply transformation?** Investment in the infrastructure necessary to run artificial intelligence (AI) is boosting aggregate demand. This temporary counter-cyclical impulse helps to explain why global growth has not slowed this year despite the headwinds from rises in energy prices and interest rates. However, the bigger question remains whether AI will prove to be a transformative "general purpose technology" that raises long-run trend growth. Recent surges in "information and communication" and "professional, scientific and technical services" output in some economies raises the likelihood that the answer will be a qualified "yes".
- **Initial demand boost:** To date, investment in the hardware needed to run AI has predominantly boosted Asian exports. In September, exports from China were up 36% yoy, from Taiwan 61% yoy, and from South Korea 84% yoy. The surge in share prices of major software and hardware companies in the industry has also created a big wealth effect in the US, where households hold more of their wealth in equities than real estate. As US business investment outside software and tech hardware is stagnant, and much of US hardware spending leaks into imports, consumption remains the key driver of US growth (see US: AI investment boom cannot sustain rapid growth, 10 June 2026). This makes US growth vulnerable to an equity market correction, which could hit consumer sentiment and the spending that currently depends on the wealth effect.
- **Investors do society a favour:** The voracious appetite to finance and undertake AI investment is driven by the belief that the fixed assets, software and intellectual property built will deliver major payoffs. This may or may not be true. Strong competition between the designers of large language models (LLMs), the homogeneity of data centres, and rapid depreciation in chip values both due to their longevity (chips last only two to six years) and rapid improvement in chip design suggests to us that some investors will be disappointed. But even if that proves to be the case, the investment boom will leave behind infrastructure that society will be able to use. Both Britain's oft-cited 1840s railway mania and the late 1990s telecoms bubble left investors with losses – but also gifted society with infrastructure that underpinned major gains in total factor productivity, economic output, and living standards.
- **Signs of progress:** In many economies, growth has picked up in sectors most likely to make early use of AI. This suggests that it can provide a lasting boost to supply. In Q2, the "information and communication" and "professional, scientific and technical activities" sectors contributed more to growth in most major economies than their 13-21% shares of total economic output – see Chart. For example, the detailed output breakdown of UK monthly GDP for August showed an 11% yoy gain in "computer programming" and a 20% yoy jump in "scientific research and development" (R&D). The boom in IT and R&D could herald broader gains in productivity. Of the eight economies included in out chart, the US, UK, Spain and France appear to be making best use of AI so far. Whether consumers or corporates ultimately capture the gains from AI will depend on the competitive structure of the market in each product.
- **Employment risk?** The evidence of the AI effect on employment remains mixed. In the UK, employment in both of the two main AI-adopting sectors has declined. But we should be wary of reading too much into this given weak hiring demand across the board following policy-driven increases in the costs of employment there. Sector employment has held broadly steady in the US and France and increased in Spain. Predictions of imminent mass unemployment look far-fetched. Like previous tech revolutions, AI will almost certainly create new jobs as well.

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