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April 27, 2026 10:35 AM GMT

Global

Developments in the AI Eco System – Agentic AI, AI Adoption and Financing

April 27, 2026

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ment decision.

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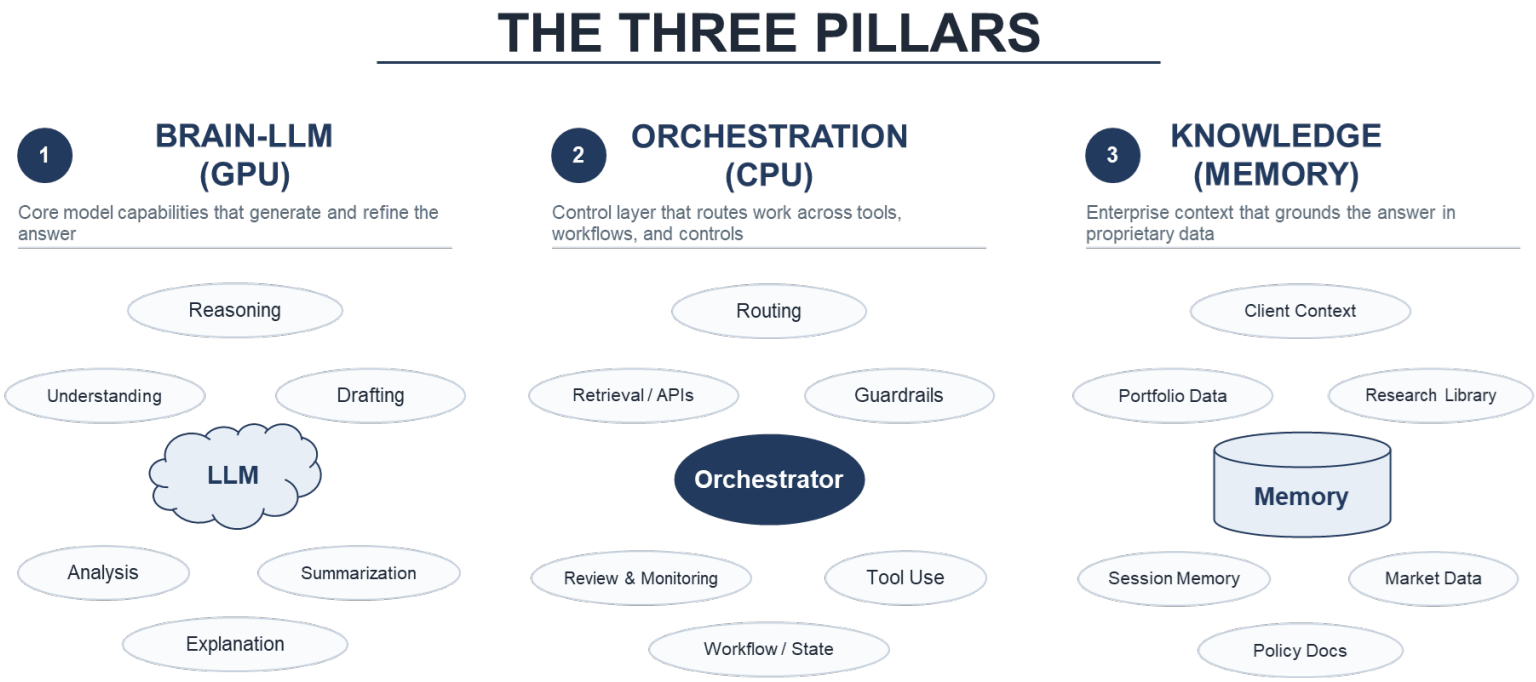
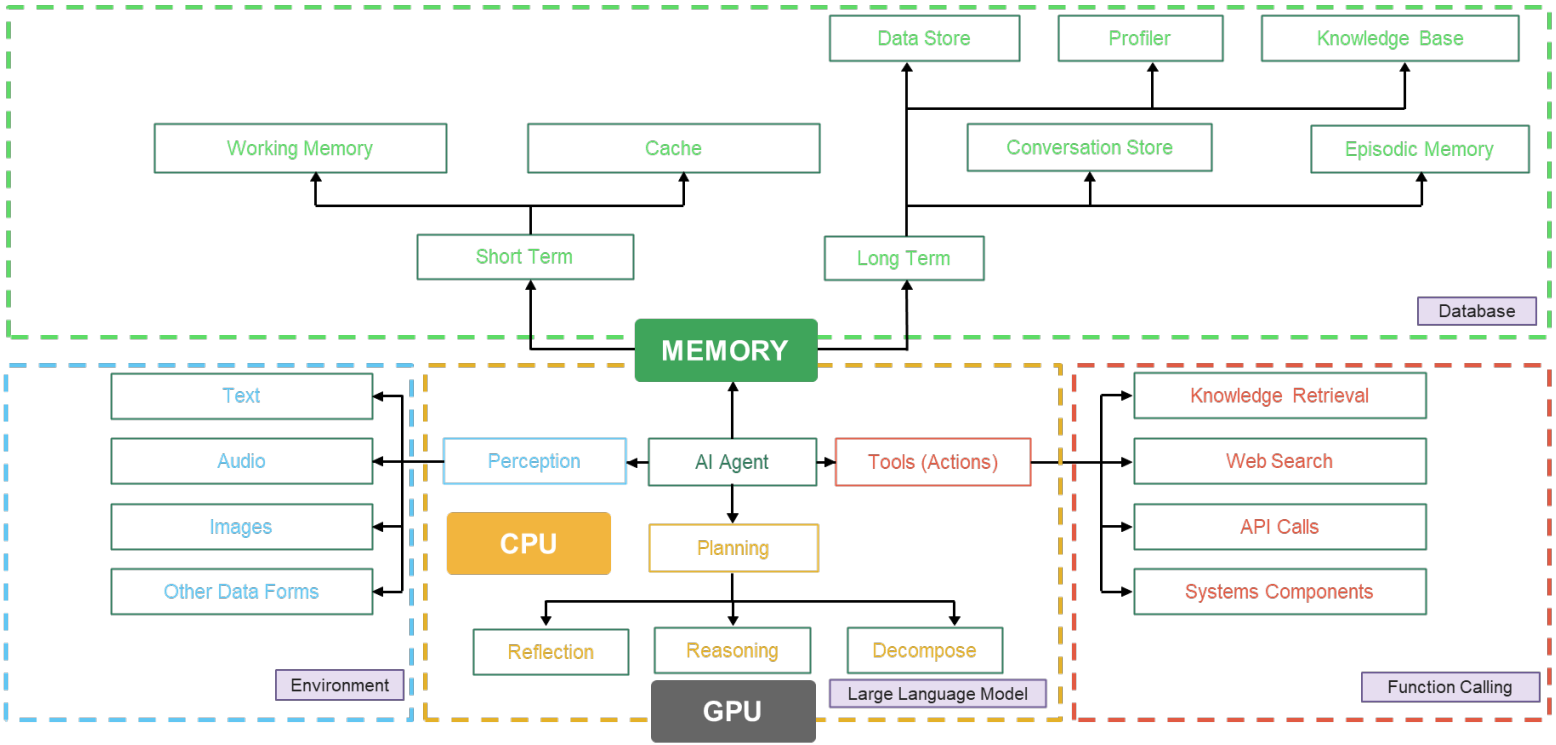
AI Transitions from ‘Generation' to ‘Autonomous’ Action in Agentic AI



AI Agent Architecture – CPU Orchestration, Memory and GPU Execution



Source: Mongo DB

Exposure to the Theme

Global Exposure Across the Stack ? Names by exposure

CPU	DRAM	NAND	HDD	FOUNDRY	IC-design
• NVDA • Intel • AMD • Arm	• Samsung • Hynix • Micron	• Kioxia • SanDisk	• Seagate • WDC • TDK	• TSMC	• GUC • Egis

PCB/Substrate/CCL & Materials	BMC, CPU & Memory interface
• SEMCO • Unimicron • NYPCB • Ibiden • Nittobo • MEC	• Aspeed • Renesas • Montage • WPG • AP Memory

MLCC & CPU socket	ODM	SPE
• Murata • TDK • Yageo • FIT Hon Teng • Lotes	• Wiwynn • Hon Hai	• ASML • ASMi • AMAT • Besi • KLAC • Tokyo Electron • Ulvac • Wonik

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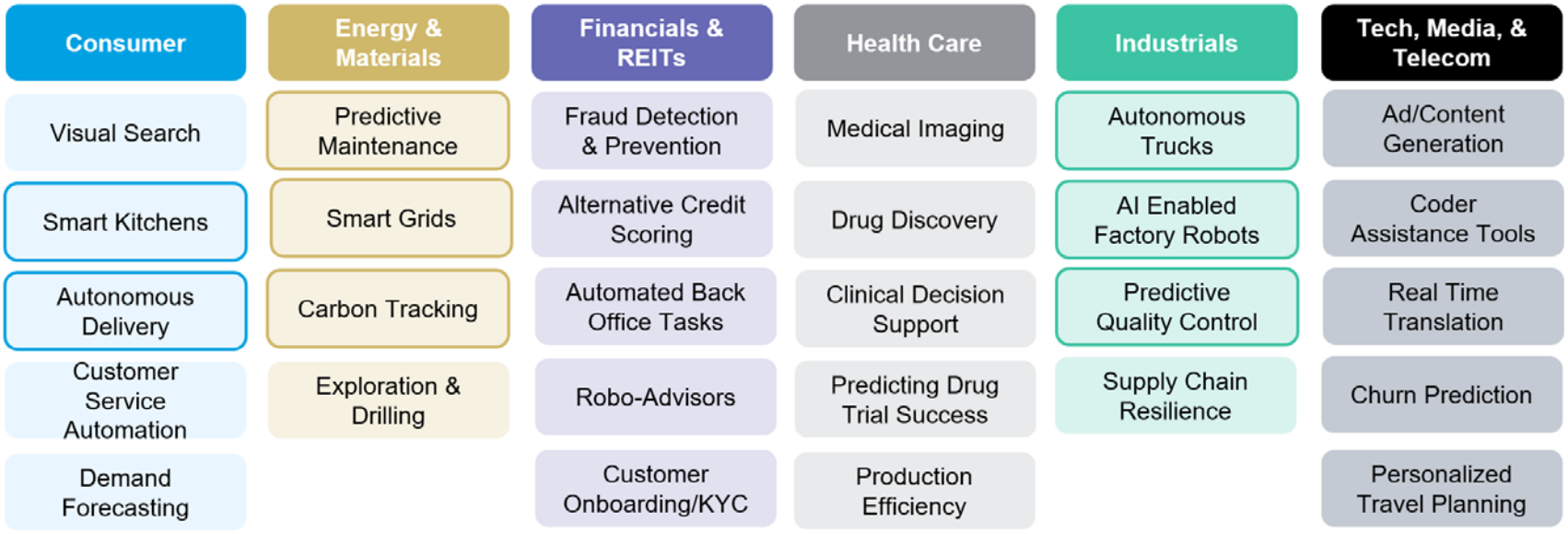
Michelle Weaver

US Thematic & Equity Strategist

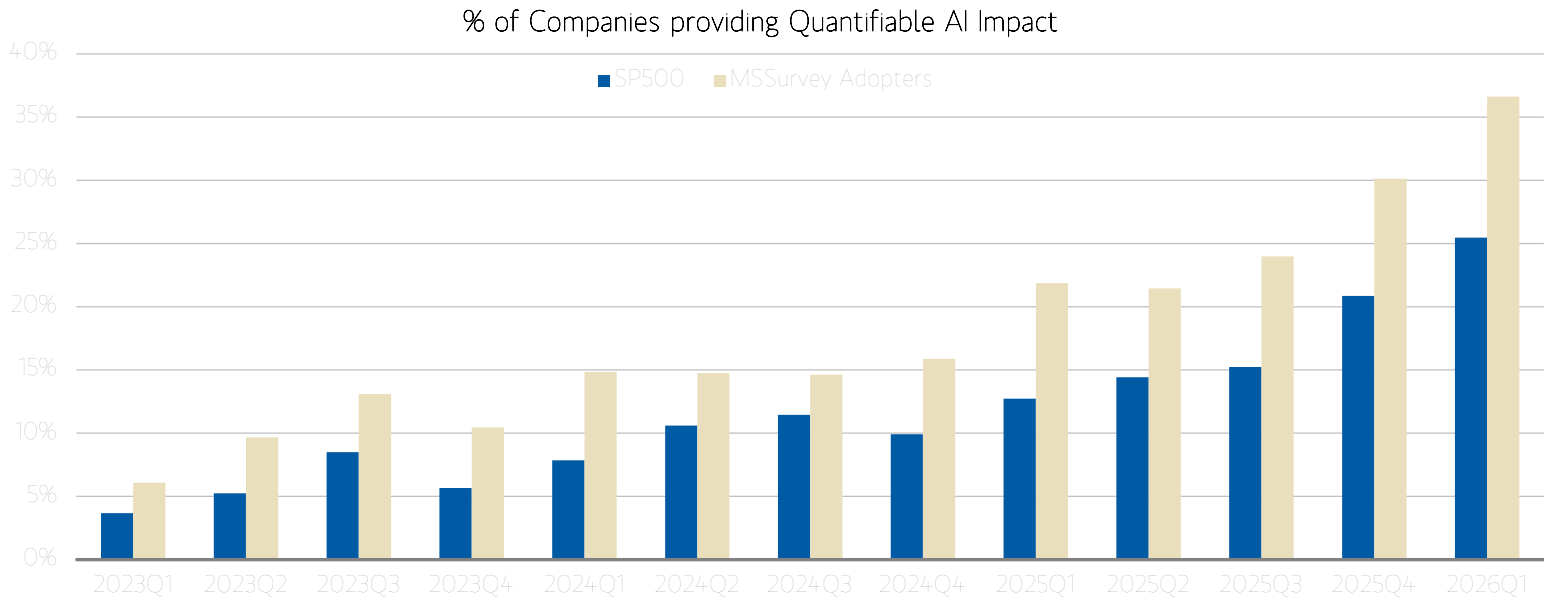
How Are Companies in Different Sectors Adopting AI?



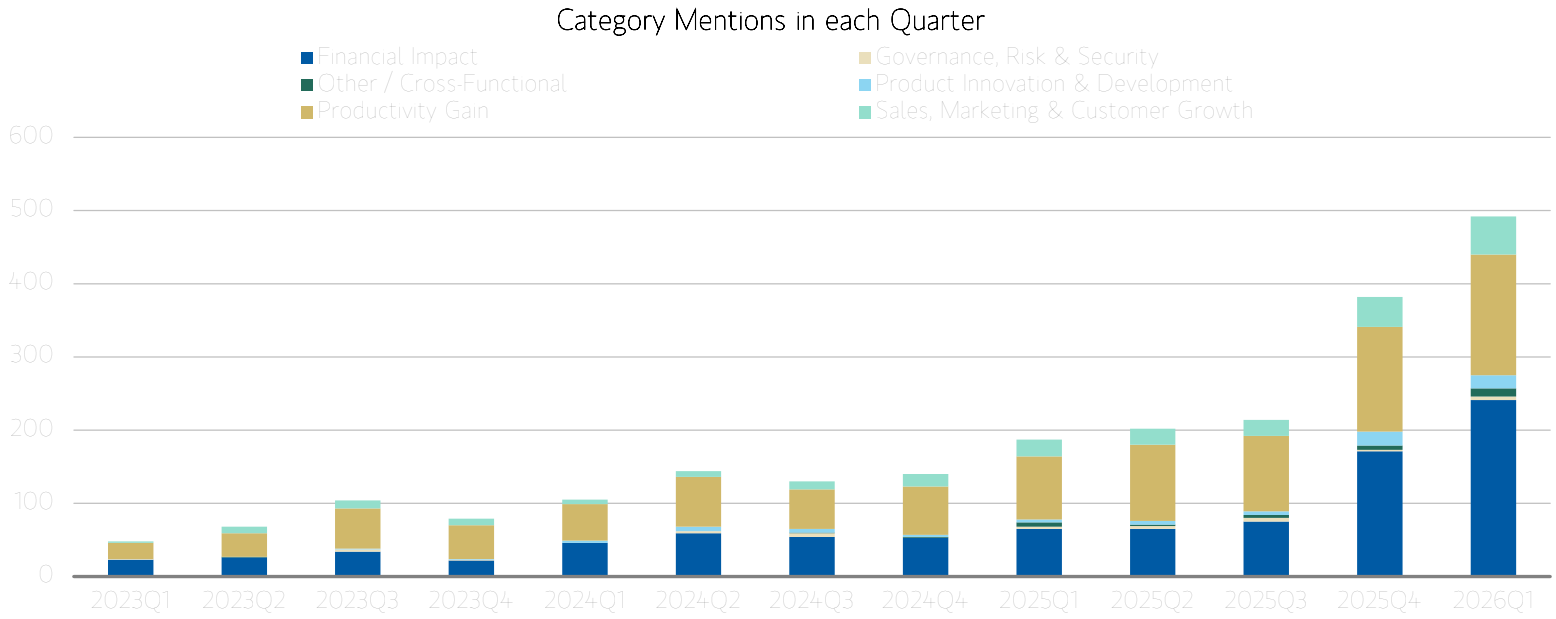
Boxes without an outline are examples of digital AI applications while boxes with an outline are examples of physical AI applications.

Companies Are Seeing Quantifiable Benefits from AI Adoption

S&P 500: 25% in 1Q26 vs 13% in 1Q25. **MS AI Adopters**: 37% in 1Q26 vs 22% in 1Q25.



The Majority of Quantifiable Benefits Are Tied to “Financial Impact” & “Productivity Gain”



Productivity Gain = operational & process efficiency or overall performance improvement

Financial Impact = revenue growth/generation, cost savings, or investment & capital impacts

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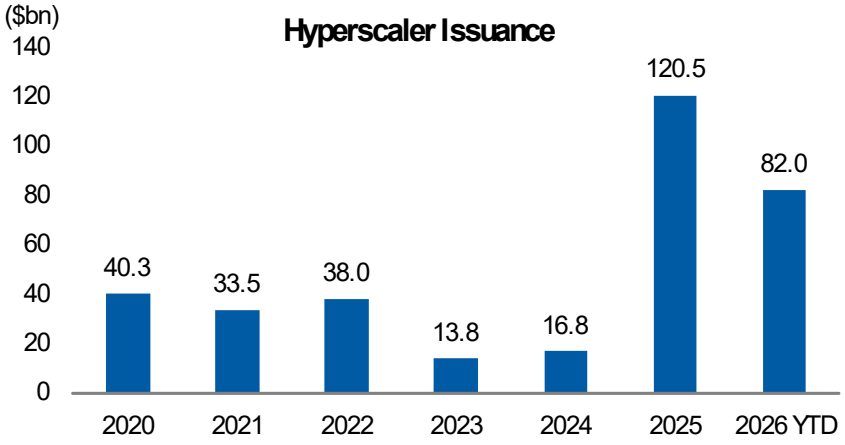
Vishwas Patkar

Head of US Credit Strategy

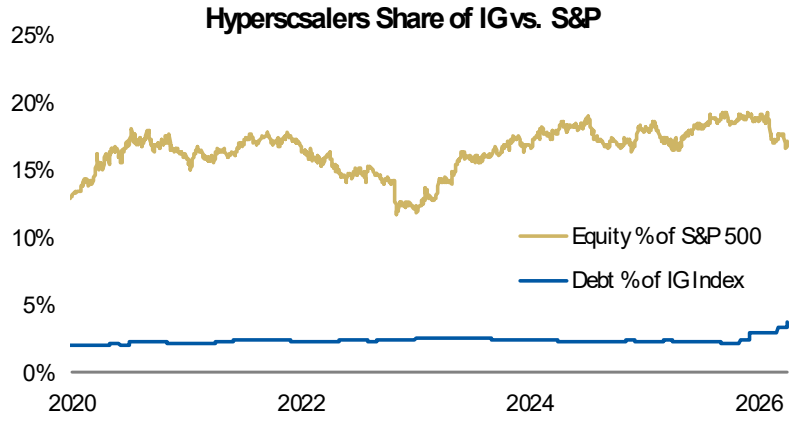
IG Corporate Data Center Debt Issuance Continuing the 4Q25 Pace

- 3 hyperscalers have issued more than $80bn of IG unsecured debt in $ YTD, and over $100bn across all currencies.
- Additionally, debt issuance seen from data center REITs and corporate/asset manager JVs.
- We forecast roughly $400bn of AI/adjacent debt issuance in IG in 2026; $250-300bn from hyperscalers.

Hyperscaler USD issuance was robust in 1Q



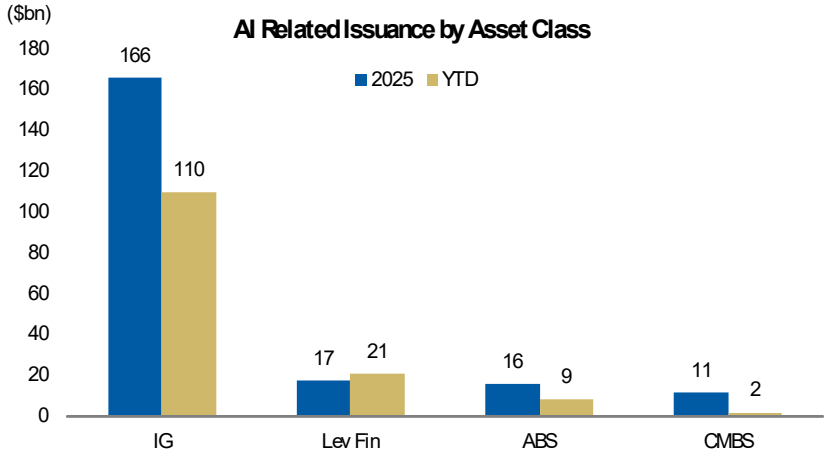
Hyperscalers still under-represented in credit relative to equities; significant capacity for more issuance



AI Debt Financing Broadens Out: HY Data Center Debt Growing Sharply

- YTD, $21bn of data center issuance in HY (~20% of the total supply), much of it in recent weeks. Since 2025 the sector has seen $38bn of gross issuance across leveraged finance.
- Recent deals from current/former bitcoin miners and neocloud platforms.
- Most bonds rated BB, with amortization features and guarantees/backstops from a high quality hyperscaler.

HY data center issuance already exceeding 2025 levels, unlike other markets



Significant DC debt issuance in the HY market this year

2026 HY Data Center New Issue Stats	
Count of Issuers	7
Total 2026 Issuance	$21bn
Average Debt Rating	BB
Weighted Avg. New Issue Spread	324bp
Average Maturity	5Y
BB HY Index Spread	165bp

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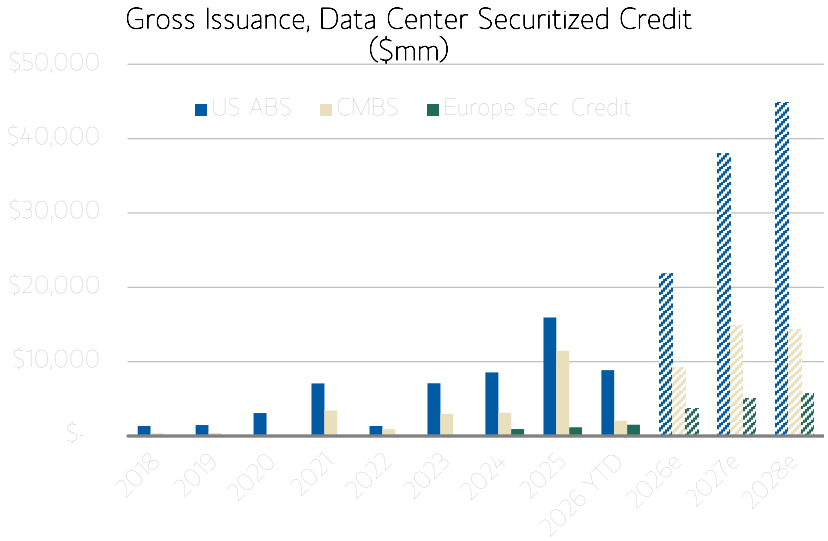
Carolyn Campbell

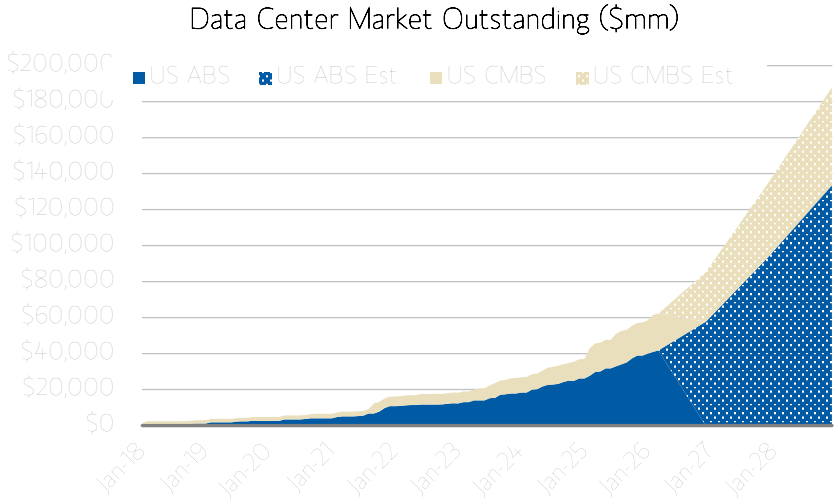
ABS Strategist

Securitized Credit Data Center Issuance to Ramp Up Sharply Through 2028

We forecast ~$30bn of securitized credit issuance in 2026, with ~$11bn issued YTD in the US

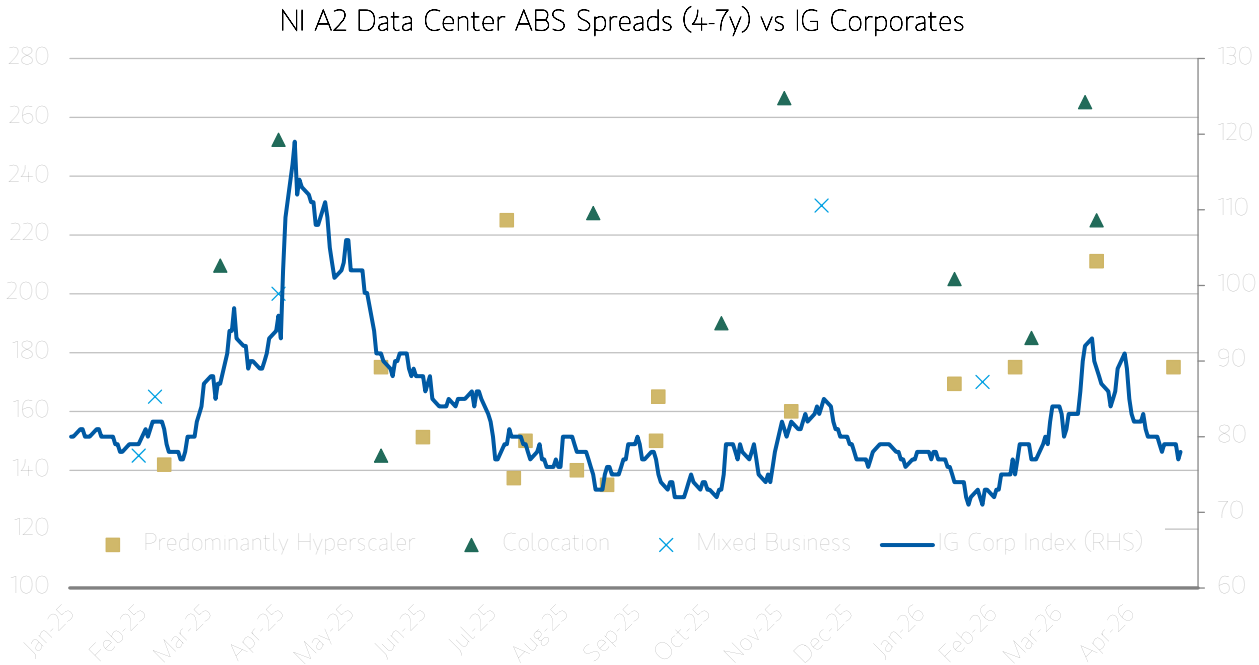


The market is just over $60bn in size currently, and we expect it to grow to ~$180bn by 2028



Data Center ABS Spreads Are Wider From the Tights

Spreads in ABS moved wider this year on heavy supply and anticipation of issuance growth, though some of that move has waned given tighter pricing in the credit market and the risk of supply displacement



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Vishwanath Tirupattur

Chief Fixed Income Strategist

AI Infrastructure Financing – An Evolving Outlook

- **The broadening and deepening of credit channels:** Relative to how we envisioned, the evolution of credit market channels has been substantially broader – expanding beyond IG issuers in public unsecured corporate bond market to HY and leveraged loans as well as IG issuance in private credit – deeper, with issuance well beyond the caps we had previously envisaged.

- **Structural innovations:** Multiple structures of multi billion-dollar financing with innovative features combining secured lending, tranching, off-balance sheet financing, JV structures as well as residual value guarantees and other backstops from highly rated hyperscalers have come to the market and have been well received by investors.

- **Evolution of GPU financing:** While the majority of chips and servers are still financed from the operating cash flows of the large hyperscalers, credit markets have begun to play a growing role in their financing. These financings tend to be amortizing structures with much shorter maturities and weighted average lives relative to data center financing.

- **Addressing the US power bottleneck:** We project a 55-gigawatt shortage facing US data center developers. "Off-grid" power solutions for data centers (fuel cells, turbines, energy storage) and key "time to power" solutions (such as repurposing Bitcoin sites) will be critical and likely a focus of credit markets.

- **Reliance on insurance capital:** Insurance companies, particularly US life insurers with growing fixed annuity sales, have emerged as the key source of capital for AI infrastructure financing. Meaningfully lower rates could challenge the persistence of this source of capital.

Key Takeaways

- **Technology earnings take the center stage:** Expect to see greater evidence of ROIC to give more confidence to investors about the delivery of profitable revenue. Consensus data center spend increase for 2027 of 5-6% is well below our expectations (+22%). Investors should brace for the possibility that there will be an upward revision to capex for 2027 that might pressure cash flow and 2028 EPS even if the revenue numbers are solid next week.

- **Rise of the AI agent:** Agentic AI widens the trade beyond GPUs, with CPUs becoming the control plane for multi-step workflows and system orchestration. We estimate $32.5-60bn incremental CPU TAM by 2030 within a total server CPU TAM of $100bn+, driven by agentic workloads. The potential beneficiaries are full-stack and global, spanning CPU, memory, substrates, infrastructure ICs and equipment.

- **Momentum around AI adoption:** Companies are increasingly quantifying the benefits they are seeing from AI adoption. Among the S&P 500, 25% mentioned at least one quantitative impact in 1Q26, up from 13% in 1Q25. While gains have been broad, Technology and Financials lead the pack.

- **Evolving outlook for financing of AI infrastructure:** Credit markets have been broader and deeper than we had previously imagined. IG corporate data center debt issuance continuing the 4Q25 pace. HY data center debt issuance has grown sharply YTD. Data center related issuance in securitized credit has shown impressive growth as well. We expect to see additional growth in GPU financing – shorter maturities and amortizing structures.