

Global Macro Chart of the Day

(#140): Memory inflation is eroding AI capex's growth contribution

Economics

Global

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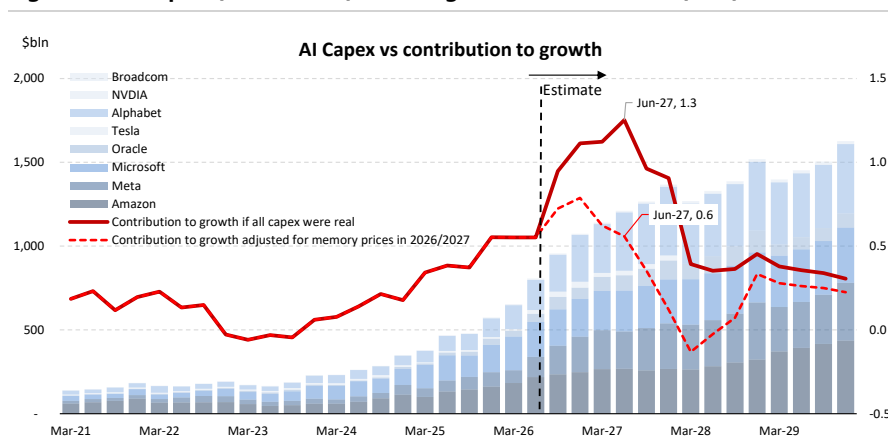
Memory spend set to rise from 14% of AI capex in 2025 to 89% in 2027

Following revised hyperscaler guidance, [AI-related capex looks set to reach \\$955bn in 2026](#), \$1.39tn in 2027 and \$1.53tn in 2028. In nominal terms, that implies growth of 107% in 2026, 46% in 2027 and just 10% in 2028. The challenge from a GDP perspective is that growth depends on changes in spending, not spending levels. While a \$1.4tn capex number sounds extraordinary, its contribution to GDP growth will start to decline as capex growth decelerates.

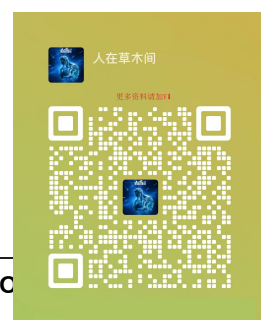
In addition, much of the projected increase in hyperscaler capex over the next two years reflects higher memory prices, rather than greater deployment of compute. [We estimate roughly 60% of the increase in AI capex in 2026 will be attributable to higher memory prices, and almost all of it \(97%\) in 2027](#). As a result, memory spending as a share of total hyperscaler capex is projected to increase [from 14% in 2025 to 42% in 2026](#) (memory prices increase 207%) and 89% in 2027 (memory prices increase 44%). But because so much of that increase is in prices rather than volume, the headline figures substantially overstate the underlying build-out in AI infrastructure.

This distinction has major implications for growth. The chart below shows annualised increases in AI capex (bars) and the implied GDP contribution if all spending growth reflected higher volumes rather than higher prices (red line). Under that assumption, AI capex's contribution would rise from roughly 0.55pp today to around 1.3pp by mid-2027 before gradually fading. Once memory-price inflation is taken into account; however, the picture changes dramatically. The growth contribution peaks at roughly 0.8pp by year-end, falls back to current levels by mid-2027, declines to just 0.1pp by end-2027, and turns negative in 2028. The Q2 national accounts already hint at this dynamic: computers and peripherals, previously the largest contributor within our AI-capex aggregate, went from contributing an average 56bp (QoQ saar) over the prior five quarters to subtracting 4bp in Q2, largely due to a sharp rise in the price deflator.

Figure 1: AI Capex (annualised) vs GDP growth contribution (YoY)



Source: UBS, Haver [Note: if the national accounts properly adjust for the quality improvement in chips, the deflators in the national accounts could increase less than memory prices, which would leave the growth contribution somewhere between the two red lines]



Valuation Method and Risk Statement

Risks of multi-asset investing include but are not limited to market risk, credit risk, interest rate risk, and foreign exchange risk. Correlations of returns among different asset classes may deviate from historical patterns. Geopolitical events and policy shocks pose risks that can reduce asset returns. Valuations may be adversely affected during times of high market volatility, thin liquidity, and economic dislocation..