

## Macro Roundup Article

**Headline:** [Business Spending Is Lining Up to Reinforce Growth](#)

**Article Link:** <https://www.bridgewater.com/research-and-insights/business-spending-is-lining-up-to-reinforce-growth>

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Publication	Bridgewater Associates
Publication Date	June 04, 2024

**Tweet:** Bridgewater argues higher rates won't slow capital spending given strong cash flow growth and relatively low net leverage. "Capex growth is expected to accelerate" driven by the AI buildout, increases in defense spending, and electrical demand.

**Summary:** Last year we saw a broad-based turn down in corporate profits. Corporates pulled in their horns, though the pullback was more muted than typical, as companies' cash stockpiles allowed them to operate without materially cutting jobs and wages and allowed high spending on capex to continue. Now, we're seeing the same in reverse. In year-over-year terms, around 70% of sectors have experienced positive profit growth. While big tech firms have had the most significant acceleration in demand and profits in the economic upswing so far, last quarter's growth shows broad-based strength. We're already seeing corporates respond, with capital spending growth ticking back up and with increasingly optimistic capital spending plans. As real demand picks up, corporates typically respond (with a slight lag) by investing in building out additional capacity.

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**Primary Topic:** Business Cycle

**Topics:** Business Cycle, Financial Markets, GDP, Investment, Op-Ed/Blog Post, Productivity, Weekly

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