

Macro Roundup Article

Headline: [AI Could Have a Surprising Effect on Interest Rates](#)

Article Link: <https://www.bloomberg.com/opinion/articles/2024-03-27/ai-could-have-a-surprising-effect-on-interest-rates?srnd=undefined&sref=U3dOGIDF>

Author(s)	Tyler Cowen
Publication	Bloomberg
Publication Date	April 01, 2024

Tweet: [.@tylercowen argues that demand from AI for semiconductors, computation, and energy will require capital investment that will put upward pressure on interest rates.](#)

Summary: Think about capex in a world of AI. The scurry to produce more high-quality semiconductor chips will continue. Those investments are not easy or cheap. But the demand for investment will not stop there. The more that AI is integrated into lives and business plans, the higher will be the demand for computation. That will induce a significant expansion of energy infrastructure. Northern Virginia, for example, is now facing a major dilemma along these lines, and not only because of AI. The region is home to major data centers, and now needs the equivalent of several large nuclear power plants to meet projected energy demands. Related: Amazon Bets \$150 Billion on Data Centers Required for AI Boom and AI Needs So Much Power That Old Coal Plants Are Sticking Around and Data Centres Curbed as Pressure Grows On Electricity Grids

Primary Topic: Innovation/Research

Topics: Innovation/Research, Investment, Op-Ed/Blog Post, Productivity

Permalink: <https://www.edwardconard.com/macro-roundup/tylercowen-argues-that-demand-from-ai-for-semiconductors-computation-and-energy-will-require-capital-investment-that-will-put-upward-pressure-on-interest-rates?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2024/04/AI-and-Real-Rates.png>