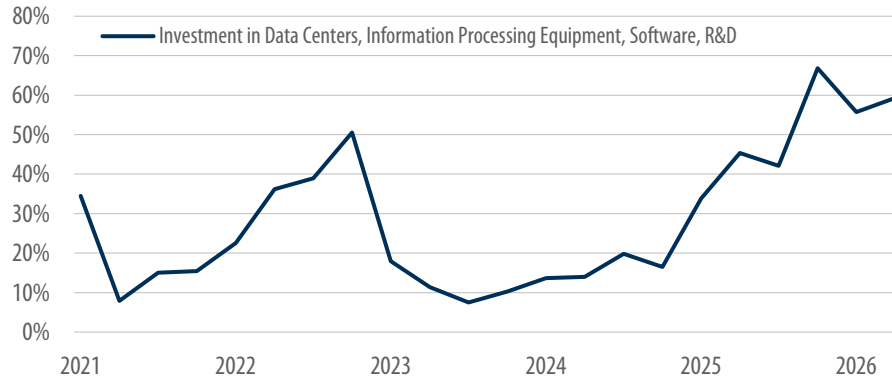


AI Investment is Booming, But So Are Imports

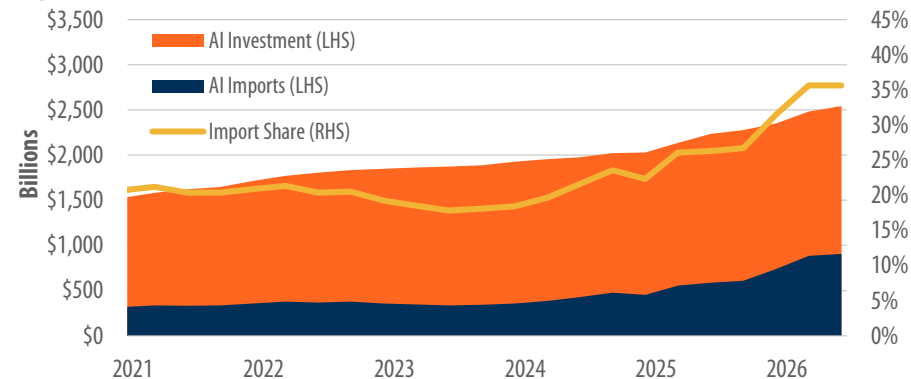
The buildout of data centers to power artificial intelligence (“AI”) has quickly become one of the largest infrastructure investment booms in U.S. history. While there is still plenty of debate over the long-term payoff from these investments, their near-term effects are already showing up in the economy. In this week’s “Three on Thursday,” we use newly released gross domestic product (“GDP”) data for the second quarter of 2026 to measure just how significant those effects have been. The results are striking; despite record spending on the AI buildout, a surprisingly large share of that investment flowed abroad through imports, offsetting much of the boost to U.S. economic growth. To better understand what’s happening beneath the headline numbers, see the three charts below.

AI Investment’s Share of GDP Growth



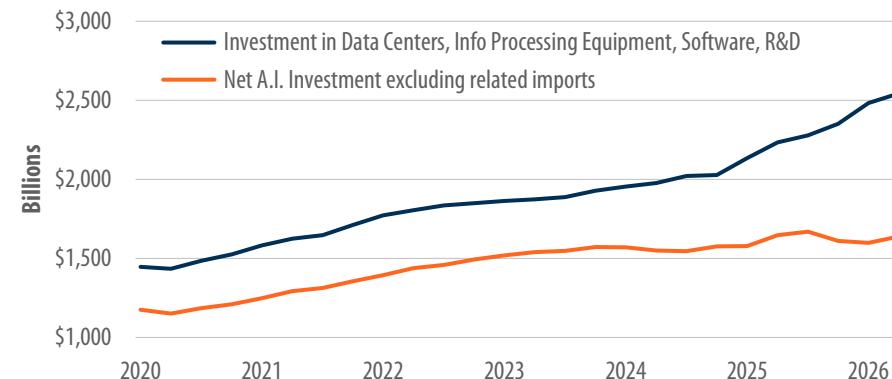
Source: Bureau of Economic Analysis. Quarterly data Q1 2021 – Q2 2026.

Import Share of AI Investment



Source: Bureau of Economic Analysis. Quarterly data Q1 2021 – Q2 2026. Inflation and seasonally adjusted annualized rates. **AI Investment** in Data Centers, Info Processing Equipment, Software, R&D. **AI Imports** of Computers, Peripherals & Parts, Semiconductors, Telecommunication Equipment.

AI Investment



Source: Bureau of Economic Analysis. Quarterly data Q1 2020 – Q2 2026. Inflation and seasonally adjusted annualized rates.

AI touches the economy in many ways, from productivity gains and power demand to construction, manufacturing, and a growing range of downstream industries. But to measure its most direct impact on business investment, we focus on four of the clearest categories, which we refer to as “AI investment”. These categories are data centers, information processing equipment, software, and research and development. Data center construction gets much of the attention, but the majority of AI-related spending is actually on the equipment and technology inside those facilities. Graphics processing units (“GPUs”), servers, networking hardware, and other computing infrastructure are captured in information processing equipment, while software and research and development reflect much of the systems, programming, and innovation needed to put that hardware to work. Together, these four categories account for roughly 8% of GDP, yet they have contributed more than half of the growth in real GDP over the past year.

The big catch is that a significant share of the hardware fueling the AI investment boom is produced abroad. U.S. imports of key AI-related goods—including semiconductors, telecommunications equipment, and computers, peripherals, and parts—have surged in recent years, rising 102%, 193%, and 216%, respectively, since the end of 2020. As a result, imports now represent about 35% of “AI investment”, up from roughly 20% just a few years ago. In other words, as the AI buildout has accelerated, a growing share of the spending has flowed overseas rather than into domestic production, reflecting the United States’ continued reliance on manufacturing hubs such as Taiwan for advanced computing hardware.

GDP measures production that takes place within the United States, so when investment spending goes toward goods produced abroad, those imports must be subtracted from the calculation. Once we account for the imported equipment tied to the AI buildout, the growth story looks considerably less powerful. Net AI investment rose steadily from the second quarter of 2020 through 2023, but has since flattened out, reaching its peak nearly a year ago in the third quarter of 2025. So while gross AI investment continues to look like a major tailwind for the economy, a growing share of that spending is supporting production overseas rather than adding to domestic output.

This report was prepared by First Trust Advisors L.P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.