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This year just five American tech giants are set to make US $700B worth of capital expenditure (CapEx), as investment in the data centres needed for artificial intelligence surges. By comparison, the oil and gas industry invested just US $570B in exploration and production last year.

Data is the new oil - or at least the chips on which it is stored and manipulated is. Yet graphics processing units (GPUs) play only a tiny role in financial markets. All but certainly chips and the processing power they generate (or compute) are poised to be financialized by Wall Street - just like oil, housing and a myriad of other assets before them.

One day, son, this farmland will be yours to sell to

a tech company building a data centre

Financialization - or **security capitalism**, is the dominant force in the global economy. It has democratized capital markets and led to the wide diffusion of ownership of companies and asset classes. The unitization of any given good or service creates liquidity, and allows for bonds collateralized by baskets (such as GPUs). More, derivative contrast help allocate risks - in particular the risk that particular types of chips suddenly become worthless. This would allow companies to worry less that their assets might rapidly become obsolete and focus more on improving their operations. Computer-hungry startups would find it easier to borrow if their loans could be collateralized with chips then bundled together with others and sold as bonds.

In an era of hardware and hard power, it is easy to forget the importance of the financial architecture that can join up fragmented markets. The ability to price, bundle and transfer risk is an enormous advantage. It can unlock capital, lower borrowing costs and thereby speed the development of entire industries.

Our industry is predicated on the above and know that chips, like all assets, can be collateralized creating new investment opportunities for you. We're always looking for new ways to help our clients build wealth over time. GPUs are just one example of this. Stay tuned!

Thanks for reading!

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