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AI Boom Risks Driving Up Inflation Outlook

By Don Forbes, Dow Jones Newswires

Heightened competition for memory chips amid increasing investment in artificial intelligence is already showing up in consumer prices, James Bull at RSM UK said in a note.

Both Apple and Microsoft have now issued price hikes, confirming an industry-wide response to supply-chain shortages, Bull said. "The four largest U.S. technology companies are forecast to spend \$725 billion on data centers and AI equipment in 2026 alone. That level of demand for memory chips has created a shortage the supply chain cannot keep pace with."

It is now clear that the costs of building the AI economy is being passed on to consumers and potentially even the inflation outlook, with industry leaders suggesting shortages could last beyond 2028, Bull added.