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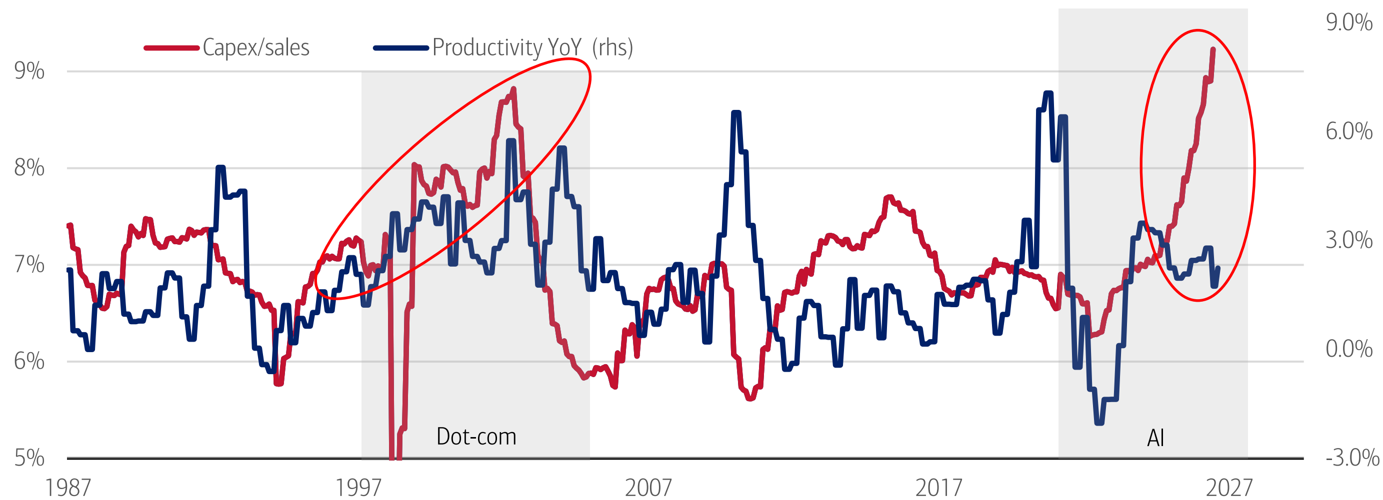
Daily Insights

Is AI raising labor productivity?

21 August 2026

Dot-com productivity rose with capex; nothing yet from AI
Productivity (year-over-year (YoY) %, y-axis on right-hand side (rhs)) and capex/sales ratio (ex-financials)



Source: BofA Global Research, FactSet, Bloomberg

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AI investment is surging, but the economy-wide productivity boost many expected has yet to arrive. While some businesses may be seeing efficiency gains in specific tasks and functions, those improvements have not yet translated into a meaningful acceleration in overall US productivity growth, according to BofA Global Research. In fact, while AI capex is at a record high, national productivity growth is at 2.2% – just slightly above the 2% average since 1987.

Conversely, the dot-com era (1996-2004) showed a clearer relationship between capex and productivity growth. For now, the gap between record AI investment and modest productivity growth highlights an important reality: technological breakthroughs can arrive quickly, but their benefits can take longer to show up, if at all.

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Sources

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Disclosures