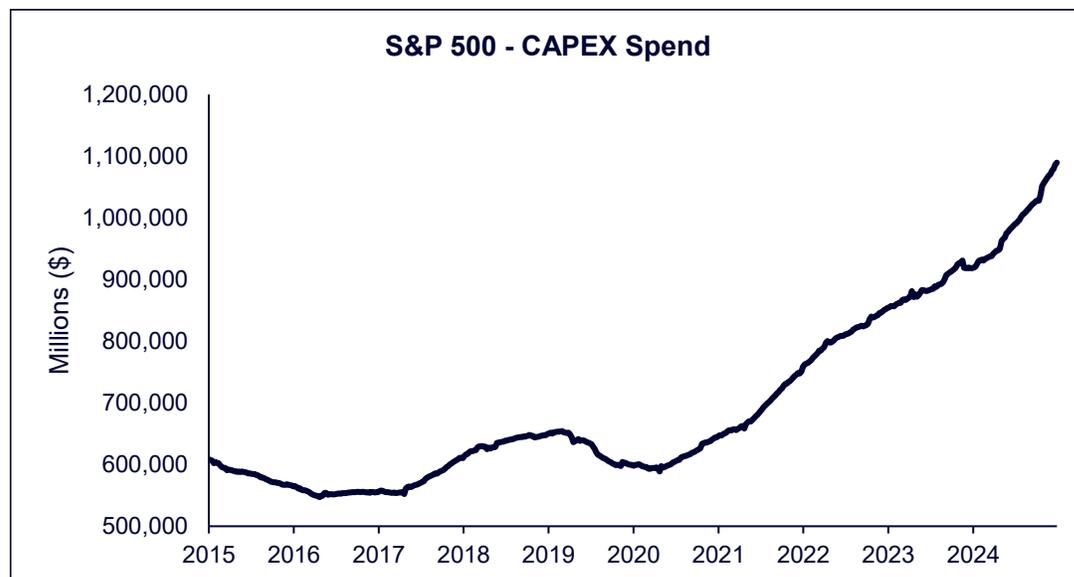


COMMENTARY

October 9, 2025

Mind on the Market

Chart of the Week



Source: FactSet. Data as of 10/9/2025.

The surge in S&P 500 Capex spending in 2025 has surpassed even the highest expectations for the year, with estimates putting total AI-focused US Capex at ~\$400B, compared with \$320B in February. See: [No Letup in Capital Expenditures](#).

The extraordinary “hype” and investment has brought the critics out in droves. Many are pointing to AI’s ‘circular economy’ dynamic, wherein the top companies trade the same billions of dollars back and forth, leading to no actual gain. Others simply say the technology will not be as impactful as predicted. So – Where will AI’s impact be felt, will it manifest in new revenue streams or improved margins? Additionally, which sectors will enjoy the upside of this “revolutionary technology” – And when?

Contact

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Weekly Highlights

S&P 500 Capex LTM

\$1.1T

Data as of October 8, 2025.

IT Total Return Since
Tariff Drawdown

+64.55%

Total return calculated from April 8,
2025 to October 8, 2025.

S&P 500 Total Return Since
Tariff Drawdown

+35.54%

Total return calculated from April 8, 2025
to October 8, 2025.

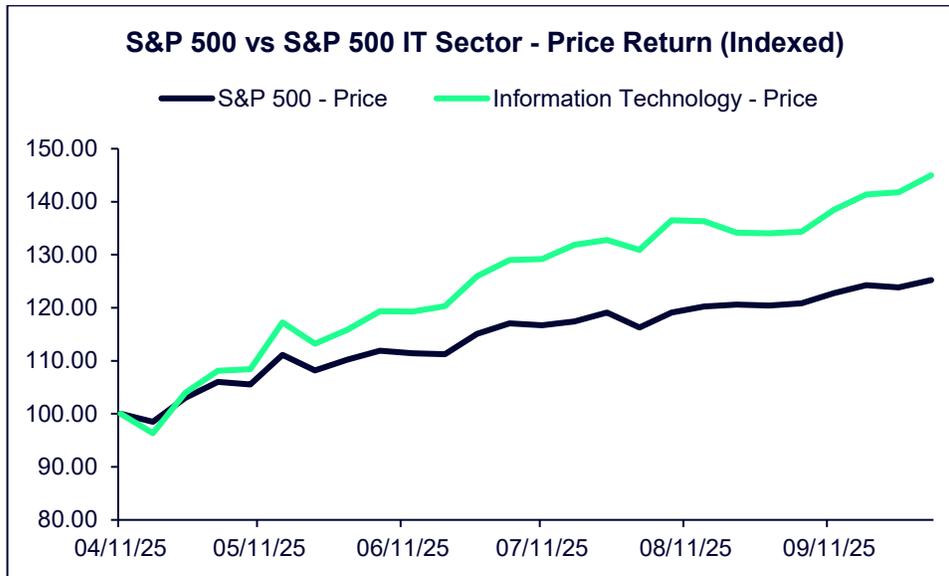
The Attention Economy

One area already undergoing significant transformation is the attention economy. Each year, over \$300 billion is spent on online advertising, while households contribute another \$57 billion toward digital entertainment via streaming services. The attention economy centers on the idea that while the supply of information has surged, the demand for that information has remained relatively static. In fact, consumer attention has become increasingly fragmented, with preferences shifting toward short, easily digestible formats. In this landscape, attention, not information, is the true currency. Companies now compete not just to create content, but to capture and retain consumer attention, which ultimately determines what gets consumed and how it shapes behavior.

Perhaps it's not surprising that brand recognition is critical. Platforms capturing the world's attention can recommend tailored content, often pre-emptively, outside of a consumer's consciousness. Additionally, AI can be utilized to optimize the timing and amount spent in order to help maximize return on investment in advertisement dollars. Rough estimates state that high-end users consume as many as 5,000-7,000 advertisements per year. The steady revenue stream from advertisers could enable larger players to remain formidable competitors, backed by substantial capital resources.

However, marketing R&D budgets are due to see a massive deflationary cycle as AI video creation continues to overdeliver with, for example, ChatGPT's latest "Sora" development crushing expectations. Now, even small businesses can produce high-quality, complex video stories that would have been impossible prior to 2025 due to high costs and extensive time commitments. Storyboards can come to life with a simple prompt, and some (see: Coca-Cola AI Generated Christmas Ad) are already employing the technology for final cuts.

In short — the cost of producing ad campaigns is falling dramatically, and the gap between what a resource-rich conglomerate can create versus what a small company can achieve is narrowing. Nevertheless, the CPM (Cost to advertise per 1000 ad views) will rise as the number of companies seeking to advertise will grow at a faster rate than available digital attention.



Source: S&P, FactSet. Data from 4/11/2025 to 10/9/2025.

Sources: FactSet, S&P Global, Economic Times.

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*This figure is presented as of June 30, 2025 and includes ETF AUM of \$1,689.83 billion USD of which approximately \$116.05 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

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Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Government bonds and corporate bonds generally have more moderate short-term price

fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.