

Power shift: investing in the electrification megatrend

Pictet · 2026-08-25 · English original

What are the main drivers of the global electrification revolution?

Right now, we're observing three major trends: 1) industrial reshoring, 2) high demand from artificial intelligence (AI) data centres, and 3) a push to modernise power infrastructure. In the US, both industrial activity and AI are driving strong growth in electricity demand. Europe faces a different scenario, with lower demand but significant investment in renewables and grid upgrades.

Meanwhile, China is prioritising self-sufficiency and rapidly expanding its nuclear capacity. Across all regions, it has become clear that renewables alone cannot meet every need, prompting interest in nuclear power and natural gas.

Why are AI data centres so energy intensive?

Hyperscale data centres – which can be as large as one square kilometre – require significant computing power and cooling. The enormous scale of these facilities is driving a surge in energy use and propelling new investments in power generation and grid infrastructure. This trend is likely to continue, creating opportunities for companies that can provide reliable, scalable power.

Source: Pictet Wealth Management, US Department of Energy (DOE), US Energy Information Administration (EIA), International Energy Agency (IEA), as at 26.02.2026

Which sectors and materials are best positioned to benefit from the electrification megatrend?

US utilities will benefit from the expansion of data centres and increased power demand. In Europe, companies involved in grid investment and diversified power generation are attractive, supported by favourable European regulations. On the materials front, copper's conductive properties make it essential for electrification projects. Meanwhile, lithium – which is used in battery production is more cyclical and subject to supply swings.

How are geopolitics shaping energy policy and investment?

Geopolitical tensions and the drive for strategic autonomy are leading countries to secure their own energy supply chains and reduce reliance on foreign resources. China's dominance in battery manufacturing and upstream materials has made it difficult for other regions to replicate its supply chain. As a result, the US and Europe are focused on building domestic capacity and securing resources, which is influencing policy and will likely guide investment in the years ahead.

What are some of the main supply chain risks for investors?

The Middle East conflict has underscored the vulnerability of global oil and gas flows, highlighting how disruptions can quickly ripple through energy markets and impact prices. This has reinforced the need for a diversified mix of energy sources – renewables, nuclear, natural gas and, in some cases, coal. Relying on a single technology has proven unrealistic; instead, flexibility and an “all the above” approach will be crucial.

What should investors keep in mind when considering the long-term electrification trend?

The key for investors is to remain agile as the energy landscape transforms. New technological advancements and opportunities will emerge across the entire energy value chain – from traditional utilities to innovative grid solutions and advanced materials. Maintaining a forward-looking perspective will be essential for capturing value in this dynamic environment.

For illustrative purposes only. There can be no assurance that these forecasts will be achieved.

Source: <https://www.pictet.com/us/en/insights/investing-in-the-electrification-megatrend>