



Investors able and willing to manage risks inherent in private markets can consider opportunities in data center and energy transition infrastructure. (UBS)

Attractive entry points in the power and resources space

21 March 2025, 1:19 pm EDT, written by US Editorial Team UBS Editorial Team

Power and resources companies have not been spared by the recent market volatility stemming from tariff uncertainty and worries over AI-related demand and economic growth, with prominent stocks in the industrials and utilities sectors falling by 10-25% over the past two months.

DeepSeek's computationally efficient models sparked doubt over data center demand, while growth concerns have dampened optimism over the speed of electricity demand growth.

But while volatility is likely to persist amid uncertainty over the economic impact of the Trump administration's trade policy, we maintain our conviction in the opportunities linked to our Power and resources theme. In fact, we see attractive entry points for select names following the recent valuation reset, as the end-market trends for power, electrification, and data center spending remain intact.

Electricity demand is set to accelerate in the coming years. Recent management comments from US power companies suggest that US electricity demand continues to accelerate and there is significant need to expand energy infrastructure. These include investments in electricity transmission, natural gas transmission, renewable power including solar and wind, and battery storage. Globally, the International Energy Association (IEA) forecasts demand for electricity to increase by 4% this year and next, the highest annual expansion since 2007, except for the post-pandemic rebound. We believe electricity consumption will continue to rise, driven by new technologies such as artificial intelligence, data centers, and the crypto sector, as well as by increased electrification across industries and households.

The shift toward electrification in transportation, industries, and households will require significant investments. Electric vehicles have grabbed headlines again in recent days, as China's BYD announced a new charging

system that it says is nearly as quick as refueling a gasoline car. The rise of electric vehicles is supportive for power and resources companies in many ways. Simply adding a single EV and a charger can increase a household's electricity load by 40%. EVs themselves also include significantly more power electronics and six times more minerals by weight than conventional cars. Overall, we believe growing electrification needs linked to EVs, AI, and decarbonization look set to endure, and we estimate the electrification of the global economy will require around USD 3tr in annual investments by 2030.

Data center spending should continue to grow. The trajectory of data center capital spending has been a topic of debate since the emergence of low-cost large language models, but we have yet to see any evidence supporting slower data center capex. In fact, NVIDIA's product roadmap suggests further growth in AI compute as frontier models are likely to be more computationally intensive. With a significant share of big tech's capex likely dedicated to AI infrastructure, we believe AI data centers will continue to be an important driver of power demand. A recent study published by information provider Dell'Oro Group noted global data center capex is projected to surpass USD 1tr annually by 2029.

So, we continue to believe power and resources opportunities will be one of the major drivers in equity market performance in the coming years, and we like diversified exposure in stocks across the electrical equipment, materials, and utilities sectors. Investors able and willing to manage risks inherent in private markets can also consider opportunities in data center and energy transition infrastructure.

Original report: [Power and resources opportunities remain despite volatility, 21 March 2025.](#)

Disclaimer

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

This document and the information contained herein are provided solely for your information and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management: Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.