

CIO Office Viewpoint

Four drivers of the global manufacturing revival

Investment Solutions

15 September 2026

A manufacturing rebound is in motion, spreading from emerging markets in early 2026 into developed economies as well. In the US, Europe and Asia, manufacturing activity is growing across different sectors, from chemicals, pharmaceuticals, machinery, construction to defence and shipping. This is rooted in four different but interlinked developments.

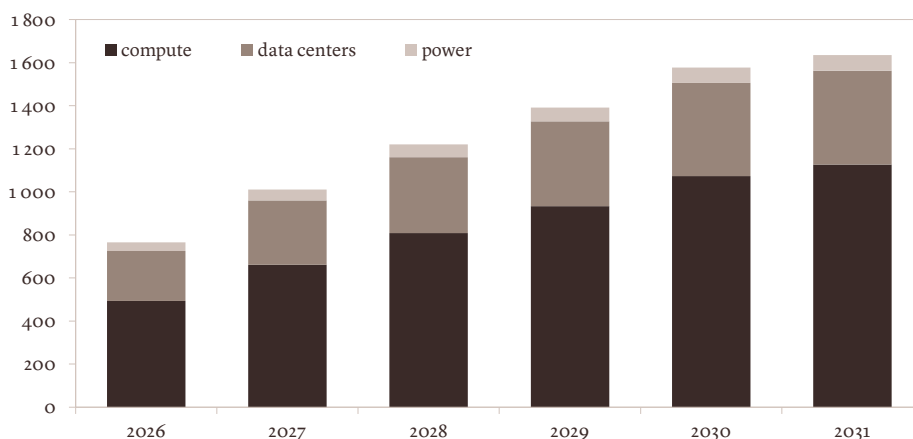
The first is the multi-trillion dollar capital spending cycle linked to artificial intelligence (AI). As the world adapts to this revolutionary technology and its implications across sectors, countries are upgrading their domestic infrastructure.

As a result, AI is driving a large and sustained capital spending boom (see chart 1). This is boosting construction activity, energy capacity and distribution upgrades, and growth in the number of data centres globally – as well as the computers, servers and equipment to fill them.

A more fractured and competitive world means that countries see these upgrades as strategic priorities. This is creating a global, rather than a regional, recovery in industrial activity. Unlike the China-centred industrial boom that followed the country's accession to the World Trade Organisation in 2001, this time the AI-capex-led industrial boom is broadly distributed geographically.

1. A large and sustained AI capex boom

Aggregate AI capital spending estimates, in USD billion



Source: Lombard Odier, Bloomberg. Charts reflect latest data point for each series.

Key takeaways

- AI is a primary driver of the current manufacturing revival across regions and sectors. A more competitive, multipolar world is also leading to increased defence spending and industrial activity
- Protectionist US trade policies have seen some manufacturing repatriated; crucially they have spurred other countries to boost goods exports and production, taking advantage of more stable US tariff policies than in 2025
- Countries are investing more in energy security given a combination of geopolitical tensions, oil price volatility and rising energy demand
- A unique investment cycle spanning technology, defence, energy and infrastructure is broadening corporate earnings growth and underpins our global equity overweight.

Important information: Please read the important information at the end of the document.

Weekly publication of Lombard Odier – Contacts: Investment Solutions, investment-solutions@lombardodier.com

Data as of 15 September 2026 unless otherwise stated.

Lombard Odier · CIO Office Viewpoint · 15 September 2026

Rising security needs

A second driver of the rebound is linked to more conflictual international relations, which are leading to a surge in defence spending and related industrial activity. Governments involved in conflicts, including the US, are pushing manufacturers to replenish military assets, while those with the fiscal ability, including Germany, have raised defence spending at a time when Europe is increasingly taking responsibility for its own security. Recent new manufacturing orders in Germany, for example, were dominated by large-scale government orders for transport equipment.

The recently-concluded defence pact between Pakistan, Turkey and Saudi Arabia demonstrates the global nature of the need for defence and homeland security, and is likely to continue driving foreign and domestic orders for defence equipment exporters. Estimates of the share of defence in global industrial production are now around 4-5%. Counting dual-use equipment, which can serve both civilian and military purposes, the estimated share may be as large as 8-10%.

US tariffs and trade protectionism

A more protectionist US, applying new trade policies, has added a third source of industrial activity. US tariffs have helped create the economic conditions and incentives for an industrial repatriation that can be seen in the ISM index (see chart 2). Many international companies looking to sell

their products into the world's biggest consumer market have invested in US production capacity following the administration's tariff announcements in April 2025.

More surprisingly, US policy has also unleashed industrial activity elsewhere, as countries have sought to take advantage of more stable US tariffs after a tumultuous 2025. China's goods exports have soared, with vehicles, electrical machinery and equipment as the driving force (see charts 3 and 4, page 3).

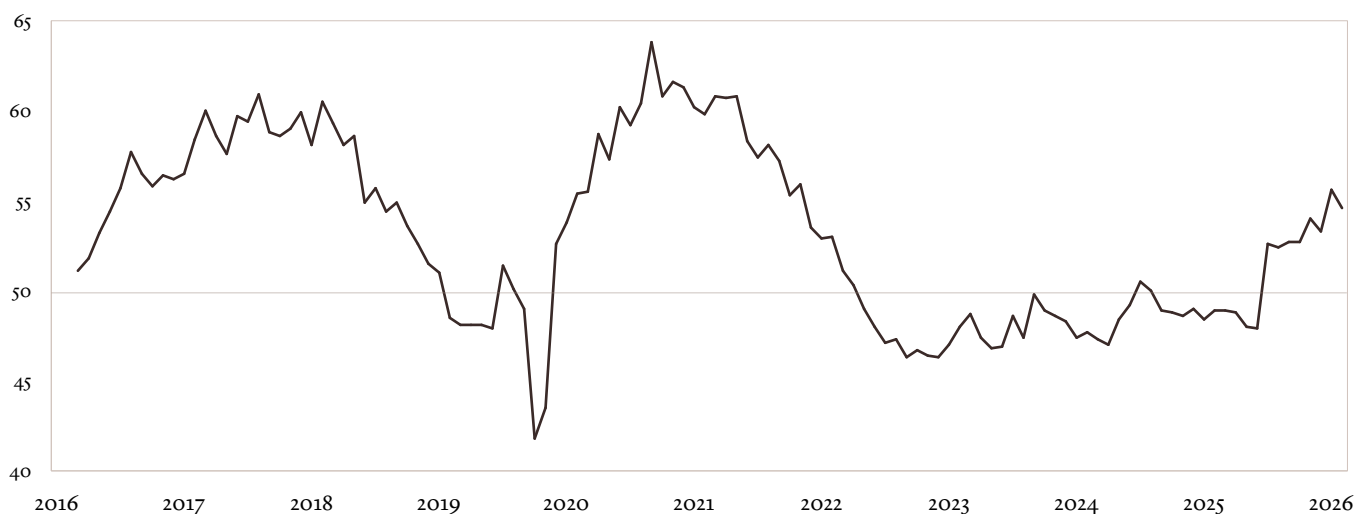
Even small export-led countries like Switzerland – which had faced US tariffs of 39% that were later reduced to 15% – have seen a revival of their industry and exports. In the second quarter, chemicals and pharmaceuticals made the largest contribution to growth, with a 4.5% expansion across broader manufacturing, as companies raced to produce and export during a window of more predictable tariffs. The result was an exceptionally strong growth rebound, with real GDP growth in Switzerland rising 1.5% in the second quarter.

Energy security and oil price volatility

Oil price volatility and threats to key strategic supply routes and chokepoints have also seen energy security rise up government agendas. With the Middle East conflict still unresolved, and the Russia-Ukraine war having rewired Europe's energy supply chains, crude oil prices are back to February 2022 levels.

2. US manufacturing activity has rebounded

US Institute for Supply Management (ISM) Manufacturing Index, monthly data. A reading above 50 indicates expansion.



Source: Bloomberg, Lombard Odier. Data as of end-August 2026.

While oil prices may fall rapidly if shipping volumes through Hormuz recover, even if they do not return to pre-war levels, the incentive for countries to become less dependent on fossil fuel imports and more self-sufficient in energy will remain. Geopolitical tensions are converging with rising energy demand, including for AI, while [renewable solutions have become increasingly cost competitive](#). This combination of factors has unleashed investment in energy security, including renewables, nuclear, gas and even coal, all adding to industrial demand. The International Energy Agency estimates that global energy investment will reach a record USD 3.4 trillion in 2026.

Equity market implications

For much of the last three years, equity market performance has been highly concentrated, driven by only a few sectors and companies, notably US tech stocks. Yet the equity market rally of 2026 has been driven by a much broader base of companies. Second-quarter earnings showed [strong positive surprises across sectors and regions](#), with financials and energy in particular joining AI as key profit drivers.

The key lesson is that a competitive multipolar world with rising investment can benefit a broader base of companies and sectors. Despite the considerable risks and uncertainties, a unique capital spending cycle across technology, defence, energy and infrastructure is boosting corporate profits.

A strong earnings outlook underpins our portfolio overweight to equities in both developed and emerging markets. In our view, the recent fall in valuations induced by rising bond yields offers a good buffer for stocks to continue rising, if earnings expectations are realised in the coming months, and into 2027.



Dr. Nannette Hechler-Fayd'herbe

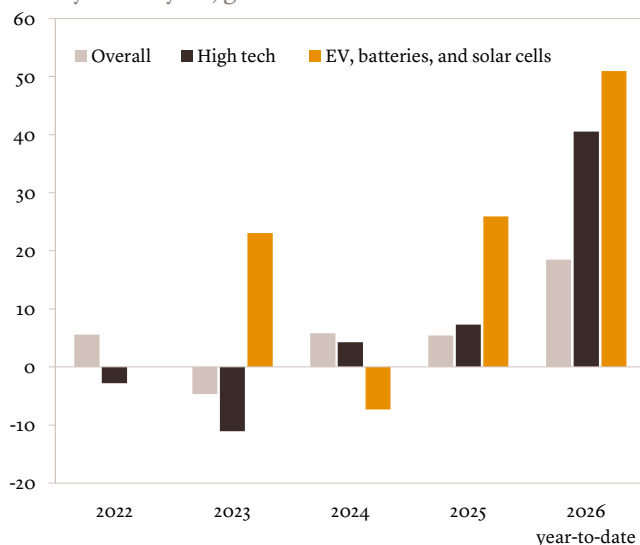
*Head of Investment Strategy,
Sustainability and Research, CIO EMEA*

Chinese goods exports have been strong

Growth in value of goods exports by sector and by product group, in % year-on-year

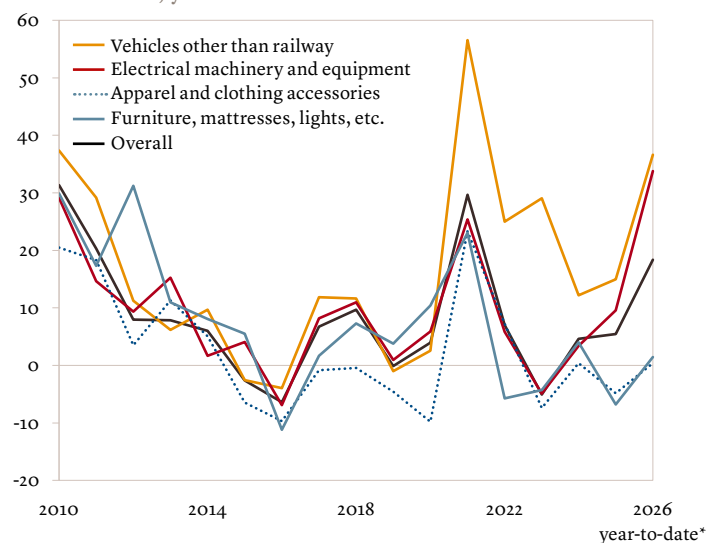
3. Goods exports

% year-on-year, growth in value



4. Goods exports, key product groups

% annual, year-to-date for 2026



*2026 year-to-date export growth is as of July 2026.

Source: CEIC, Bloomberg, Lombard Odier. Data as of 18 August 2026

Important information

This is a marketing communication issued by Bank Lombard Odier & Co Ltd (hereinafter "Lombard Odier").

It is not intended for distribution, publication, or use in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it aimed at any person or entity to whom it would be unlawful to address such a marketing communication.

This marketing communication is provided for information purposes only. The contents of this marketing communication have not been reviewed by any regulatory authority in any jurisdiction. It does not constitute an offer or a recommendation to subscribe, purchase, sell, or hold any security or financial instrument. It contains the opinions of Lombard Odier, as at the date of issue. **These opinions and the information contained herein do not take into account an individual's specific circumstances, objectives, or needs. No representation is made that any investment or strategy is suitable or appropriate for individual circumstances, or that any investment or strategy constitutes personalised investment advice to any investor.** Each investor must make his/her own independent decisions regarding any securities or financial instruments mentioned herein. Tax treatment depends on the individual circumstances of each person and may be subject to change in the future. Lombard Odier does not provide tax advice. Therefore, you must verify the above and all other information provided in the marketing communication or otherwise review it with your external tax advisors. Some investment products and services, including custody, may be subject to legal restrictions or may not be available worldwide on an unrestricted basis.

The information and analysis contained herein are based on sources considered reliable. Lombard Odier uses its best effort to ensure the timeliness, accuracy, and comprehensiveness of the information contained in this marketing communication. Nevertheless, all information and opinions as well as the prices, market valuations, and calculations indicated herein may change without notice.

Investments are subject to a variety of risks. Before entering into any transaction, an investor should consult his/her investment advisor and, where necessary, obtain independent professional advice in respect of risks, as well as any legal, regulatory, credit, tax, and accounting consequences. The investments mentioned in this marketing communication may carry risks that are difficult to quantify and integrate into an investment assessment. In general, products such as equities, bonds, securities lending, forex, or money market instruments bear risks, which are higher in the case of derivative, structured, and private equity products; these are aimed solely at investors who are able to understand their nature and characteristics and to bear their associated risks. On request, Lombard Odier will be pleased to provide investors with more detailed information concerning risks associated with given instruments. **Past performance is no guarantee of current or future returns, and the investor may receive back less than he/she invested.** The value of any investment in a currency other than the base currency of a portfolio is subject to the foreign exchange rates. Exchange rates may fluctuate and adversely affect the value of the investment when it is realised and converted back into the investor's base currency. The liquidity of an investment is subject to supply and demand. Some products may not have a well-established secondary market or in extreme market conditions may be difficult to value, resulting in price volatility and making it difficult to obtain a price to dispose of the asset.

This marketing communication is not issued by the organisational unit of Bank Lombard Odier & Co Ltd responsible for the production of financial research, as defined under the Swiss Bankers Association Directives on the Independence of Financial Research. Consequently, it is not prepared in accordance with the provisions of said Directives or any other legal requirements designed to promote the independence of the production of financial research. Opinions expressed in this marketing communication may differ from the opinions expressed by other divisions of Lombard Odier, including Bank Lombard Odier & Co Ltd's Research Department, or by the analysts of its sister company Lombard Odier (Singapore) Ltd. Nevertheless, if opinions from financial analysts belonging to the Research Department are contained herein, such analysts attest that all of the opinions expressed accurately reflect their personal views about any given instruments. In order to ensure their independence, financial analysts are expressly prohibited from owning any securities that belong to the research universe they cover. Lombard Odier may hold positions in securities as referred to in this marketing communication for and on behalf of its clients, and/or such securities may be included in the portfolios of investment funds as managed by Lombard Odier or affiliated Group companies. Lombard Odier recognises that conflicts of interest may exist as a consequence of the distribution of financial instruments or products issued and/or managed by entities belonging to the Lombard Odier Group. Lombard Odier has a Conflict of Interests policy to identify and manage such conflicts of interest.

European Union Members: This marketing communication has been approved for use by Lombard Odier (Europe) S.A. in Luxembourg and by each of its branches operating in the following territories: **Belgium:** Lombard Odier (Europe) S.A. • Belgium branch and Lombard Odier (Europe) S.A. • Belgium branch – Antwerp Office; **France:** Lombard Odier (Europe) S.A. • Succursale en France; **Italy:** Lombard Odier (Europe) S.A. • Italian Branch; **Spain:** Lombard Odier (Europe) S.A. • Sucursal en España. Lombard Odier (Europe) S.A. is a credit institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

Hong Kong: This marketing communication is distributed in Hong Kong by Lombard Odier (Hong Kong) Limited, a licensed corporation registered by the Securities and Futures Commission of Hong Kong ("SFC") to carry on Type 1, Type 4 and Type 9 regulated activities under the Securities and Futures Ordinance ("SFO") in Hong Kong.

Singapore: This marketing communication is distributed in Singapore by Lombard Odier (Singapore) Ltd for the general information of accredited investors and other persons in accordance with the conditions specified in Sections 275 and 305 of the Securities and Futures Act (Chapter 2001). Recipients in Singapore should contact Lombard Odier (Singapore) Ltd, an exempt financial adviser under the Financial Advisers Act (Chapter 2001) and a merchant bank regulated and supervised by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with this marketing communication. The recipients of this marketing communication represent and warrant that they are accredited investors and other persons as defined in the Securities and Futures Act (Chapter 2001). **This advertisement has not been reviewed by the Monetary Authority of Singapore.**

Japan: This marketing communication is distributed in Japan by Lombard Odier Trust (Japan) Limited, a trust business license holder (FSA No.208), which is regulated and supervised by the Financial Services Agency in Japan, and is registered with Kanto Local Finance Bureau for Financial Product Transactor (No.470). Data Protection: As a recipient of this communication please note that we process your personal data including possibly for direct marketing purposes. If you do not wish your personal information to be used for this purpose, please contact our Personal Information Handling and Security Management Measures Desk: Lombard Odier Trust (Japan) Limited, Compliance Department. Address: Izumi Garden Tower 41F - 1-6-1 Roppongi, Minato-ku - Tokyo 106-6041 - Japan. Email: Compliance_Tokyo@lombardodier.com. For details on the handling of personal information, please refer to our "[Basic Policy on the Protection of Personal Information](#)" published on our website.

Dubai: This marketing communication has been approved for use and is distributed by Lombard Odier (Middle East) Ltd, duly licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Financial services or products offered by Lombard Odier (Middle East) Ltd are only made available to Professional Clients or Market Counterparties. It may not be relied upon by or distributed to Retail Clients (as defined in the DFSA Conduct of Business Module) and are not intended for any other persons. Lombard Odier (Middle East) Ltd is located in The Gate Building East Wing, Level 13, Unit 1301, DIFC, Dubai, United Arab Emirates.

Brazil: This marketing communication has been approved for use in Brazil by Lombard Odier (Brasil) Consultoria de Valores Mobiliários Ltda, an entity, authorised and regulated by the Central Bank of Brazil (BACEN) as Representative office of Bank Lombard Odier & Co Ltd and supervised by the Brazilian Securities Commission as Investment Advisor.

Israel: This marketing communication has been approved for use in Israel by the Israel Representative Office of Bank Lombard Odier & Co Ltd, an entity not supervised by the Bank of Israel, but by the Swiss Financial Market Supervisory Authority, which supervises the activities of Bank Lombard Odier & Co Ltd.

South Africa: This marketing communication has been approved for use in South Africa by the South Africa Representative Office of Bank Lombard Odier & Co Ltd, an authorised financial services provider, Registration number 48505.

Switzerland: This marketing communication has been approved for use in Switzerland by Bank Lombard Odier & Co Ltd Geneva, a bank and securities firm authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

United Kingdom: This marketing communication has been approved for use in the United Kingdom by Lombard Odier (Europe) S.A. - UK Branch, a bank authorised and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg and authorised in the UK by the Prudential Regulation Authority ('PRA'). Subject to regulation by the Financial Conduct Authority ('FCA') and limited regulation by the Prudential Regulation Authority. Financial Services Firm Reference Number 597896. **Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request.**

United States: Neither this document nor any copy thereof may be sent to, taken into, or distributed in the United States of America, any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a United States Person. For this purpose, the term "United States Person" shall mean any citizen, national, or resident of the United States of America; any partnership organised or existing in any state, territory, or possession of the United States of America; any corporation organised under the laws of the United States or of any state, territory, or possession thereof; or any estate or trust that is subject to United States Federal income tax regardless of the source of its income.

This marketing communication may not be reproduced (in whole or in part), transmitted, modified, or used for any public or commercial purpose without the prior written permission of Lombard Odier.

Data protection: As a recipient of this communication please note that we process your personal data including possibly for direct marketing purposes. If you wish to object to this processing, please address your request to the Group's Data Protection Officer: Bank Lombard Odier & Co Ltd, Group Data Protection Officer, Chemin Messidor 1, 1293 Bellevue, Switzerland. E-Mail: group-dataprotection@lombardodier.com. If you wish to obtain additional information regarding Lombard Odier's data protection, please refer to www.lombardodier.com/privacy-policy.

© 2026 Bank Lombard Odier & Co Ltd - all rights reserved. Ref: LOCH/LOESA/LOASIA-MWNPR-en-042026.

SWITZERLAND

GENEVA

Bank Lombard Odier & Co Ltd¹
Chemin Messidor 1 · 1293 Bellevue · Suisse
Lombard Odier Asset Management (Switzerland) SA
Parc Messidor 3 · 1293 Bellevue · Suisse
Management Company regulated by the FINMA.

FRIBOURG

Banque Lombard Odier & Cie SA · Bureau de Fribourg¹
Rue de la Banque 3 · 1700 Fribourg · Suisse

LAUSANNE

Bank Lombard Odier & Co Ltd¹
Place St-François 11 · 1003 Lausanne · Suisse

VERBIER

Banque Lombard Odier & Cie SA · Bureau de Verbier¹
Route de Verbier Station 53 · 1936 Verbier · Suisse

VEVEY

Banque Lombard Odier & Cie SA · Agence de Vevey¹
Rue Jean-Jacques Rousseau 5 · 1800 Vevey · Suisse

ZUG

Bank Lombard Odier & Co Ltd · Zug Agency¹
Bundesplatz 1 · 6300 Zug · Schweiz

ZURICH

Bank Lombard Odier & Co Ltd¹
Utoschloss · Utoquai 29-31 · 8008 Zürich · Schweiz

EUROPE

BRUSSELS

Lombard Odier (Europe) S.A. · Belgium branch²
Avenue Louise 81 · Box 12 · 1050 Brussels · Belgium

ANTWERP

Lombard Odier (Europe) S.A. · Belgium branch · Antwerp Office²
Uitbreidingstraat 72 · 2600 Berchem · Belgium
Credit institution supervised in Belgium by the National Bank of Belgium (NBB) and the Financial Services and Markets Authority (FSMA). RPM Bruxelles 0500.864.745.

LONDON

Lombard Odier (Europe) S.A. · UK Branch²
48 Dover Street · London W1S 4FF · United Kingdom
The Bank is authorised in the UK by the Prudential Regulation Authority ('PRA'). Subject to regulation by the Financial Conduct Authority ('FCA') and limited regulation by the Prudential Regulation Authority. Financial Services Firm Reference Number 597896. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request.
Lombard Odier Asset Management (Europe) Limited
Goldings House · Hays Galleria · 2 Hays Lane · London SE1 2HB · United Kingdom
Investment firm authorised and regulated by the Financial Conduct Authority (FCA register No.515393).

¹ Private bank and securities firm authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

² Branch of Lombard Odier (Europe) S.A., a credit institution based in Luxembourg, authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

LUXEMBOURG

Lombard Odier (Europe) S.A.
291, route d'Arlon · 1150 Luxembourg · Luxembourg
Credit institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.
Lombard Odier Funds (Europe) S.A.
291, route d'Arlon · 1150 Luxembourg · Luxembourg

MADRID

Lombard Odier (Europe) S.A. · Sucursal en España²
Paseo de la Castellana 66 · 4º Pl. · 28046 Madrid · España
Credit institution supervised in Spain, by the Banco de España and the Comisión Nacional del Mercado de Valores (CNMV).

MILAN

Lombard Odier (Europe) S.A. · Succursale in Italia²
Via della Spiga 30 · 20121 Milano · Italia
Credit institution supervised in Italy by the Commissione Nazionale per le Società e la Borsa (CONSOB) and la Banca d'Italia.

PARIS

Lombard Odier (Europe) S.A. · Succursale en France²
8, rue Royale · 75008 Paris · France
RCS PARIS B 803 905 157
Credit institution supervised in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and by the Autorité des Marchés Financiers (AMF) in respect of its investment services activities. Business permit No.23/12. Registered in Luxembourg - No.B169 907. Insurance intermediary authorised by the Commissariat aux Assurances (CAA) No.2014 CM002. The registration with the CAA can be verified at www.orias.fr.

AFRICA | AMERICAS | MIDDLE EAST

BERMUDA

Lombard Odier Trust (Bermuda) Limited
3rd Floor, Victoria Place · 31 Victoria Street · Hamilton HM 10 · Bermuda
Licensed to conduct Trust, Investment and Corporate Service Provider Business by the Bermuda Monetary Authority.

DUBAI

Lombard Odier (Middle East) Ltd
Dubai International Financial Center · The Gate Building, East Wing · Level 13 · Unit 1301 · DIFC · P.O. Box 507035 · Dubai · United Arab Emirates
Regulated by the Dubai Financial Services Authority.

NASSAU

Lombard Odier & Cie (Bahamas) Limited
Lyford Cay House · Western Road · P.O. Box N-4938 · Nassau · Bahamas
Supervised by the Central Bank of the Bahamas and the Securities Commission of the Bahamas.

PRETORIA

South Africa Representative Office · Bank Lombard Odier & Co Ltd
1st floor · Block B · The Village Office Park
309 Glenwood Road · Faerie Glen · Pretoria 0081 · South Africa
Authorised financial services provider Registration number 48505.

SÃO PAULO

Lombard Odier (Brasil) Consultoria de Valores Mobiliários Ltda.
Avenida 9 de Julho No. 3624, 6º andar · Jardim Paulista · CEP 01406-000 · São Paulo · Brazil
Authorised and regulated by the Central Bank of Brazil as Representative office of Bank Lombard Odier & Co Ltd & Supervised by the Brazilian Securities Commission as Investment Advisor.

TEL AVIV

Israel Representative Office · Bank Lombard Odier & Co Ltd
Alrov Tower 11th floor · 46 Rothschild Blvd. · Tel Aviv 6688312 · Israel
Not supervised by the Bank of Israel, but by Swiss Financial Market Supervisory Authority which supervises the activities of Bank Lombard Odier & Co Ltd.

ASIA - PACIFIC

HONG KONG

Lombard Odier (Hong Kong) Limited
1601, Three Exchange Square · 8 Connaught Place · Central · Hong Kong
A licensed entity regulated and supervised by the Securities and Futures Commission in Hong Kong.

SINGAPORE

Lombard Odier (Singapore) Ltd.
9 Raffles Place · Republic Plaza #46-02 · Singapore 048619
A merchant bank regulated and supervised by the Monetary Authority of Singapore.

TOKYO

Lombard Odier Trust (Japan) Limited
Izumi Garden Tower 41F · 1-6-1 Roppongi, Minato-ku · Tokyo 106-6041 · Japan
Regulated and supervised by the Financial Services Agency (FSA) in Japan. It holds a trust business license (FSA No.208) and is registered with Kanto Local Finance Bureau for Financial Instruments Business Operator (No.470).

contact us.

