Research note

When fiscal becomes physical

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- **US bank loan growth has accelerated sharply, with the 13-week run rate now annualising at more than $1.4tn. The composition has broadened: C&I and consumer, both contracting a year ago, now adding a meaningful $145bn and $35bn respectively over the past three months.**
- **Deposits are tracking loans tick-for-tick — net-new bank deposits are being created at roughly $100bn per month, comfortably offsetting the April tax-date fiscal drag that our earlier notes had flagged as a headwind.**
- **The AI/data-centre capex cycle is visible through three distinct channels — corporate (tech), infrastructure (utilities), and shadow-bank (private credit). Together they account for 66% of 2025 syndicated loan growth.**

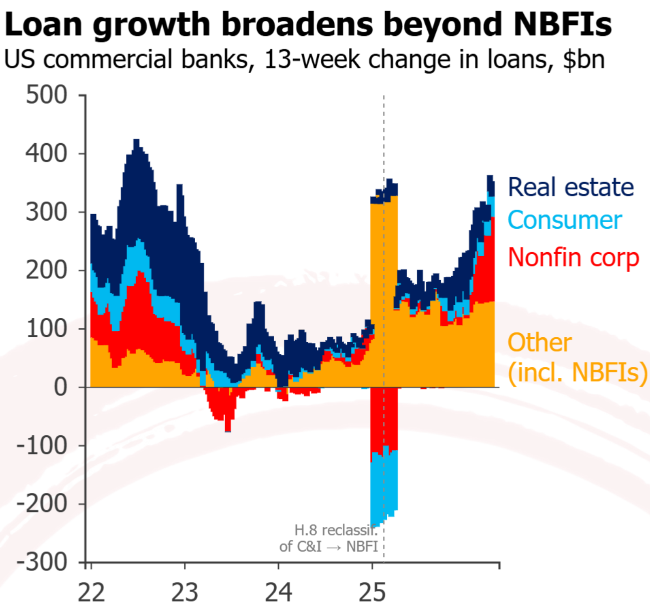
Tax day has passed; the Treasury is rebuilding its general account; the monthly fiscal deficit has narrowed as it always does in April. Our prior framework would suggest this, combined with Fed balance-sheet shrinkage, should be weighing on risk assets[1]. Yet markets have held, credit spreads remain tight, and the grind higher continues. What is providing the offset?

The answer, increasingly clearly, is that the private-sector money-creation channel — bank lending, matched by deposit growth — has quietly picked up pace. The conventional "money creation via fiscal deficits and Fed balance sheet" story is incomplete. Banks themselves create money when they lend, and over the past six months they have been doing so at a rate that has visibly stepped up.

1 · The money-creation resumption

The Fed's H.8 data through 6 April shows US commercial banks' total loans rising by $940bn over the trailing 12 months, $587bn over the past 6 months, and $353bn over the past 3 months. Over the most recent four weeks alone, loans expanded by $117bn — an annualised pace above $1.5 trillion.

The headline is not the whole story, however. What is more interesting is the composition.



Source: Fed H.8 via Macrobond, Satori Insights.

For most of 2023 and 2024, bank loan growth was almost entirely an "Other loans" story — specifically, loans to non-depository financial institutions (NBFIs): the private credit funds, BDCs, mortgage REITs, and other shadow-bank vehicles that banks lend to, and which in turn lend onwards to borrowers the banks themselves no longer touch. NBFI lending by US commercial banks has added $422bn over the past 12 months — still the largest single contributor to total loan growth.

But NBFI growth is decelerating, not accelerating. A year ago, NBFI loans were growing at an 89% annualised 6-month pace; six months ago, 31%; today, 24%. Large but past its peak. What has changed recently is the re-emergence of traditional, non-financial corporate bank lending — the C&I bucket. In the past three months C&I loans have added $145bn, exceeding NBFI's $73bn contribution over the same window. Over the most recent four weeks, the two are roughly neck-and-neck (C&I +$41bn, NBFI +$37bn). Consumer loans have flipped from year-ago contraction to modest growth; commercial real estate is quietly adding around $10bn per month.

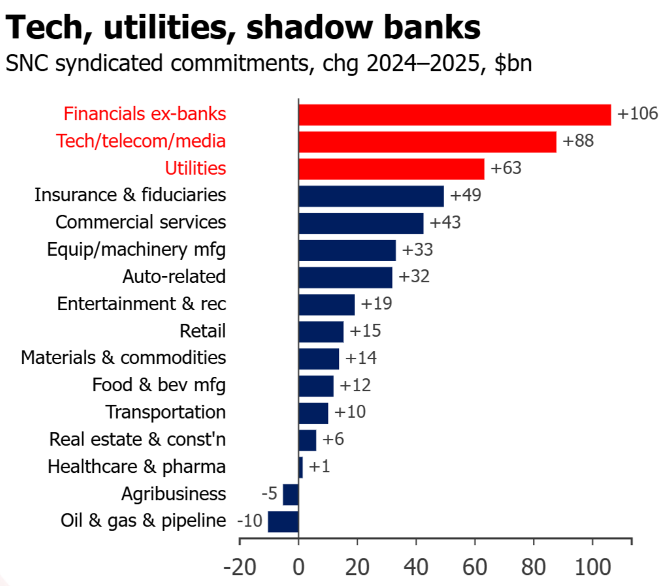
US commercial bank loans — $bn change over past:	**4w**	**13w**	**26w**	**52w**
Total loans	**+117**	**+353**	**+587**	**+941**
Other (incl. NBFIs)	+43	+147	+283	+532
of which NBFIs	+37	+73	+201	+422
C&I	+41	+145	+167	+201
Real estate	+8	+26	+76	+122
of which commercial RE	+11	+20	+51	+78
Consumer	+25	+35	+61	+86
Deposits	**—**	**+438**	**+617**	**+984**

2 · Money, not just rotation

The crucial test of whether bank lending is creating net-new purchasing power — rather than merely substituting one source of funding for another — is whether deposits grow in line. They are, and slightly faster: deposits have added $438bn over 3 months, $617bn over 6 months, and $984bn over 12 months, each time a touch above the corresponding loan number. Bank deposits are being created at a pace of roughly $100bn per month on top of whatever is happening through the Treasury's spending channels. That is the direct evidence of private-sector money creation.

3 · Is it AI?

The natural question is: what is banks' renewed appetite funding? The Fed does not publish H.8 loans by industry, and the FFIEC Call Reports do not break C&I out by NAICS sector either. The closest public source is the annual Shared National Credit (SNC) Program report — a Fed/FDIC/OCC joint exercise covering syndicated loans ≥$100m shared among three or more federally-supervised institutions.[2] The 2025 SNC report (published in January 2026) gives us a year's worth of industry-level change.



AI/data-centre cluster (red): +$257bn = 66% of 2025 total SNC growth ($390bn).
Source: Fed/FDIC/OCC Shared National Credit Program 2025 report, Satori Insights.

Three industries account for $257bn of the $390bn total SNC growth — 66% of the 2025 pickup:

- **Tech/telecom/media** (+$88bn) — captures hyperscalers, cloud operators, data-centre REITs, colocation providers.
- **Utilities** (+$63bn, +15% YoY — the fastest-growing large industry in the book) — the power generation and transmission build-out required to feed AI infrastructure.
- **Financials ex-banks** (+$106bn) — the NBFI channel, much of which onward-lends to the same AI infrastructure via private credit funds and direct-lending vehicles.

This is consistent with the AI/data-centre hypothesis, though it is not a clean test — Tech/Telecom/Media bundles hyperscalers with legacy media and telecoms, and the SNC data is mid-2025 vintage so the recent H.8 acceleration is not yet in it. Even so, the directional story is unambiguous and the magnitudes are meaningful. Nor is it a surprise:

the hyperscalers alone are reportedly on track for $350–400bn of capex in 2025, a meaningful slice of which has to be financed.

The pattern also surfaces, quietly, in the H.8 commercial real estate subcategories. Construction and land development loans are still shrinking (−$21bn over 12 months) — banks are not financing ground-up data-centre construction directly; hyperscalers self-fund that via cash and bonds, or route it through private credit. But nonfarm nonresidential CRE is growing ($+61bn over 12 months) — which is where completed data-centre buildings end up once they are termed out from construction loans into permanent property-secured financing. The build cycle is visible, just not at the construction-loan stage.

4 · Reconciling with our framework

Our prior framework has stressed two money-creation channels: the fiscal deficit (via Treasury spending landing as bank deposits), and the Fed balance sheet (via reserves). In 2024 we argued liquidity was the dominant driver of US equity outperformance.[3] Through 2025 we flagged the fiscal channel showing signs of fatigue,[4] and in December we pointed to "faltering credit creation" as one leg of a monetary triple whammy worth watching.[5]

In early March, as the Iran shock broke, our focus was on the risk that stretched fund-flow positioning could flip from rotation into outright risk reduction.[6] That was framed as a growing risk rather than a prediction: we were explicit that flows had remained outsized positive, that the unwind depended on conditions under which they might reverse, and that the preferred hedge was a rotation into cash rather than outright shorting. In the event, fund flows did not reverse. They have continued — and what this analysis suggests is that the reason they have continued is partly that the private bank credit channel, which we had flagged as slowing, has in fact reaccelerated. Fresh bank money is being created at roughly $100bn per month, and the flows have somewhere to go.

That does not invalidate the broader liquidity framework — if anything it reinforces it. The mechanism is the same; the identity of which balance-sheet entity is expanding has rotated from Treasury and Fed to private banks. That is the story of the title: when the fiscal channel pulls back, the physical channel — banks financing the build-out of AI infrastructure, the power to run it, and the shadow-bank intermediaries that sit between — has taken over.

5 · What it means for markets

The market implication here is less a recommendation than a recalibration. Our framework has not changed: liquidity is the dominant driver of cross-asset returns, and valuations are best understood through the lens of what monetary conditions will sustain. What this analysis adds to the framework is a third money-creation channel — private bank credit — which had been weakening through 2024 and most of 2025 but which has, over the past several months, reaccelerated materially. That extends the runway of the current cycle. It does not change its arithmetic.

Several of the channels nevertheless carry clear sunset risks. Manufacturing construction (the CHIPS-era semiconductor fab boom) is already −15% year-on-year, implying the physical capex cycle itself will eventually roll over. Classified commitments in the SNC Tech/Telecom/Media book sit at 15.8% of exposure, the highest of any industry bucket, even as commitments keep growing. And "Other Investors" (CLOs, BDCs, private credit funds) hold 60% of all stressed syndicated paper despite being only 21% of commitments, so any stress in private credit would feed quickly back into the bank–NBFI loop. None of these risks is imminent, but none is far away either.

The relative positioning preferences we would express are what they have been: gold over equities, equities over credit. The vulnerabilities we have been flagging — stretched positioning, narrow leadership, beneath-the-surface credit deterioration — remain real, and in our view remain underpriced; they have not been resolved, merely deferred. But the support is real too, and recognising both is how we try to avoid mistaking underlying vulnerabilities for imminent ones.

Credit broadens before it breaks, and for the moment it is broadening. We will be watching whether C&I growth persists, whether deposit growth keeps up, and whether the SNC tech book's credit quality continues to erode. The data-centre capex cycle has, at most, another couple of years of visible runway before it saturates; the rest of the bank-credit broadening (consumer, CRE stabilisation) is too fragile to carry markets on its own.

Fiscal policy will, sooner or later, become physical again — in the less flattering sense of the Treasury having to service a mountain of maturing debt rather than spending new money into the economy. Before then, the physical has become fiscal: banks are financing the physical build-out of infrastructure, and creating bank deposits as a by-product. The money is still coming. It is just coming from a different place.

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1. Tax-date and TGA dynamics are the standard April pattern; our earlier notes have discussed how these typically weigh on liquidity. ↩
2. *Shared National Credit Program 2025 report*, Board of Governors of the Federal Reserve / FDIC / OCC, published 12 January 2026. Annual exam-cycle review of syndicated loans ≥$100m held by three or more federally-supervised institutions. Industry breakdown in Appendix C. ↩
3. *What role for liquidity in 2025?*, Satori Insights, December 2024. ↩
4. *The limits of easy money*, Satori Insights, October 2025. ↩
5. *When froth turns to fear*, Satori Insights, December 2025. ↩
6. *From exuberance to unwind*, Satori Insights, March 2026. ↩

Data and methodology. H.8 loan/deposit dollar flows computed from Fed weekly SA series via Macrobond, through 6 April 2026 (most series; Other NEC monthly through 1 March). The 21 February 2025 H.8 reclassification moved ~$170bn from C&I into NBFI to correct a bank's historical misclassification; this shows up as a transient negative in C&I/Consumer and positive in NBFI on the 13-week-change chart and is marked. SNC data from the 2025 SNC Program report reflects the 2024 and 2025 exam cycles (approximately mid-2024 and mid-2025 loan populations); “Tech/telecom/media” is the closest public proxy for data-centre exposure.