



Remember, the AI stock bubble will overinflate and deflate from time to time

Description

The highlights from today's Morning Brief suggest that as an investor, you could be stepping into an unpredictable situation as you delve into the world of AI stocks. Picture yourself in an ever-changing bubble that constantly expands or contracts based on external conditions. That could depict the future of the AI market, as investors begin examining hot AI stocks more closely.

The AI stock market isn't always expanding. For instance, Hewlett Packard Enterprise's CEO, Antonio Neri, spoke about a 14% fall in quarterly sales even with the company's billions in AI-related backlog. The reasons? Companies struggle to implement the AI technology they acquire. The problems they face range from finding new power sources to secure spaces where they can keep their equipment. However, a major issue is the evident lack of supply in high-output AI chips, which directly impacts the ability to fulfill orders.

Such negative events have led investors to approach all AI stocks with caution, bringing about some deflationary instances in the AI bubble. On that note, the CEO of HP Inc. was careful not to consider strong demand for upcoming AI PCs in this year's guidance due to these uncertainties. SoundHound AI, another hot AI stock, had its earnings fall below expectations and posted a net loss of \$88 million last year.

Nevertheless, billionaire hedge fund manager Ray Dalio thinks there's no full-on bubble, though valuations seem a tad expensive given current and projected earnings. As optimistic as his view sounds, he does maintain that there may be significant corrections if AI fails to meet the expectations set for it.

However, it's not all gloom. There were some moments of expansion for the AI bubble as well. Examples include a 26% surge in Dell stocks due to bullish AI comments and AMD's market cap hitting the \$300 billion mark for the first time. Encouraging words from C3.ai's CEO, Tom Siebel, about being early in the AI cycle also led to a 24% jump in its stocks.

In conclusion, the AI bubble experiences a rollercoaster of highs and lows. As we move into another week in the AI sphere, investors should remain alert and vigilant.

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Vocabulary List:

1. **Unpredictable** // (Adjective): Not able to be predicted uncertain.
2. **Delve** // (Verb): To investigate or research in a thorough manner.
3. **Depict** // (Verb): To represent or show in a visual or vivid manner.
4. **Deflationary** // (Adjective): Relating to or causing a reduction in the general level of prices in an economy.
5. **Optimistic** // (Adjective): Having or showing hope for the future positive.
6. **Vigilant** // (Adjective): Watchful and alert to potential dangers or problems.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is a formal public statement about a significant event or development called?
Option: Declaration
Option: Revelation
Option: Announcement
Option: Notification
2. What term is used to describe a cooperative relationship between two or more parties?
Option: Merger
Option: Collaboration
Option: Partnership
Option: Acquisition
3. What is the acquisition of one company by another called?



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- Option: Joining
Option: Alliance
Option: Takeover
Option: Absorption
4. What is an event or occurrence that is often unexpected and causes a disturbance or disruption?
- Option: Happening
Option: Accident
Option: Occurrence
Option: Incident
5. What is the past tense form of the word "benefit"?
- Option: Benefiting
Option: Benefit
Option: Benefited
Option: Beneficiary
6. What financial instruments represent ownership in a company or a creditor relationship with a company or government?
- Option: Bonds
Option: Shares
Option: Securities
Option: Futures
7. What is the term used to describe a positive outlook or belief that good things will happen?
- Option: Pessimistic
Option: Optimistic
Option: Realistic
Option: Hopeful
8. What is the term for being watchful and alert to detect potential danger or trouble?
- Option: Careless
Option: Vigilant
Option: Relaxed
Option: Distracted
9. What is the amount that must be paid out of pocket by the policyholder before an insurance company will pay any expenses called?
- Option: Excess
Option: Premium
Option: Deductible
Option: Benefit



10. What is the term for an increase or improvement in something?

- Option: Decline
- Option: Boost
- Option: Stagnation
- Option: Reduction

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. A _____ involves the transfer of goods services or funds from one party to another.
12. Successful _____ require communication and compromise between parties to reach an agreement.
13. A _____ provides goods or services to another entity.
14. The process of creating goods or services is known as _____.
15. _____ are fasteners used to join two or more components together.
16. The process of putting together components to create a finished product is called _____.
17. Legal professionals who provide advice and representation are known as _____.
18. To explore or investigate a subject deeply is to _____ into it.
19. The stock market is known for being highly _____ with fluctuations that are difficult to anticipate.
20. Artists often use their skills to _____ scenes emotions or ideas in their work.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

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| 21. Proper budgeting and planning are essential for successful management. |
| 22. Diversifying your portfolio can help reduce risk when it comes to . |



23. The team's victory in the championship game brought great joy to the fans.
24. A well-thought-out and planned approach is necessary for a successful initiative.
25. Building trust and is key in maintaining strong relationships with clients.
26. He appeared calm and collected during the presentation which impressed the audience.
27. A period of declining prices and economic slowdown characterizes a deflationary environment.
28. Finding the right business partner can enhance your company's capabilities and reach.
29. Despite challenges she remained optimistic about the future and the potential for success.
30. Regular exercise can have a wide range of health benefits if done consistently.

Answer

Multiple Choice: 1. Announcement 2. Partnership 3. Takeover 4. Incident 5. Benefited 6. Securities 7. Optimistic 8. Vigilant 9. Deductible 10. Boost

Gap-Fill: 11. transaction 12. negotiations 13. supplier 14. production 15. bolts 16. assembly 17. attorneys 18. delve 19. unpredictable 20. depict

Matching sentence: 1. financial 2. investment 3. excitement 4. strategic 5. confidence 6. confident 7. deflationary 8. partner 9. optimistic 10. benefit

CATEGORY

1. Business - LEVEL3

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