

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 Al 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.



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? -NEWS.C

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?

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? ESL-NEWS.

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
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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.
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30. Regular exercise can have a wide range of health 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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