

Macro Roundup Article

Headline: [Surging Stockmarkets Are Powered By Artificial Intelligence](#)

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Tweet: Investor excitement in AI is a key factor in the recent stock market recovery. @The Economist reports that 73% of the S&P 500 rally since November 2022 has been driven by 14 firms with significant AI exposure.

Summary: Analysts reckon that the S&P 500 has 14 firms with significant exposure to AI. These include well-known giants, such as Google and Microsoft, and lesser-known providers of underlying infrastructure, like Arista and NetApp, two data-centre companies. On its own, the price of Nvidia is responsible for an enormous slice of the stockmarket recovery. Since the end of November, the firm's market capitalisation has soared from under \$400bn to \$925bn—accounting for a fifth of the rally. Add Nvidia's surge to the growing market capitalisations of the 13 other firms with AI exposure and a remarkable 73% of the broader rally is explained. The boom in AI stocks has comfortably outstripped the wider tech rebound. The NASDAQ is up by a fifth since November, compared with a third for the most AI-exposed firms. In November the average price to current earnings multiple of an S&P 500 firm, excluding the 14 most exposed to AI, was around 27. As we went to press, the multiple had dipped to 26. Meanwhile, the average multiple of firms in our AI bucket had leapt from 43 to 77.

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, News article

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