Meta value falls $190bn as investors react to plan to increase spending on AI

Shares in Meta slumped 15% when Wall Street opened on Thursday, wiping about $190bn off the value of the Facebook and Instagram parent company, as investors reacted to a pledge to ramp up spending on artificial intelligence. Mark Zuckerberg, Meta's founder and chief executive, said on a conference call on Wednesday that spending on the technology would have to grow "meaningfully" before the company could make "much revenue" from new AI products. Shares in Meta had been boosted in 2023 by Zuckerberg's tough action on costs in what he described as a "year of efficiency". A relaxation of that restraint has rattled investors after Meta raised the upper bound of its capital expenditure guidance on Wednesday, from $37bn to $40bn. Last week, Meta released Llama 3, the latest version of its AI model, alongside an image generator that updates pictures in real time while users type prompts. The company's AI-powered assistant, Meta AI, is expanding to its platforms in more than a dozen markets outside the US with the update, including Australia, Canada, Singapore, Nigeria and Pakistan. Chris Cox, Meta's chief product officer, said the company was "still working on the right way to do this in Europe". The share decline follows a record gain in market value by Meta in February, when the company added $196bn to its stock market capitalisation – a measure of a company's worth – after declaring its first dividend. At the time it was the biggest one-day gain in Wall Street history. However, weeks later, Nvidia, the leading supplier of chips for training and operating AI models, smashed that record with a $277bn gain.