

Charting AI's Journey Through Earnings Transcripts

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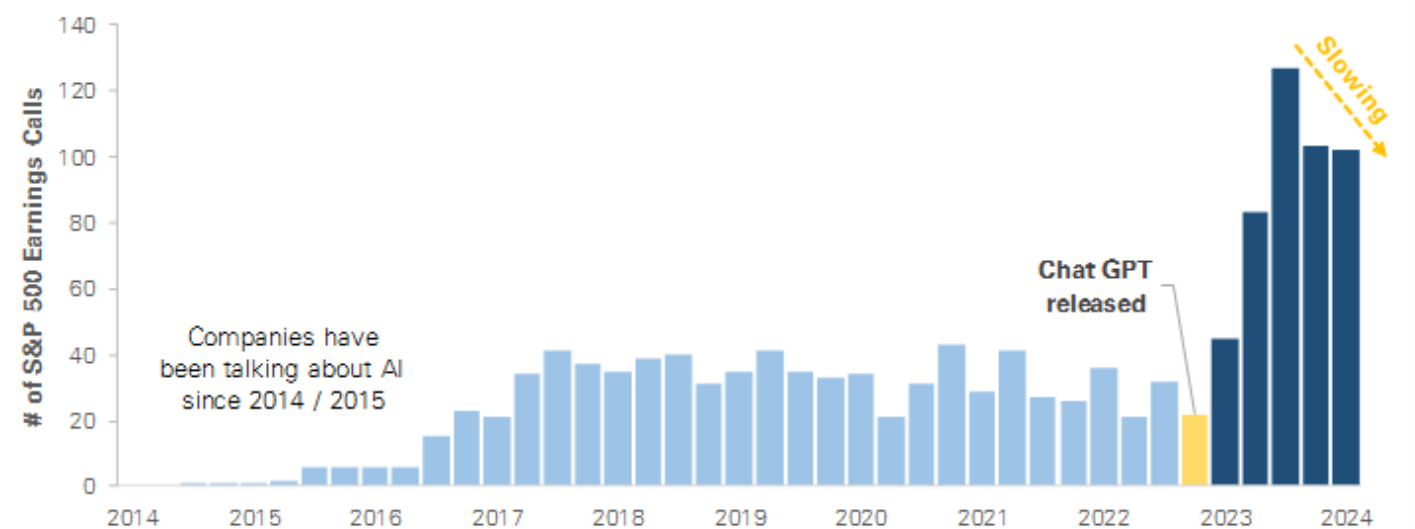
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You have likely seen headlines and news reports discussing artificial intelligence as a major technological advancement. AI's potential to transform everyday life has people talking about its use cases and the stock market buzzing about new investment opportunities. The chart below graphs the number of S&P 500 earnings call transcripts that mention the following AI phrases: "artificial intelligence" or "generative AI". Two notable themes emerge: (1) companies have been discussing AI for over a decade, and (2) the recent number of mentions around AI is slowing.

While the launch of OpenAI's ChatGPT chatbot in 2022 raised investors' awareness of AI, companies were already talking about the technology. The first mentions started ten years ago, when a handful of S&P 500 companies mentioned one of the AI phrases in 2014. The number of mentions increased throughout 2016 and 2017 before gradually declining over the next five years. The comments during this period were broad and discussed use cases for the emerging AI field, such as this 2015 comment by Johnson & Johnson, a pharmaceutical company: "Artificial intelligence, machine learning, and advanced sensors are creating new opportunities to take advantage of the best clinical and wellness expertise." Statements like this show that companies were working on AI in the years before the technology went mainstream.

The number of AI comments surged after the November 2022 release of ChatGPT (yellow bar). For context, 22 companies mentioned one of the AI phrases on their Q4 2022 earnings calls. The number of mentions doubled to 45 in Q1 2023, the quarter after ChatGPT's release. The number of mentions rose to 83 in Q2 2023 and peaked at 127 in Q3 2023. Since peaking, the number of mentions has declined during the past two quarters, with only 102 mentions in Q1 2024. The declining number of comments suggests that the recent hype around AI may be starting to fade. As more companies integrate AI, the question is whether AI is a game changing technology worth the hype or simply another step forward in technology.

FIGURE 1 – Number of S&P 500 Earnings Calls Mentioning Artificial Intelligence (Quarterly)



Source: Various S&P 500 earnings transcripts since 2013. Data as of 3/13/2024.

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Before investing in an ETF, you should read both its summary prospectus and its full prospectus, which provide detailed information on the ETF's investment objective, principal investment strategies, risks, costs, and historical performance (if any). The SEC's EDGAR system, as well as Internet search engines, can help you locate a specific ETF prospectus. You can also find prospectuses on the websites of the financial firms that sponsor a particular ETF, as well as through your broker.

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