



## The Age of Artificial Intelligence

The stock prices of Microsoft and Google, both major players in the artificial intelligence (AI) space, have enjoyed a very nice run over the past year. Indeed, it's hard to ignore the sweeping potential of AI technologies and how these new tools might forever impact our lives going forward. For this quarter's newsletter, we thought we'd put OpenAI's ChatGPT through the paces to see if this tool might be useful in our own financial practice.

To begin, we asked Chat GPT to provide a comparison between the US equity markets of 2022 vs. 2023. Less than 30 seconds later, we were provided with a well-written article that touched on the major issues of both periods:

*"2022 was marked by significant volatility in the US equity markets. A key driver of this volatility was the aggressive monetary policy tightening by the Federal Reserve in response to surging inflation rates, the highest seen in decades. This led to higher interest rates, dampening investor enthusiasm for equities, particularly growth stocks prevalent in the technology sector. The S&P 500, a benchmark index, reflected this sentiment with notable declines."*

*"Entering 2023, the equity market began to show signs of recovery. The Federal Reserve's shift towards a potentially slower pace in interest rate hikes infused cautious optimism. With inflation rates showing signs of easing, investor confidence started rebounding, reflected in a gradual recovery of equity prices. The technology sector, which had been heavily impacted in 2022, began to recover as investors started to price in a more stable economic environment. Sectors like consumer discretionary also saw improvements, buoyed by the prospect of rising consumer confidence and spending power."*

One thing was clear from the reply, ChatGPT has the ability to be very accurate and is capable of summarizing complex topics faster, more eloquently, and with much better spelling than either of us.

Next, we asked ChatGPT to write a 75-word market outlook for 2024. Moments later, we received the following reply:

*"The 2024 US equity market outlook is cautiously optimistic, marked by moderate growth as inflation stabilizes and the Federal Reserve potentially*

*eases its aggressive rate hikes. Technology and consumer discretionary sectors may benefit from improved economic conditions, while energy and financial sectors could face volatility due to global political dynamics and fluctuating interest rates. Investors should stay alert to geopolitical risks and policy changes, favoring a balanced approach in their portfolio strategies."*

We couldn't have said that better ourselves.

Our final question looked for a bit more detail: "What banking stocks should we avoid in 2024?" The reply:

*"ChatGPT cannot provide specific investment advice, including recommending which banking stocks to avoid in 2024. Investment decisions should be based on individual financial goals, risk tolerance, and market research. It's important to conduct thorough research or consult with a financial advisor before making any investment decisions."*

Whew, it looks as if our careers are secure for the time being!

Our immediate takeaway from this experiment highlights the promise of applications like ChatGPT - even in their early stages, these tools demonstrate the ability to quickly distill complex subjects and provide insightful analysis. While they won't replace the need for human expertise and judgment, they certainly have the potential to free up valuable time that we can redirect toward investment selection, monitoring client portfolios, and ultimately improving portfolio returns.

As we look ahead to 2024, it's clear that the financial and investment landscape continues to evolve rapidly. AI technologies can play a pivotal role in keeping us well-informed and supporting informed decision-making. We remain dedicated to harnessing the capabilities of AI while upholding the importance of human judgment and diligence in our practice.

Greg Robinson, President  
[greg@msinvest.com](mailto:greg@msinvest.com)

Davis Miracle, Vice President  
[davis@msinvest.com](mailto:davis@msinvest.com)