# Estimated effect of Artificial Intelligence (AI) adoption on the future performance of the S&P 500

According to Goldman Sachs this week, Artificial Intelligence (AI) has the potential to push the US stock market considerably higher as this technology is embraced by a growing number of industries and its advantages become increasingly apparent.

The investment bank is assuming that widespread AI adoption will occur within the next ten years, and in light of this it is projecting for real GDP in the US to be boosted by an average of 1.1 percentage points every year for ten years. This would result in a cumulative effect over the decade period, likely leading to a significant surge in economic expansion.

In the same study, the bank states that this scenario of AI adoption would mean the S&P 500's EPS (earnings-per-share) in twenty years' time would be 11% greater than it is today. As per their base-case scenario (which can be seen below in light blue), analysts at Goldman also believe that in twenty years fair value for the equity index would be 9% higher than their current assumption, holding all else equal. In other words, the S&P should see a 9% AI-related boost on top of whatever other growth we see in the meantime. In the bank's 'smaller boost' scenario (left-hand side), the index would still see a 5% uplift, and in its 'larger boost' scenario (right) a 14% uplift.
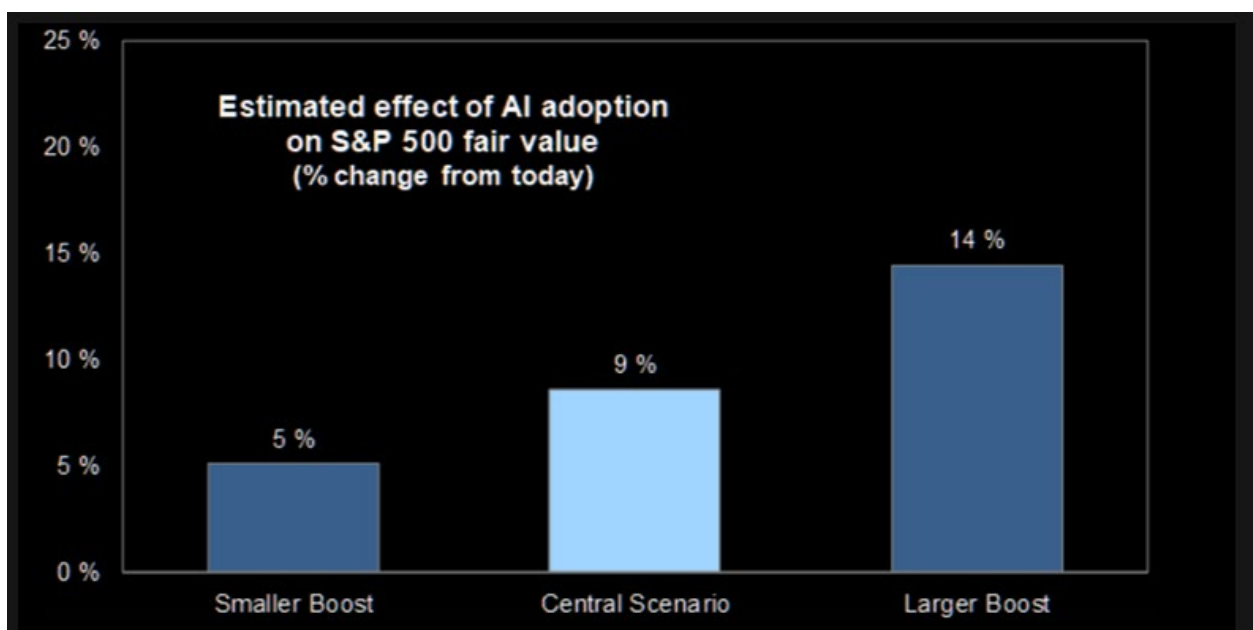
Source: Goldman Sachs Global Investment Research