Flash Economics

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Distinguishing between producers and users of artificial intelligence

When dividing the economy into different sectors, one notes that some are producers of artificial intelligence (telecommunication services, information technology) and others are users of artificial intelligence (energy, finance, health, consumer staples, consumer discretionary, utilities, industrial products).

If artificial intelligence (AI) proves to be less effective in boosting productivity than is often anticipated, this will be bad news for all sectors.

But if new artificial intelligence companies emerge that have lower costs than the large technology companies, or are more capital-efficient, this will be bad news for artificial intelligence producers, but good news for users.

This pattern took shape in January with the announcement by the Chinese company DeepSeek that it was bringing to market a language model that was efficient and inexpensive to develop and feed.

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Artificial intelligence producer and user sectors

The companies that produce artificial intelligence are grouped into two business sectors: telecommunications services and information technology. All other business sectors are potential users of artificial intelligence (this includes energy, finance, health, utilities - electricity, water, natural gas - consumer discretionary, consumer staples, industrial products).
Until now, **financial market operators have preferred to invest in companies developing artificial intelligence**. This is clearly reflected in the share prices of these companies (**Chart 1A, B, C**).

Chart 1A
Stock market indices (01.01.2010 = 100)

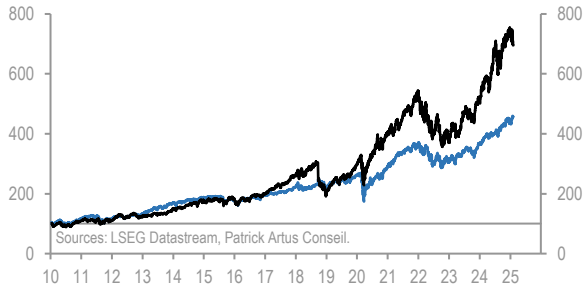


Chart 1B
Stock market indices (01.06.2012 = 100)

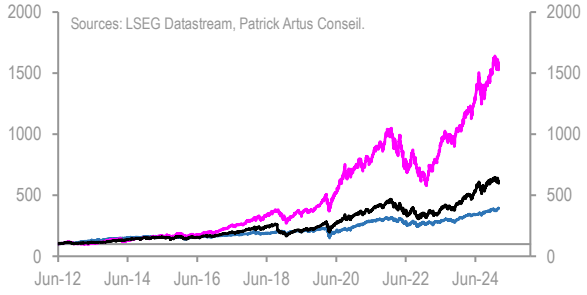
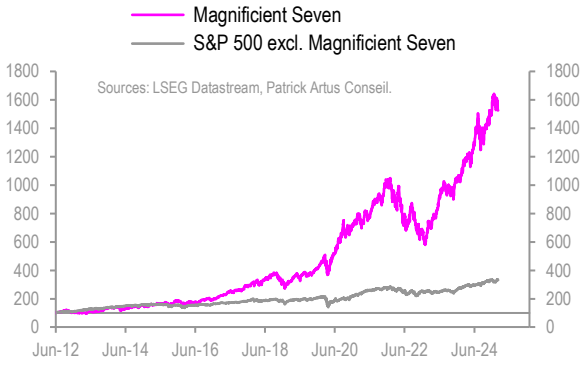


Chart 1C
Stock market indices (01.06.2012 = 100)



But this investor behaviour points to a superficial analysis of the effects of artificial intelligence.

If artificial intelligence has a positive effect on productivity, this will benefit both the producers and the users of artificial intelligence.

We know that there **are two schools of thought when it comes to the effects of AI on productivity**. Some see a massive positive effect of AI on productivity, on the efficiency of the economy; others see an effect limited to a small number of tasks, professions, and therefore a fairly modest overall impact.

If the effect of AI on the efficiency of the economy and on productivity is indeed significant, **this positive effect will be concurrently enjoyed by the companies that develop AI and by the companies that use AI**.

For the moment, financial markets have only valued the essentially positive effects of AI on the companies that produce the models and languages of artificial intelligence.

If AI has little positive impact on productivity, this will be bad news for all companies that produce or use AI.

The possibility of new players emerging

It is possible, and even likely, that **new players** (companies developing artificial intelligence languages) **will emerge, which will be more efficient and have lower costs than existing players**.

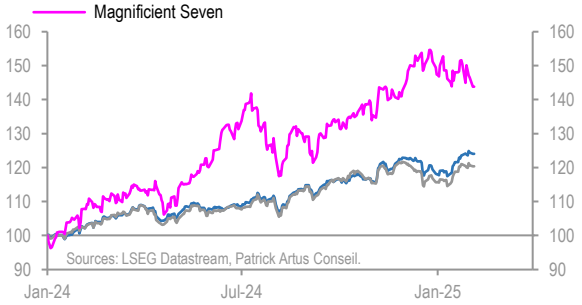
This happened in January 2025 with the emergence of DeepSeek, and it will probably happen again.

The arrival of these new players will have two consequences:

- **A challenge to the business model of the major technology companies**;
- **A brighter outlook for AI users**, who will have access to artificial intelligence at lower costs.

The market's reaction to DeepSeek's announcement is consistent with this analysis: **the share prices of the Magnificent 7** (Alphabet, Amazon, Meta, Apple, Microsoft, Nvidia, Tesla) have fallen, while the sector indices of AI-using companies have been rising since mid-January 2025 (**Chart 2**).

Chart 2
Stock market indices (01.01.2024 = 100)



Summary: remember that artificial intelligence will primarily benefit its users

Companies developing artificial intelligence face a number of risks:

- Capital investment too large to be profitable;
- Emergence of new players with greater agility and lower costs.

One should therefore rather appraise the positive effects of AI on its users.

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