

How will AI transform the securities lending market?

How is the securities lending market and the global economy reacting and benefiting from this new technology?

In the past two quarters, stock markets have pushed higher, fuelled by a growing recognition of the advantages that artificial intelligence can offer the global economy. Initially, the US equity markets witnessed a surge of enthusiasm surrounding several stocks, dubbed the "magnificent seven," expected to reap significant benefits from the integration of AI. Nvidia (NVDA) the chip maker, which supplies circa 80% of high-end AI chip market, has surged 80% in value and has become Wall Street's most traded stock as a result. The excitement across this sector has quickly expanded across the globe with many stock markets across Asia and Europe also recently hitting all-time highs. As the market rally has started to broaden out, securities lending market activity has started to slow, as the positive momentum behind AI squeezed out any volatility from the market. Heading into the second quarter there is a possibility that this will change as company fundamentals struggle to match the level of market momentum being seen and as investors take a breather from the recent gains seen across the markets.

Artificial Intelligence has the potential to revolutionize global financial markets. One of the largest impacts of this new technology is likely to be seen across predictive analytics and market insights. As AI algorithms can leverage machine learning, in the securities lending markets, more advanced and complex predictions in regard to borrower demand, utilization rates, lending fees, short squeeze scores and a range of other metrics will become more accurate and timely. The forecasting of future market dynamics, and the optimization of resources will benefit as a result, leading to more efficient and profitable outcomes. As seen across a number of data sets within S&P Global Market Intelligence, AI algorithms can utilize unstructured data from a number of different sources including news articles and social media, to extract meaningful insights that can be used to inform lending strategies. The use of alternative data is only one way in which the power of AI will provide a deeper understanding of market sentiment, emerging trends, and potential risks.

To hear more about the **opportunities that AI will bring to the global economy** please join us at our upcoming **Securities Finance Forum** at **One Moorgate Place** on **May 16th, 2024**, between **12:30pm – 7:00pm** where from our in-house expert **Nick Patience** will be delivering our keynote speech.

To register and to see the agenda please click [HERE](#).

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