

# 'This is a dicey moment': Amazon, Apple, other tech giants lose billions in value as market wobbles

November 10 2022, by Bailey Schulz

---



Credit: Pixabay/CC0 Public Domain

The trillion-dollar club is losing members as tightening from the Federal Reserve leads the most valuable companies in the country to lose trillions

in market capitalization.

Valuations for Apple, Microsoft, Amazon, Tesla and Alphabet (Google's parent company) have lost a combined \$3.4 trillion this year, according to findings from [market](#) analysis firm Finbold. That's a 34% drop in market capitalization, the total value of a [company](#)'s shares of stock, from Jan. 1.

"It's a lot of money," said David Musto, a finance professor at the University of Pennsylvania's Wharton School of business. "There's still a lot of confidence left (in these companies), but this is a dicey moment."

The drop comes as the Nasdaq composite has fallen more than 33% year-to-date amid high inflation, rising interest rates and growing fears of a recession.

Using data acquired on Nov. 3, Finbold found Apple—which has the highest [market capitalization](#)—fell 18% from \$2.9 trillion to \$2.3 trillion. Amazon lost 45% of its value, and Microsoft, Alphabet and Telsa each lost more than 34%.

Finbold's report noted that the drop is primarily linked to existing market conditions caused by inflation and rising interest rates.

"The tech giants have lost their status as stocks where investors could seek refuge in periods of market uncertainty," the report says.

Petra Moser, a professor of economics at New York University, said the loss in [market value](#) will likely be felt through employment. A number of [tech companies](#)—including Snap Inc., Meta and Robinhood—have announced or are expected to announce layoffs.

"Innovation is likely to slow, too," Moser told U.S. TODAY via email.

There "are fewer people doing the necessary work, and there's less cash to pay for it."

Moser also says the companies had been "hugely overvalued." All five had been valued at more than \$1 trillion at the start of the year. Now, only Apple, Microsoft and Alphabet remain in the trillion-dollar club.

"There is a general argument that the stocks have enjoyed an abnormally stretched valuation and strong outperformance compared to other sectors," Finbold's report says. That's why "a section of the market believes that the current valuation of the tech stock should not be a cause for alarm."

Tech companies also saw a sharp decline in valuation in 2020 after the onset of the pandemic but were able to bounce back quickly.

Musto says it probably will take time for the companies in the report to recover from their latest dip, given how far they've fallen.

"It'd be wishful thinking to think that they're going to bounce right back," Musto said. "I would expect, on average, the usual (10% annual) stock returns out of these companies."

Finbold notes that the companies' valuations will depend on how the economy at large performs.

"The [tech giants](#) might find relief if the [stock](#) market activity recovers, depending on how the Federal Reserve handles the tightening policies," the report says.

(c)2022 U.S. Today

Distributed by Tribune Content Agency, LLC.

Citation: 'This is a dicey moment': Amazon, Apple, other tech giants lose billions in value as market wobbles (2022, November 10) retrieved 17 April 2024 from <https://techxplore.com/news/2022-11-dicey-moment-amazon-apple-tech.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.