ARTIFICIAL INTELLIGENCE

Q

Wall Street's AI Bubble Is Worse Than the 1999 Dot-com Bubble, Warns a **Top Economist**

A chief economist at investment giant Apollo says the top ten AI stocks are more detached from reality than the tech titans of the 1990s were. His chart is a stark warning that history is about to repeat itself.

By Luc Olinga

Published July 17, 2025 | Comments (51) | 🖆



Image: Ascannio (Shutterstock)

Back in 1999, Wall Street lost its collective mind over the internet. Companies with no revenue were suddenly worth billions, "eyeballs" were treated as currency, and market analysts predicted a frictionless future where everything would be digital. Then the bubble burst. Between March 2000 and October 2002, an estimated five trillion dollars in market value vanished into thin air.

Read More

02:08

Today, it is happening again. This time, the magic word is not ".com." It is "AI."

According to Torsten Slok, the influential chief economist at Apollo Global Management, a major global investment firm, the current AI driven market bubble is even more stretched than the dot com frenzy of the late 1990s. And he has the data to prove it.

"The difference between the IT bubble in the 1990s and the AI bubble today is that the top 10 companies in the S&P 500 today are more overvalued than they were in the 1990s," Slok wrote in a recent research note that was widely shared across social media and financial circles.

The Chart That Should Worry Everyone

The chart from Apollo compares the 12 month forward price to earnings (P/E) ratios of the top ten companies in the S&P 500 against the rest of the index. In plain English, a P/E ratio measures how expensive a stock is by comparing its price to its profits. A high P/E ratio means investors are paying a premium and are betting on strong future growth.

Slok's chart reveals something stunning: in 2025, the P/E ratios of the top ten companies are even higher than they were at the absolute peak of the dot com bubble in 2000.

Torsten Slok: "The difference between the IT bubble in the 1990s and the AI bubble today is that the top 10 companies in the S&P 500 today are more overvalued than they were in the 1990s" pic.twitter.com/OEervHU4WG

– zerohedge (@zerohedge) <u>July 16, 2025</u>

This means investors are betting so aggressively on AI giants like Nvidia, Microsoft, Apple, and Google that their stock prices have become detached from their actual earnings, even more so than tech darlings like Cisco and AOL were in the nineties. The top 10 companies driving this frenzy, which hold the most significant market value on Wall Street, include tech titans like Nvidia, Microsoft, Apple, Alphabet (Google), Amazon, and Meta. It is a super concentrated AI frenzy that is pushing a handful of mega cap stocks into nosebleed territory.

A Narrow Rally Lifting the World

You have probably heard that the S&P 500 is performing well this year. Here is the uncomfortable truth: most of those gains are coming from just those ten companies. The other 490 companies in the index are barely moving.

This kind of narrow rally is incredibly risky. It means the health of the entire stock market is dependent on the performance of a very small number of firms. If Nvidia sneezes, the entire market could catch a cold. The problem is that Wall Street is treating AI as if it has already fulfilled every promise, from a productivity revolution to trillion dollar cost savings. The potential is being priced as a certainty, even though most of those gains have not yet materialized.

Gizmodo

We and our 209 partners wish to store and access information on your devices (such as cookies and pixels), and collect personal data on this site to process it along with both known and future information (such as identifiers, browsing history, preferences, purchases, phone number, postal, IP and email addresses, precise geolocation, etc.). This is used to develop and provide you with services, content, commercial offers, and advertisements across your various devices

and screens (including by email, mail, texts, phone, audio, and video), to personalize and measure them, and to conduct audience research and analysis.

powered by Stata

Accept all

Set your choices

".com" to its name. Stocks are surging on the vague potential of AI, not necessarily on real, current revenue.

Wall Street is pricing in a perfect AI future without acknowledging the enormous risks: regulatory crackdowns, staggering compute costs, model hallucinations, or simply a slower than expected adoption rate. As Slok's chart shows, the market is pricing these top ten AI heavy firms as if they are invincible. That is never a good sign.

Al Might Be Bigger Than the Internet, but That Is Not the **Point**

This is not a question of whether AI will change the world. It will, just as the internet did.

The real question is how much investors are willing to pay today for profits that might not arrive for years, if ever. If history teaches us anything, it is that bubbles do not pop because the technology is fake. They pop when investor expectations dramatically outpace reality and the flow of easy money dries up. The more Wall Street bets on AI perfection, the more fragile this market rally becomes.

What Happens Next?

If corporate earnings do not catch up to these sky high valuations, and soon, the market may not even need a specific trigger to deflate. The valuations alone could do the job. And when bubbles pop, they do not do so politely. They implode, wiping out trillions in value and shattering investor trust in the process.

The technology called AI will certainly survive. The top ten companies likely will too. But the portfolios chasing this dream without a parachute might not. Just like in 2000, when it seemed the internet had made financial gravity obsolete, the AI hype train is speeding toward a cliff it thinks it can fly over. Torsten Slok is just reminding us that we have been here before.

APPLE # BUBBLES # INTERNET # MICROOSFT # NVIDIA # WALL STREET

Daily Newsletter



Get the best tech, science, and culture news in your inbox daily. News from the future, delivered to your present.

Select

Please select your desired newsletters and submit your email to upgrade your inbox.

Enter email here

Sign me up

TECH NEWS » GADGETS

Gaming Laptops Have a Secret Weapon Against Desktop PCs, and It Looks a Lot...

Razer's big shoebox for a graphics card is the opposite of what we need.

By Kyle Barr

Published July 18, 2025

TECH NEWS » ARTIFICIAL INTELLIGENCE

The New Intern on Wall Street Is an AI, and It's Already Taking Jobs

Anthropic's new AI platform promises to do the work of entire finance teams, from market analysis to investment memos. Are junior analysts the first white collar casualtie...

By Luc Olinga Published July 17, 2025

TECH NEWS » GADGETS

Will Gamers Care About 'Cyberpunk 2077' on Mac Like They Did With the Switch 2?

You may be disappointed in how well your new M4 MacBook can handle one of the most graphically intensive games.

By Kyle Barr

Published July 16, 2025

TECH NEWS » GADGETS

ChromeOS Needs More Love and Attention Than a Mobile Makeover With...

Chromebooks need a bespoke OS that finally lets you use more apps built for a laptop.

By Kyle Barr Published July 15, 2025

TECH NEWS » GADGETS

Can Apple Actually Make a Foldable iPhone With a 'Crease-Free' Display?

Apple is reportedly trying to do what Samsung and other foldable makers have not been able to do so far.

By Raymond Wong Published July 15, 2025

GIZMODO

Nvidia CEO Meets With Trump and Secures Permission to Sell AI Chips in...

The Nvidia CEO has been criss-crossing the globe to shake the right hands.

Bruce Gil Published July 15, 2025

LATEST NEWS

This Simple Strategy Could Curb One of Semaglutide's Worst Side Effects

Man Wearing Chain Necklace in Critical Condition After Getting Sucked Into MRI Machine

Was This the Geekiest Concert of All Time?

Pornhub Might Return to Some States After SCOTUS Loss: Report The New 'I Know What You Did Last Summer' Betrays Itself From the Very Start

Influencers Have Arrived on 'Foundation,' and Somehow You Can't Hate Them

This Bose Portable Bluetooth Speaker (2nd Gen) Costs Less Than Black Friday, Limited Stock Left

HP 16" OmniBook X Flip Laptop-Tablet Hybrid (16GB RAM, 512GB SSD) Is Nearly 50% Off at Best Buy

f 🖸 🛛 in 🕒 🔊

Sitemap Edición ES Ausgabe DE Edição PT Edition FR Accessibility Privacy Policy

Terms of Use Advertising Reprints & Permissions Your Privacy Choices Product reviews

We may earn a commission when you buy through links on our sites. $\textcircled{\mbox{\sc op}}2025$ GIZMODO USA LLC. All rights reserved.

Gizmodo

We and our 209 <u>partners</u> wish to store and access information on your devices (such as cookies and pixels), and collect personal data on this site to process it along with both known and future information (such as identifiers, browsing history, preferences, purchases, phone number, postal, IP and email addresses, precise geolocation, etc.). This is used to develop and provide you with services, content, commercial offers, and advertisements across your various devices and screens (including by email, mail, texts, phone, audio, and video), to personalize and measure them, and to conduct audience

research and analysis.

You can "accept all" and withdraw your consent at any time via the "cookies" footer link. You can also "set detailed preferences" to object to more limited processing activities. These choices remain valid for 6 months.

powered by Sidata

Accept all

Set your choices