

## Macro Roundup Article

**Headline:** [P/E Ratio for S&P7; vs S&P; 493](#)

**Article Link:** <https://apolloacademy.com/p-e-ratio-for-sp7-vs-sp493/>

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Publication	Apollo
Publication Date	October 18, 2023

**Tweet:** Torsten Sløk @apolloglobal argues that the “Magnificent Seven” stocks that have led the S+P higher have become “more and more overvalued” given their high P-E ratio (45) and the recent run-up in rates.

**Summary:** The P/E ratio for the S&P493 has fluctuated around 19 in 2023. And the P/E ratio for the S&P7 has increased from 29 to 45. The bottom line is that returns this year in the S&P500 have been driven entirely by returns in the seven biggest stocks, and these seven stocks have become more and more overvalued. What is particularly remarkable is that the ongoing overvaluation of tech stocks has happened during a year when long-term interest rates have increased significantly. Remember, tech companies have cash flows far out in the future, which should be more negatively impacted by increases in the discount rate. In short, something has to give. Either stocks have to go down to be consistent with the current level of interest rates. Or long-term interest rates have to go down to be consistent with the current level of stock prices.

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**Primary Topic:** Financial Markets

**Topics:** Database, Financial Markets, GDP, Op-Ed/Blog Post, Weekly

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