

AI-01171 Hypothetical 4 Trillion Club

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In the stock market, there are 4 companies (AAPL, MSFT, NVDA, GOOGL) that are in the 3 trillion club, hypothetically based on current market conditions and AI exuberance, is a 4 trillion club possible? How does each company rank? What will be their respective hypothetical share price at 4 trillion market cap?

The possibility of a "4 trillion club" in the stock market, consisting of AAPL, MSFT, NVDA, and GOOGL, is a fascinating hypothetical scenario. However, it would require a significant combination of factors, including sustained growth, market sentiment, and economic conditions.

Here's a breakdown of each company's current ranking and a hypothetical share price calculation for a 4 trillion market cap:

Current Ranking (based on market capitalization):

1. **Apple (AAPL):** Currently the largest company by market cap, Apple is well-positioned for continued growth due to its strong brand, innovative products, and diverse revenue streams.
2. **Microsoft (MSFT):** Microsoft has been a consistent performer, benefiting from its dominance in software, cloud computing, and gaming.
3. **Nvidia (NVDA):** As a leader in artificial intelligence and graphics processing units, Nvidia's market cap has surged in recent years, driven by the AI boom.
4. **Alphabet (GOOGL):** Google's parent company, Alphabet, maintains a strong position in search, advertising, and other technology sectors.

Hypothetical Share Price Calculation:

To calculate the hypothetical share price for each company at a 4 trillion market cap, we need to divide the total market cap by the number of outstanding shares for each company.

Assumptions:

- **Current outstanding shares:**

- AAPL: 16.5 billion
- MSFT: 7.8 billion
- NVDA: 3.3 billion
- GOOGL: 1.1 billion

Calculations:

- **AAPL:** 4 trillion / 16.5 billion = **\$242.42 per share**
- **MSFT:** 4 trillion / 7.8 billion = **\$512.82 per share**
- **NVDA:** 4 trillion / 3.3 billion = **\$1,212.12 per share**
- **GOOGL:** 4 trillion / 1.1 billion = **\$3,636.36 per share**

Note: These are hypothetical calculations and do not reflect actual market conditions or future performance. Several factors could influence the actual share prices, including company performance, market sentiment, economic conditions, and geopolitical events.

It's important to consider that reaching a 4 trillion market cap for each of these companies would be a significant achievement, requiring sustained growth and favorable market conditions. While the possibility cannot be ruled out entirely, it would be a challenging feat to accomplish.

The current outstanding shares 20240929 (my extracted data) and price per share are the following. Calculate the projected price of each company at 4T market cap and %gain upon reaching 4T. Tabulate the results.

AAPL, 15.25B shares at \$227 price per share

MSFT, 7.4B shares at \$428 price per share

NVDA, 24.63B shares at \$121 price per share

Calculation of Projected Price and % Gain at 4T Market Cap

Understanding the Problem:

We're given the current outstanding shares and price per share for AAPL, MSFT, and NVDA. Our goal is to calculate their projected share prices and percentage gains if their market cap were to reach 4 trillion.

Formula:

- $\text{Projected Price} = 4 \text{ Trillion} / \text{Outstanding Shares}$

Calculation:

Company	Current Outstanding Shares	Current Price Per Share	Projected Price at 4T	% Gain
AAPL	15.25B	\$227	\$262.30	15.76%
MSFT	7.4B	\$428	\$540.54	26.17%
NVDA	24.63B	\$121	\$162.37	33.81%

Explanation:

1. **Projected Price:** We divide the desired market cap (4 trillion) by the current outstanding shares to get the projected price.
2. **% Gain:** We calculate the percentage increase from the current price to the projected price.

Conclusion:

Based on the current outstanding shares and assuming a market cap of 4 trillion, AAPL, MSFT, and NVDA would need to increase their share prices by 15.76%, 26.17%, and 33.81%, respectively.

Note: This is a hypothetical calculation and does not guarantee future performance. Several factors, including market conditions, company performance, and economic indicators, could influence actual price movements.

In a market cap weighted ETF index fund FTEC where:

AAPL is 15.71% with a future gain of 15.76%

MSFT is 14.01% with a future gain of 26.17%

NVDA is 14.23% with a future gain of 33.81%

What will be the hypothetical gain of the index fund

To calculate the hypothetical gain of the index fund, we need to multiply the weight of each stock by its expected gain and then sum the results.

Here's the calculation:

- **AAPL:** $15.71\% \times 15.76\% = 2.48\%$
- **MSFT:** $14.01\% \times 26.17\% = 3.66\%$
- **NVDA:** $14.23\% \times 33.81\% = 4.81\%$

Total hypothetical gain of the index fund: $2.48\% + 3.66\% + 4.81\% = \mathbf{11.05\%}$

Therefore, based on the given data, the hypothetical gain of the index fund would be **11.05%**.

Calculate the gain price from \$173.88 if the %gain is 11.05

To calculate the gain price, we need to find the amount of the gain and then add it to the original price.

Step 1: Calculate the gain amount:

- Gain amount = Original price * (Percentage gain / 100)
- Gain amount = $\$173.88 \times (11.05 / 100)$
- Gain amount $\approx \$19.19$

Step 2: Add the gain amount to the original price:

- Gain price = Original price + Gain amount
- Gain price = $\$173.88 + \19.19

- Gain price \approx \$193.07

Therefore, the gain price from \$173.88 with an 11.05% gain is approximately **\$193.07**.

Summary of Key Points and Numbers

Hypothetical "4 Trillion Club"

- **Companies:** AAPL, MSFT, NVDA, GOOGL
- **Market Cap:** A hypothetical scenario where these companies reach a market capitalization of 4 trillion each.
- **Factors:** This would require sustained growth, favorable market sentiment, and economic conditions.

Current Ranking and Hypothetical Share Prices

- **Current Ranking:** AAPL, MSFT, NVDA, GOOGL (based on market capitalization)
- **Hypothetical Share Prices (at 4 trillion market cap):**
 - AAPL: \$262.30
 - MSFT: \$540.54
 - NVDA: \$162.37

Hypothetical Gain of Index Fund

- **Index Fund Composition:** AAPL (15.71%), MSFT (14.01%), NVDA (14.23%)
- **Hypothetical Gain:** 11.05%
- **Gain Price from \$173.88:** \$193.07

Note: These calculations are based on hypothetical scenarios and assumptions. Actual market performance may vary.

Possibility of a \$4 Trillion Club

The potential for these companies to reach a \$4 trillion market cap hinges on several factors:

- **Continued AI Growth:** AI is expected to significantly boost productivity and economic growth¹. Companies heavily invested in AI, like Nvidia, could see their valuations soar.
- **Market Conditions:** Favorable market conditions, such as low interest rates and strong economic growth, could support higher valuations.
- **Innovation and Expansion:** Companies that continue to innovate and expand into new markets are more likely to achieve higher valuations.

While it's speculative, the combination of these factors makes the emergence of a \$4 trillion club a possibility in the near future.

Do you have any specific companies in mind that you think could reach this milestone?