

PHILEQUITY CORNER

By Wilson Sy

Has the tech bubble burst?

Last Friday, the AI bull run met its first real test. The Nasdaq Composite fell by 4.2 percent, its worst day since April 2025. The S&P 500 dropped by 2.6 percent. The names that had carried the market to record highs – semiconductors, memory chipmakers, optical-component suppliers and AI-server builders – fell the hardest.

After months of relentless gains in technology stocks, investors are now asking the obvious question: has the tech bubble burst?



Fifty years, never like this

In my fifty years following equity markets, I have not seen moves quite like this AI run-up. Single-day gains of 10 percent or more in large, widely held technology names have become almost routine. Marvell jumped by 32 percent after Nvidia's Jensen Huang called it "the next trillion-dollar company." Micron rose by 19 percent on a single broker upgrade. Dell soared by 33 percent, while Hewlett Packard Enterprise jumped by as much as 36 percent after earnings.

Wall Street has noticed the signs of excess. "We are definitely in a moment where there's more greed than there is fear," Goldman Sachs CEO David Solomon told the Economic Club of New York, pointing to the flood of capital chasing AI.

These moves are exciting on the way up. But they are also a warning. When advances become parabolic, the corrections that follow can be just as sharp.

Friday's reckoning

The selling had been building since Thursday, when Broadcom's results and outlook failed to satisfy lofty AI expectations. The pressure accelerated Friday after a strong US jobs report pushed bond yields higher and reduced hopes for near-term Federal Reserve rate cuts.

The damage was concentrated in the stocks that had led the rally. The PHLX Semiconductor Index dropped by 10.3 percent, its largest one-day slide since March 2020. Marvell and Micron each fell by double digits. In Asia, the KOSPI tumbled by 5.5 percent, with Samsung and SK Hynix among the hardest hit.

Those were the immediate triggers. But the bigger issue may be liquidity. A record wave of new technology listings and share sales is coming, and investors may need to make room for it.

A wave of trillion-dollar IPOs

The largest pipeline of initial public offerings in history is about to reach the market. SpaceX is set to begin trading as early as this week at a valuation near \$1.75 trillion, which would make it the largest IPO ever. OpenAI, the maker of ChatGPT and Anthropic, the developer of Claude, are each expected to follow at valuations approaching \$1 trillion. Databricks, valued at \$134 billion, may come next year.

Together, these deals could add up to nearly \$4 trillion in combined market value. Estimates show they may draw more than \$200 billion from investors, compared with about \$45 billion raised by all US listings last year.

Where the money comes from

That money has to come from somewhere. To buy into SpaceX, OpenAI, Anthropic or Databricks, large investors may have to trim positions they already own. The easiest stocks to sell are the biggest and most liquid ones: the Magnificent Seven and other large technology leaders.

Alphabet has added to the pressure. On June 1, the company announced that it would sell \$80 billion of new shares – later increased to \$85 billion on strong demand – to help fund the billions it plans to spend on AI. The deal was the largest equity raise in history and included a \$10 billion investment from Berkshire Hathaway. The Financial Times reported that Meta is now considering its own large stock sale to finance AI infrastructure.

Together, these moves were seen as a warning. If cash-rich Alphabet needs to raise equity to fund the AI buildout, others may eventually face the same choice. That would add more supply to a market already preparing to absorb the largest IPO wave in history.

Shakeout or something more?

So, has the tech bubble burst? Friday was not proof that the AI boom is over. Demand is real, earnings are growing and the companies building the AI backbone are not the dot-com shells of 2000.

But Friday showed that this bull run is no longer bulletproof. Stocks that rise by 20 or 30 percent on a single comment or upgrade can fall just as violently when rates rise, expectations slip or liquidity is tested. That does not mean the bubble has burst. But it does mean the next phase of this exceptional bull market may not be as easy.