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Technology sector. How expensive is it really?

The US technology sector is trading today at a PE forward of 27x, thus transiting the highest valuation level within this year 2023 (in which it has moved between values of 19.6 and 27x), and clearly above the average valuation of any year since 2008.

However, the current PE is lower than the highs seen in the years 2020, 21 and 22 (where the ranges were wide and the PE of the sector marked highs of 28.3, 28.5 and 28.5 respectively).

The conclusion would be twofold: 1) The sector is trading at levels that do not represent any gift. 2) But it should be remembered that it has traded at higher valuations. Does that mean that it can go higher? Of course. In fact, I guarantee that the sector will trade above these values in 1000 years.

Jokes aside, regarding the decision of whether to maintain a strong exposure to the sector today or not, I think it is right to recover Plutarch's phrase: "Drinks quench thirst and food satisfies hunger; but gold never satisfies greed". It means investors will want more.

Best

