

SILICON VALLEY TECH STOCKS DROP INTO HELL. THE UNICORNS ARE DEAD!

Sun, 07 Feb 2016 16:00:00, newstips66, [category: google-alphabet, post_tag: hot-crime-topics, post_tag: nasdaq, post_tag: reuters, category: silicon_valley_death, post_tag: silicon-valley-tech-stocks-drop-into-hell-the-unicorns-are-dead, post_tag: tech-stocks, category: worldnews]

Tech stocks extend losses, valuations dented



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Traders work on the floor of the New York Stock Exchange (NYSE) February 8, 2016. REUTERS/Brendan M ...

(Reuters) - Technology shares with lofty valuations, including those of midcap data analytics company Tableau Software Inc and Internet giant Facebook Inc, extended their losses on Monday following a gutting selloff in the previous session.

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Shares of cloud services companies such as Splunk Inc and Salesforce.com Inc had also declined sharply on Friday. They fell again on Monday, dragging down the Nasdaq Composite index 2.8 percent to its lowest in nearly 1-1/2 years.

"I think we're in an environment right now of shoot first, ask questions later. That's the mentality of technology investors right now," said Michael James, managing director of equity trading at Wedbush Securities in Los Angeles.

"Any disappointment is being taken out to the woodshed."

These stocks had high valuations before the selloff on Friday, driven by years of hype that spending from enterprise customers was moving to big-data analytics and cloud computing.

"I think that what we see is a crisis in valuation for the highest multiple stocks, where valuations ... had been driven too far for thematic reasons, what investors perceived as the hottest growth areas," Avondale Partners analyst Randle Reece said.

Tableau shares fell another 10 percent to \$37.28. The stock lost half its market value on Friday after the company cut its 2016 revenue forecast, citing increased competition.

"Is Tableau the canary in the coal mine on IT spending or is competition muddying the waters?" RBC Capital Markets analysts asked in a research note.

If Tableau, with its lower average selling prices, was finding it difficult to sell its products to enterprise customers, it could mean trouble for companies with more expensive products, RBC said.

However, the brokerage noted that companies like Microsoft Corp and SAP SE have reported strong demand.

Shares of Workday Inc, Teradata Corp and Hortonworks Inc, which declined on Friday, were down again on Monday, as were shares of Cornerstone OnDemand Inc and Qlik Technologies Inc.

Google-owner Alphabet Inc's shares were also down on Monday. Apple Inc shares were up slightly.

Adding to the gloom, IT services provider Cognizant Technology Solutions Corp forecast its slowest revenue growth in 14 years for the current quarter as clients rein in IT spending. Cognizant's shares fell 9 percent.

LinkedIn Corp was among the few bright spots in the technology sector. The company's shares rose as much as 6.4 percent, but that was after a 43 percent drop on Friday that wiped out nearly \$11 billion of its market value.

The social network for professionals shocked Wall Street on Thursday with a revenue forecast that fell far short of expectations.

(Reporting by Sayantani Ghosh and Sweta Singh in Bengaluru and Lewis Krauskopf in New York; Editing by Ted Kerr and Saumyadeb Chakrabarty)

Arbydog 56 minutes ago

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The bubble has burst..again like 1999-2000. Not but some many ways the different companies can sell the same data they mine from people. At some point they are all selling the same #\$\$% about you to the same advertisers (or maybe NSA). LinkedIn, facebook, google, amazon, yahoo, and the list goes on and on and on. All competing for the same and limited ad dollars.

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