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How Apple and Amazon show that stock market investors really do think long term [1]

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I know, I know, we're told that stock markets are short termist in outlook, obsessed only with the next quarter's results. This is an appalling indictement of neoliberal capitalism and must be stopped immediately by putting politicians who only look to the next election result in charge.

I realise that this next little point is not proof of anything, nor an entirely solid refutation of the above, but I do think it indicative [3]:

> The situation for Amazon now resembled "what we saw back in the 2004 to 2006 time frame when the company was making a lot of investments and margins got squeezed. Then in the years following, margins expanded and revenue accelerated. It looks like the company is in that position right now."
>
> Shares in the company leapt to $225 in extended trading, further swelling the company's already lofty valuation of more than 70 times earnings.
>
> In comparison, the 12-month forward price-earnings ratio for the S&P 500 stands at about 12, while Apple is trading at 13 times forward earnings.

Amazon is, famously, a company that is willing to sacrifice the short term in order to create a long term exploitable profit opportunity. Apple makes great products, oh yes they do, it's also had a blinding run recently. But they're not, in anything like the same way, building a structure as Amazon is doing. They're retailing their products and their continued success in doing so depends upon continuing to develop new products rather than exploiting an ecosystem as Amazon is doing.

Apple makes vastly more in profits than Amazon does, this is true: yet each $1 of profit that Amazon makes is more highly valued than each $ that Apple does. Another way of saying the same thing is that investors believe that Amazon's business model will produce greater profits in the long term.

Now I agree, this doesn't answer all the other indictements of appalling neoliberal capitalism: but it's most certainly not evidence that investors are short term in their outlook, is it?

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