

Facebook now worth more than Wal-Mart on stock market

23 June 2015, by Barbara Ortutay



In this July 24, 2014 file photo, Facebook staff members attend the opening ceremony of their new office in Hong Kong. The world's biggest online social network knocked Wal-Mart, the world's largest retailer, out of the top 10 list of the highest-valued companies in the Standard & Poor's 500 index on Monday, June 22, 2015, and the gap widened on Tuesday. (AP Photo/Kin Cheung, File)

Facebook is now bigger than Wal-Mart, at least when it comes to its value on the stock market.

The world's biggest online social network knocked the world's largest retailer out of the top 10 list of the highest-valued companies in the Standard & Poor's 500 index on Monday and the gap widened on Tuesday.

While the switch is mostly symbolic—nothing specific happened this week to warrant it, and the difference between the two giants is not that big—it signals investors' insatiable appetite for successful tech stocks. Apple, Microsoft and Google top the list of the highest-valued companies in the U.S., and Facebook looks to be on its way to joining them.

A company's market value is calculated by multiplying the number of shares of stock it has in

circulation by the current price of one share.

Facebook Inc. was valued at \$238 billion at the close of trading Tuesday, according to FactSet. Its stock gained \$3.14, or 3.7 percent, at \$87.88.

Wal-Mart Stores Inc. was valued at \$234 billion. Its stock dipped 22 cents to \$72.57.

Facebook, which is based in Menlo Park, California, has been on a roll this past year, its shares up about 34 percent in the past year compared with just 8.2 percent for the S&P 500 index. Its quarterly results have consistently surpassed expectations.

Bentonville, Arkansas-based Wal-Mart, meanwhile, asked for investor patience after its most-recent earnings report showed a 7 percent profit decline due to the effects of the strong dollar and higher worker wages and spending on its online operations.

Comparing the two companies' financial results, though, shows just how much Wall Street is investing in growth and potential—Facebook—versus existing size and might—Wal-Mart. In the first three months of this year, Facebook's total revenue of \$3.54 billion amounted to just a little more than Wal-Mart's total profit for its fiscal first quarter of \$3.34 billion. But while Facebook saw revenue grow 42 percent in the same period, Wal-Mart's declined slightly.

That said, none of the nine companies that follow Apple in the top 10 come even close to the mighty iPhone and Mac maker, whose market capitalization is about \$735 billion.

© 2015 The Associated Press. All rights reserved.

APA citation: Facebook now worth more than Wal-Mart on stock market (2015, June 23) retrieved 7 December 2021 from <https://phys.org/news/2015-06-facebook-worth-wal-mart-stock.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.