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Micron's Selloff Highlights Risk of Sky-High AI Expectations

- Industry's spectacular growth has been hard to properly gauge
- Elevated expectations have made AI firms like Nvidia volatile

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Micron Technology Inc.'s post-results selloff sent a fresh reminder to global investors about the risks inherent in bets on artificial intelligence chipmakers.

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Micron is among the companies that have gotten a lift from the mania for AI-related stocks, as its high-bandwidth memory is a candidate for use alongside Nvidia's industry-leading chips for training large language models. Its shares had more than doubled in the year prior to its Wednesday report, but – even with an outlook roughly in line with the average of analyst estimates – the company was punished for not outperforming elevated expectations.

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The big jumps in market value appear vulnerable to rapid correction, as shown by Nvidia earlier this week when its shares entered correction territory on Monday before bouncing back. A