THE AI BUBBLE: A NOVEL WAY TO EXAMINE ITS BENEFITS?

It is clear the herd on Wall Street has changed direction. The stock markets are now down five weeks in a row and any disappointment in earnings by the hyperscalers has been brutally punished. But the herd may still be prioritising the wrong sectors – the supply not the demand sectors.

The ultimate success of LLMs never lay on the supply side, despite the infatuation by the media with the supply side – the hyperscalers. Of course, the product is important and without it there is not a market. But in the end, it is the demand side which determines how successful that product is. And in the case of all investment products, that product must yield tangible productivity gains and therefore cost savings for customers. And that this demand must be proportionate to the investments, measured in trillions of dollars, so as to secure a satisfactory return.

Accordingly, in the table below I have begun to research the impact of LLMs on customers by using a tool the left has yet to adopt. That is examining whether office expenses have fallen as a share of revenue by comparing SGA expenditures (Selling, General and Administrative expenses) as they appear in the earning reports. The biggest effect on employment according to various studies will be on white collar workers, the ones covered by SGA expenses.[(1)]

Table 1. (Q3 2026 vs Q3 2025 in $ millions)

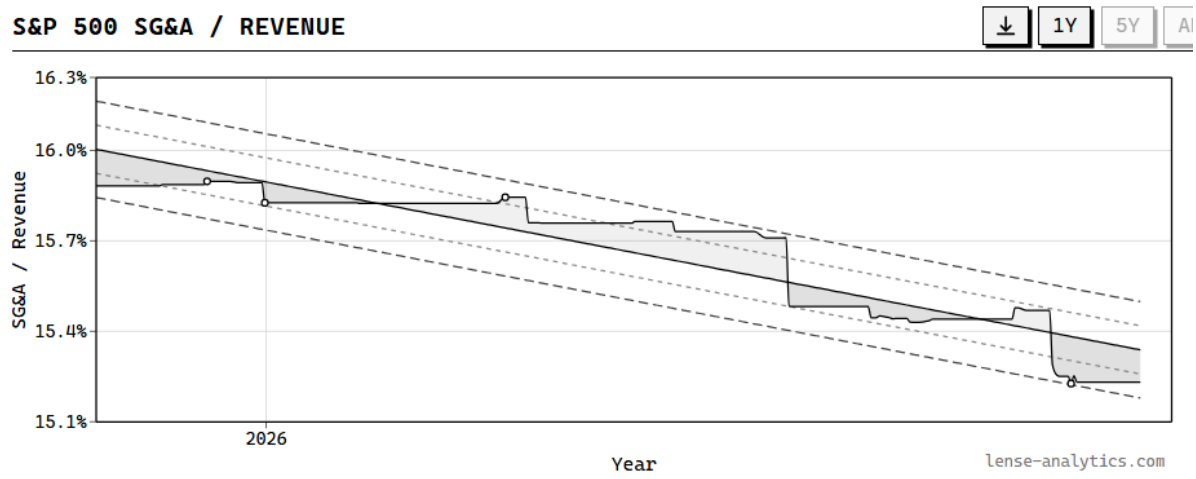
Company	Revenue 25	SGA 2025	share	Revenue 26	SGA 2026	share
P&Gamble	22386	5643	25.2%	23276	5661	24.3%
Ford	50534	2740	5.42%	49526	3079	6.21%
PepsiCo	23937	9122	38.1%	25274	9494	37.6%
Apple	94036	6650	7.1%	109417	7346	6.7%
Microsoft	77673	7523	9.7%	92279	7597	8.2%
Visa	10743	4560	4.24%	12139	4877	4.01%
Verizon	19096	4968	26.0%	19777	4882	24.7%
Johnson & J	16690	5992	35.9%	17302	6285	36.3%
Amazon	180169	11686	6.5%	201944	11649	5.8%
Eli Lilly	5583	2741	49.1%	6451	3125	48.4%
TOTAL	**500,847**	**61625**	**12.3%**	**557,385**	**63995**	**11.5%**
Growth	**26 vs 25**			**+11.3%**	**3.85%**	

These are large figures amounting to over $2 trillion in annual revenue. The ratio of SGA to revenue between Q3 2025 and Q3 2026 fell from 12.3% to 11.5% because revenue rose faster at 11.3% than the growth rate of SGA which rose by only 3.85%, barely in line with inflation. It is possible to read too much into this, but it does appear that LLMs are cutting costs, because previously, SGA costs as a share of revenue were rising as this 2025 article shows. It found in 2025 that 62% of corporations saw SGA expenses rise as a share of revenue. The average rise then was 0.7% compared to a 0.8% fall in the table above. The one confounding factor is that rising revenues makes it easier to control relative SGA expenses while a fall in revenues makes it harder.

The graph below appears to confirm the evidence in the table. It is based on a trailing twelve-month observation which shows a steeper fall in the ratio as 2026 progressed, corresponding to a higher rate of adoption of LLMs. *"S&P 500 SG&A / Revenue currently stands at 15.27%. That is well below its*

historical average of 17.50%, based on 28 years of history. The last time it was at a comparable level was in 2025."

Graph 1.



Estimates of the potential fall in the ratio reach up to 40%. This Bureau of Labour Statistics report shows where the cost savings should be found by 2035. In the table above the fall is already 6.5%, significant but not overwhelming. Assuming the fall in the table is all due to LLM adoption and that adoption costs 25% of the saving in token spend[(2),] then the savings are as follows: the quarterly saving in SGA works out at $4.46 billion or $17.8 billion annually. Assuming a token spend of 25% of cost savings that reduces back to $4.46 billion. If we view the Gross Output tables to obtain total annual revenue in the USA, it turns out to be roughly 35 times larger. That would support a potential Q3 corporate spend of >$150 billion annually far to low to justify the $6 trillion to be spent on AI by 2030.

Let's verify this assumption. In mid-2026 the median monthly corporate spend on tokens was $2,246. The average monthly spend was $140,842. There are about 550,000 US corporations with a turnover of over $1 million p.a. and it is estimated that around 20% actively use AI by buying tokens. That works out at around 110,000 corporations spending up to $15.5 billion a month or around $185 billion p.a. That corresponds to actual current token spending in the USA of $180 billion, not all of it by corporations as it includes spending by individuals as well. So, all the three sets of data points are proximate. And worser there is a sharp slowdown in AI spend.

Conclusion.

This article excluded an analysis of what is happening to the supply of LLMs, aka the hyperscalers, its intention was to focus on the demand side.

There is evidence now that LLMs are resulting in cost savings. The evidence of a reduction in office expenses as a share of revenue is emerging, though it will take a few more quarters to confirm. What is clear already, is that the demand for LLMs in terms of Dollars does not equate to the spend on developing and processing LLMs. The foundations of AI remain precarious.

(1) Not all corporations provide SGA data, these were the only ones I found so far.

(2) The evidence is thin on cost savings thus the 25% estimate is a ballpark figure drawn from other sectors.

Brian Green, 1st November 2026.