

What Nvidia Results Mean for Stocks

Fundstrat Head of Research **Tom Lee's mantra of late – “Just get through August” – has borne fruit. Much of the last week of the last month of summer was dominated by** expectations, and then digestion of, earnings from **Nvidia**, the poster child for the popularity and power of AI.

As Lee reminded us, “Pundits said ‘as goes \$NVDA, so goes the market’, and this is why stocks, in our view, were so soft on Wednesday. **Investors expected the entire market to follow NVDA** in either direction.” Post-EPS, the largest stock (**NVDA**) in the S&P 500 **fell 6%**. Yet in his view, **it is a sign of market strength that despite this, the S&P 500 managed to end on a positive note.**

Head of Data Science “Tireless” Ken Xuan concurs. During our weekly research huddle, he also said, “I think Nvidia’s post-earnings price action was **an over-reaction,**” following up with some color: “The **NVDA results were solid.** Revenue growth is slower than before, but the gross is still pretty strong”. Referring to the company’s ambitious plans for a \$50 billion share buyback, Xuan said, “the only share buyback that I can think of that was larger than Nvidia’s was Apple’s \$100B buyback”.

Addressing a point of interest for many investors, Xuan spoke of another much-discussed stock, saying, “I read the SMCI short-seller report; the delay of the 10K is telling the market that something is wrong; it appears people are questioning the overall story of AI, and this is not the first time there have accusations of fraud in the AI sphere.” He noted that, in a sense, **companies such as SMCI and Dell are all living in NVDA’s world.** He concluded by saying that **“buying the dip is tricky now”.**



Head of Technical Strategy Mark Newton's did not disagree with Xuan's caution but suggested that **"any large pullback would be something you want to own"**, noting that NVDA cycles move higher into October and then see a pullback. In terms of the market as a whole, Newton remarked that "the market is looking past NVDA and more to the Fed's rate cuts". While acknowledging that, based on cycles and sentiment, **we may see consolidation soon**, Newton also pointed out that "the VIX in the low teens is going to be a steal between now and November" and reminded us that **"fortune favors the bold"**.

We hope you are enjoying a happy and safe Labor Day Weekend.

Live Webinar

Technology & AI Outlook with Tom Lee & Dan Ives

September 5 @ 2pm ET

[Register](#)

Dan Ives
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Chart of the Week

IWM Daily Performance and \$NVDA Earnings Reports

Since August 2022, report date denoted with dashed line



While many investors sought signal for the broader S&P 500 from Nvidia's results, Head of Research Tom Lee asserted that small-caps (\$IWM) could be the better bet post-Nvidia's earnings. We see this in our Chart of the Week, and also in what Head of Technical Strategy Mark Newton described as "a nice bounce" after Nvidia's latest quarterly report. Newton said his analysis of this post-Nvidia bounce sees the likelihood of continued advances in small-caps for at least the next two weeks.

Recent Flash Insights

[fsi-flash-insights]

FSI Video: Weekly Highlight



Key incoming data

- ~~8/26 10:00 AM ET: Jul P Durable Goods Orders~~ **Mixed**
- ~~8/26 10:30 AM ET: Aug Dallas Fed Manuf. Activity Survey~~ **Tame**
- ~~8/27 9:00 AM ET: Jun S&P CoreLogic CS home price~~ **Tame**
- ~~8/27 10:00 AM ET: Aug Conference Board Consumer Confidence~~ **Tame**
- ~~8/29 8:30 AM ET: 2Q S 2024 GDP~~ **Tame**
- ~~8/30 8:30 AM ET: Jul PCE Deflator~~ **Tame**
- ~~8/30 10:00 AM ET: Aug F U. Mich. Sentiment and Inflation Expectation~~ **Tame**
- 9/3 9:45 AM ET: Aug F S&P Global Manufacturing PMI
- 9/3 10:00 AM ET: Aug ISM Manufacturing PMI



- 9/4 8:30 AM ET: Jul Trade Balance
- 9/4 10:00 AM ET: Jul JOLTS Job Openings
- 9/4 10:00 AM ET: Jul F Durable Goods Orders
- 9/4 2:00 PM ET: Fed Releases Beige Book
- 9/5 8:30 AM ET: 2Q F Non-Farm Productivity
- 9/5 8:30 AM ET: 2Q F Unit Labor Costs
- 9/5 9:45 AM ET: Aug F S&P Global Services PMI
- 9/5 10:00 AM ET: Aug ISM Services PMI
- 9/6 8:30 AM ET: Aug Non-Farm Payrolls


▶ Live Webinar with Tom Lee

Market Update & Top Stock Ideas

The Most Timely of Our Granny Shots

Wednesday, Aug 21
2pm ET

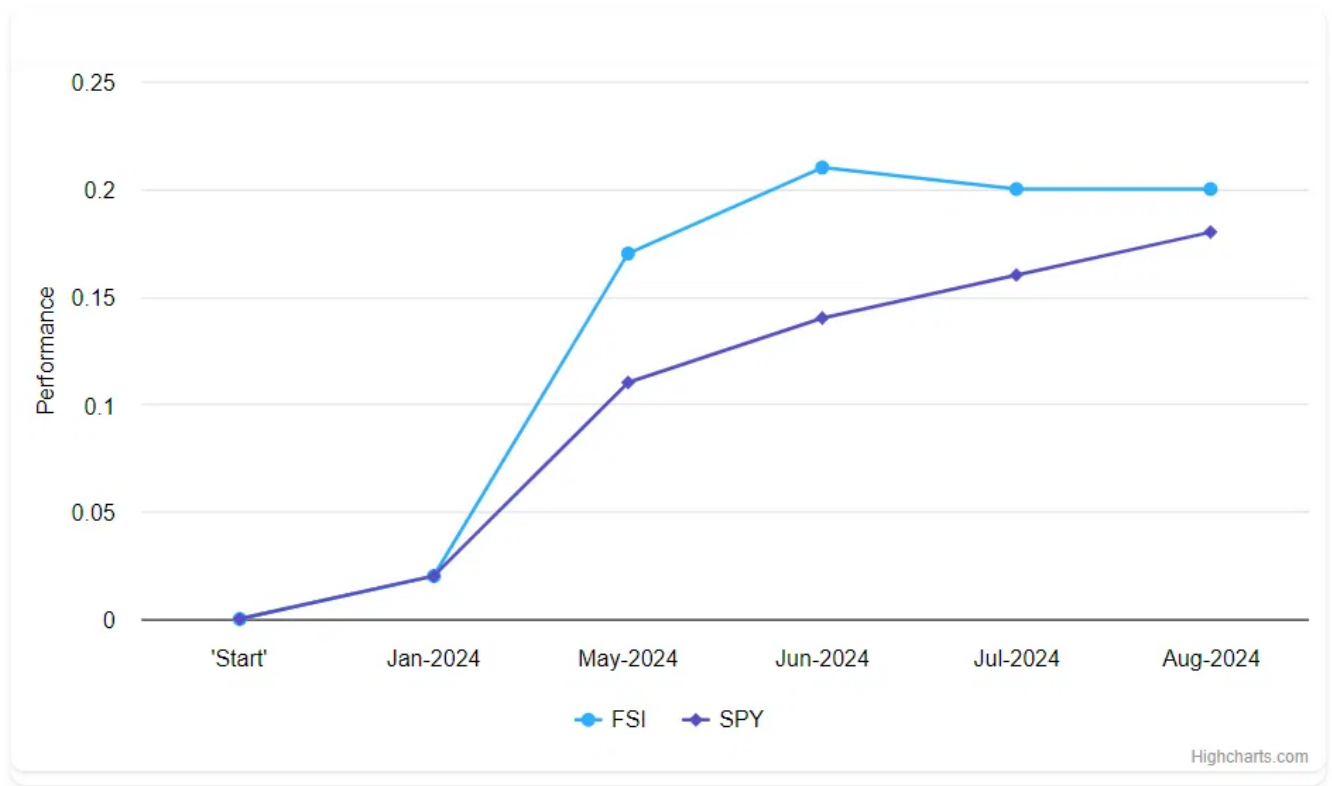
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Stock List Performance



Upticks Against the SPY (Year to Date)



Performance period: January 01, 2024 through August 27, 2024

In the News

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