

First to Market

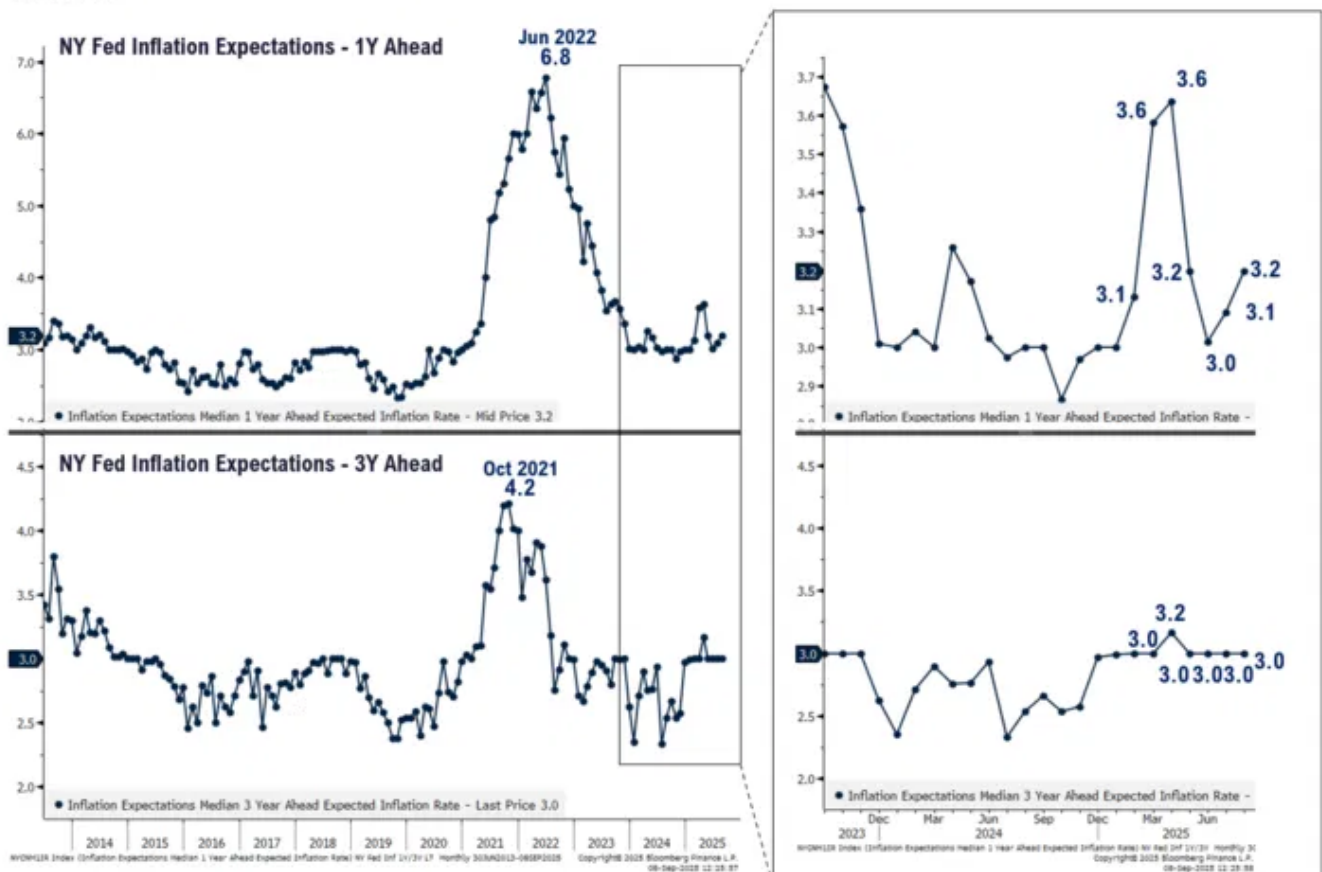
September 9, 2025

A Rising Nvidia Tide Lifts All Boats — Including Broadcom's

"I have been up against tough competition all my life. I wouldn't know how to get along without it." — Walt Disney

Chart of the Day

NY Fed Inflation Expectations (1Y and 3Y) Ahead
Since 2013



Good morning!

Enthusiasts of Italian supercars surely know how Lamborghini allegedly came to be. Apocryphally, Ferruccio Lamborghini, sports-car enthusiast and tractor-manufacturing tycoon, visited Enzo Ferrari complaining about the clutch on his Ferrari automobile repeatedly breaking, at which point Signor Ferrari dismissed him, telling him to “stick to making tractors.” (Some versions of the story assert that Enzo further insulted Ferruccio by suggesting that rather than the clutch, the real problem was Ferruccio’s incompetent driving.) Angered, Lamborghini decided instead to try to beat Ferrari at his own game, ultimately creating Ferrari’s chief rival in 1963.

This oft-repeated story (which likely indulges in a little dramatic license) features a not-uncommon theme: many dominant companies have later found themselves losing revenues to deep-pocketed former customers who decided to go in-house – and sometimes even become competitors. Nvidia, which reported that just four major customers accounted for nearly half of its \$130.5 billion in revenues in fiscal-year 2025 (which ended Jan. 26), has been faced with the possibility for some time. After all, any customer who can afford to spend an average \$16.3 billion a year on AI chips (half of \$130.5 billion divided by four) probably counts as being deep-pocketed.

Nvidia did not name those four major customers, but likely suspects have included big tech companies like Microsoft, Alphabet, Meta, and Amazon. Each of those has announced efforts to develop their own AI chips, though admittedly none seem to be a major threat as of this writing.

Now another customer is openly joining the fray. Broadcom (\$AVGO) shares surged 9.4% last Friday after it was [widely reported](#) that OpenAI had struck a \$10 billion deal with Broadcom to develop and produce its own AI chip sometime next year. (Broadcom disclosed the existence of the deal but did not identify the counterparty. Broadcom believes its customized AI chips can offer performance advantages over Nvidia’s more generalized AI chips.



Although increased investor enthusiasm for Broadcom is understandable (\$AVGO rose another 3.2% yesterday), perhaps just as interesting is further evidence of major Nvidia customers seeking alternatives. That supports the argument that AI demand remains strong, so much so that customers do not want to wait for Nvidia's efforts to expand production ([including in the U.S.](#)) to bear fruit.

But what does this mean for Nvidia?

We've seen companies confronted with customers becoming competitors (or moving capabilities in-house) before. Often, they've continued to thrive. Netflix was once a major customer of Hollywood studios, leasing their content for streaming – until the company in 2011 started producing its own original content (beginning with *House of Cards*, which debuted in 2013). Yet the shares of studios like Disney, Paramount, and Warner Brothers largely continued their uptrend in the years immediately following. Similarly, Netflix was once the largest customer of the content delivery manager Akamai, and though [Akamai shares plunged briefly](#) when it was announced that the streaming giant would move to an in-house solution, \$AKAM shares ultimately continued their upward trajectory as well.

So although it might be momentarily alarming when major, deep-pocketed customers like Netflix, Microsoft, Amazon, and Google (and like Ferruccio Lamborghini) start developing in-house replacements for a company's products and services, longer-term investors do not necessarily need to panic.

After all, Lambos might well have their die-hard fans, but all these years later, Ferrari remains the larger company.

Share your thoughts

Do you think Nvidia can continue to climb even as its customers keep seeking to develop in-house alternatives to its AI chips? Click [here](#) to send us your response.

 **Here's what a reader commented** 



Question: Do you think the court's ruling on Google's search monopoly was too harsh, overly lenient, or just right?

Answer: Just right on the ruling. Judge Mehta correctly considered the changing environment of queries and search with the emergence of AI competitors. It's a competitive environment and while Alphabet keeps its historic Crown Jewels, their luster is fading via new competition in its historic market.

Catch up with FS Insight

We are surprised to see AAll net bulls still negative, with bears outnumbering bull for five consecutive weeks. Generally, [this is constructive for stocks near term](#).

Technical

The S&P 500 managed to finish higher yesterday despite some weakness in groups like utilities, which have been hit hard in recent weeks. Technology and software have come back in recent days, [but they need to do a little more](#) for me to have confidence that they are officially in the clear.

Crypto

[Short-term downside risks are building in the crypto market](#) as (1) liquidity conditions deteriorate, (2) negative seasonality persists, and (3) the market debates the potential for a "Fed mistake".

News We're Following

Breaking News

- Nepal's prime minister quits after protests over a social media ban and corruption left 19 dead [AP](#)

Markets and economy

- Small-business optimism climbs but labor quality concerns persist [REU](#)
- Nasdaq agrees to invest \$50 million in Gemini crypto exchange [BBG](#)
- White House prepares report critical of statistics agency [WSJ](#)

Business

- Rupert Murdoch's family reaches deal on who will control media empire after his death [AP](#)
- Apple event expected to feature a slimmer iPhone as pricing, AI questions linger [REU](#)
- Anglo American and Teck Resources set to merge [WSJ](#)
- AI firm Mistral valued at \$14 billion as chip giant ASML takes major stake [CNBC](#)

Politics

- Supreme Court lifts limits on immigration raids in Los Angeles [WSJ](#)
- Donald Trump loses attempt to have \$83mn defamation judgment tossed out [FT](#)
- Jeffrey Epstein letter allegedly from Trump released by House Democrats [BBG](#)

Overseas

- French government collapses as PM François Bayrou loses confidence vote [FT](#)
- Japan's Nikkei crosses 44,000 to hit fresh highs, extending rally after Ishiba's resignation announcement [CNBC](#)
- China detains banker son of ex-regulator facing corruption probe [FT](#)

**Of Interest**

- OpenAI backs AI-made animated feature film [WSJ](#)
- Saudi Arabia lures The Met Opera with \$200M deal [SEM](#)

Overnight

S&P Futures	+8 ▲ point(s) (+0.1% ▲)
Overnight range:	-2 ▼ to +18 ▲ point(s)

APAC

Nikkei	-0.42% ▼
Topix	-0.51% ▼
China SHCOMP	-0.51% ▼
Hang Seng	+1.19% ▲
Korea	+1.26% ▲
Singapore	-0.25% ▼
Australia	-0.52% ▼
India	+0.37% ▲
Taiwan	+1.25% ▲

Europe

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Stoxx	50 -0.17% ▼
Stoxx	600 -0.12% ▼
FTSE	100 +0.08% ▲
DAX	-0.56% ▼
CAC	40 +0.01% ▲
Italy	+0.25% ▲
IBEX	-0.38% ▼

FX

Dollar Index (DXY)	-0.19% ▼ to 97.27
EUR/USD	+0.03% ▲ to 1.1766
GBP/USD	+0.29% ▲ to 1.3584
USD/JPY	-0.72% ▼ to 146.44
USD/CNY	-0.12% ▼ to 7.1212
USD/CNH	-0.09% ▼ to 7.1151
USD/CHF	-0.09% ▼ to 0.7926
USD/CAD	+0.01%



	▲ to 1.3804
AUD/USD	+0.35% ▲ to 0.6615

Crypto

BTC	+0.84% ▲ to 112929.78
ETH	+1.37% ▲ to 4356.78
XRP	+1.59% ▲ to 3.0099
Cardano	+3.19% ▲ to 0.8883
Solana	+2.05% ▲ to 218.88
Avalanche	+2.75% ▲ to 25.97
Dogecoin	+0.5% ▲ to 0.2406
Chainlink	+3.25% ▲ to 23.65

Commodities and Others

VIX	+0.6% ▲ to 15.2
WTI Crude	+0.87% ▲



	to 62.8
Brent Crude	+0.79% ▲ to 66.54
Nat Gas	+1.72% ▲ to 3.14
RBOB Gas	+1.07% ▲ to 1.979
Heating Oil	+0.29% ▲ to 2.319
Gold	+0.46% ▲ to 3652.56
Silver	-0.15% ▼ to 41.29
Copper	+0.1% ▲ to 4.495

US Treasuries

1M	-2.6bps ▼ to 4.1417%
3M	-4.6bps ▼ to 3.9707%
6M	-1.6bps ▼ to 3.844%
12M	+0.2bps ▲ to 3.6253%
2Y	+1.4bps ▲



		to 3.5006%
5Y	+1.9bps ▲ to 3.5799%	
7Y	+2.0bps ▲ to 3.7874%	
10Y	+2.5bps ▲ to 4.0646%	
20Y	+2.4bps ▲ to 4.6709%	
30Y	+3.0bps ▲ to 4.7223%	

UST Term Structure

2Y-3M Spread widened	2.7bps to -51.7 ▼ bps
10Y-2Y Spread widened	0.8bps to 56.0 bps
30Y-10Y Spread widened	0.5bps to 65.6 bps

Yesterday's Recap

SPX	+0.21% ▲
SPX Eq Wt	-0.08% ▼
NASDAQ	100 +0.46% ▲
NASDAQ Comp	+0.45% ▲
Russell Midcap	+0.2% ▲
R	2k +0.16%



	▲
R 1k Value	-0.08% ▼
R 1k Growth	+0.58% ▲
R 2k Value	-0.11% ▼
R 2k Growth	+0.42% ▲
FANG+	+0.97% ▲
Semis	+1.1% ▲
Software	+1.74% ▲
Biotech	-1.09% ▼
Regional Banks +0.11% SPX GICS1 Sorted: Tech +0.67%	
Cons Disc	+0.53% ▲
Materials	+0.23% ▲
SPX	+0.21% ▲
Indu	+0.21% ▲
Fin	+0.02% ▲
Healthcare	-0.11% ▼
Energy	-0.15% ▼
Cons Staples	-0.17% ▼
Comm Srvcs	-0.32% ▼
REITs	-0.68% ▼



Utes	-1.07% ▼
USD HY OaS	
All Sectors	-3.2bp ▼ to 344bp
All Sectors ex-Energy	+0.6bp ▲ to 318bp
Cons Disc	+3.5bp ▲ to 353bp
Indu	+2.2bp ▲ to 242bp
Tech	+1.6bp ▲ to 373bp
Comm Srvcs	-10.0bp ▼ to 465bp
Materials	+1.3bp ▲ to 338bp
Energy	-17.6bp ▼ to 362bp
Fin Snr	+0.4bp ▲ to 282bp
Fin Sub	+2.4bp ▲ to 268bp
Cons Staples	+1.1bp ▲ to 259bp



Healthcare	+4.0bp ▲ to 344bp
Utes -0.0bp to 257bp *	

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
9/9	6AM	Aug Small Biz Optimisum	100.5	100.3
9/10	8:30AM	Aug PPI m/m	0.3	0.9
9/10	8:30AM	Aug Core PPI m/m	0.3	0.9
9/11	8:30AM	Aug CPI m/m	0.3	0.2
9/11	8:30AM	Aug Core CPI m/m	0.3	0.3
9/11	8:30AM	Aug CPI y/y	2.9	2.7
9/11	8:30AM	Aug Core CPI y/y	3.1	3.1
9/12	10AM	Sep P UMich 1yr Inf Exp	4.6	4.8
9/12	10AM	Sep P UMich Sentiment	58.0	58.2



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