

The week in  
seven charts



Chart #1

Nvidia blows away market expectations

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Image source: iStock

**Nvidia blows away market expectations**

Nvidia's Q4 2024 results surpassed already high expectations, the magnificent 7 increased their market cap by \$500 billion on Thursday, propelling the Nasdaq, S&P 500, and Dow Jones to record highs. Each week, the Syz investment team takes you through the last seven days in seven charts.

**Charles-Henry Monchau**

*Chief Investment Officer*

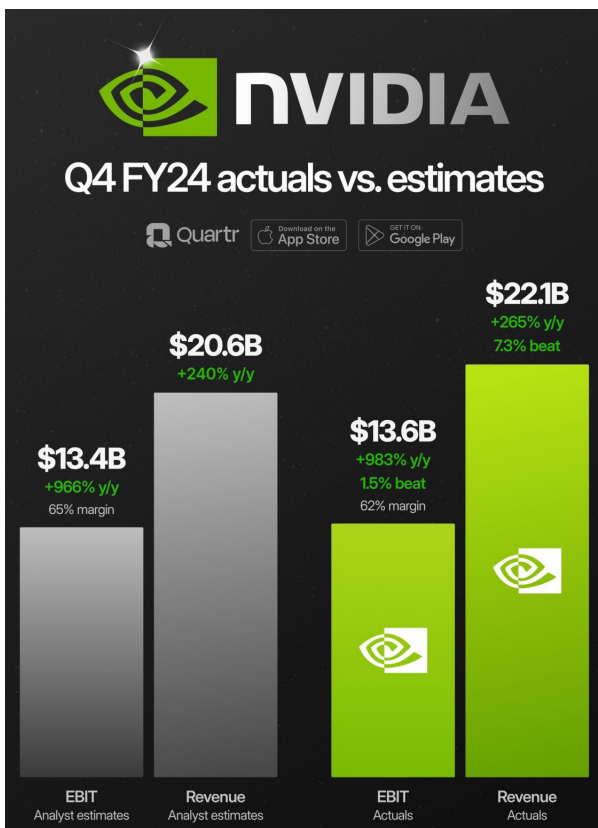
**Chart #1**

**Nvidia blows away market expectations**

For most investors, it was the most eagerly awaited event of the week. On Wednesday, semiconductor giant Nvidia published its results for the 4th quarter of its 2024 fiscal year. And despite very high expectations, they were even better than expected.

Sales rose by 22% sequentially, reaching \$22.1 billion for the quarter, \$1.6 billion better than expected. Gross margin was 76%, 2 points better than the previous quarter. Operating margin is now 62%, 4 points better than in Q3. Earnings per share were \$5.16, 52 cents better than expected.

Nvidia stated that demand for its products continues to far outstrip supply. According to executives, conditions are excellent and should enable continued growth through to 2025. Nvidia spent \$9.2 billion in cash flow on share buybacks. Data centre sales of \$18.4 billion set a new record and exceeded expectations.



Source: Quarrtr

**Chart #2**

**Thursday was a record day for Nvidia and Wall Street**

Nvidia's exceptional results boosted investor morale. Nvidia shares rose by almost \$277 billion in market capitalisation in a single day. This is the biggest daily increase in market capitalisation in the history of the stock markets. To put this figure in perspective, it's the equivalent of two Goldman Sachs, half a JP Morgan or a Netflix.

The previous daily advance record was set by Meta just 20 days ago (following the publication of its quarterly results). Nvidia is now just 5% away from becoming the third-largest US company, with a market capitalisation of over \$2,000 billion.

The Magnificent 7 increased their market capitalisation by over \$500 billion on Thursday to set a new record. In the process, the Nasdaq, S&P 500 and Dow Jones all hit new all-time highs that day.

**Top 10 Biggest Single-Day Market Cap Gains**  
Nvidia's post-earnings rally propels stock to top of the leaderboard

Date	Firm	Biggest single day market cap additions
1 Feb 22, 2024	Nvidia	\$277.0B
2 Feb 2, 2024	Meta	196.8
3 Nov 10, 2022	Apple	190.9
4 Feb 4, 2022	Amazon	190.8
5 May 25, 2023	Nvidia	184.1
6 Jan 28, 2022	Apple	178.9
7 Jul 31, 2020	Apple	169.0
8 Oct 28, 2022	Apple	150.5
9 Mar 13, 2020	Microsoft	150.4
10 Apr 26, 2023	Microsoft	148.3

Source: Bloomberg

Source: Bloomberg

**Chart #3**

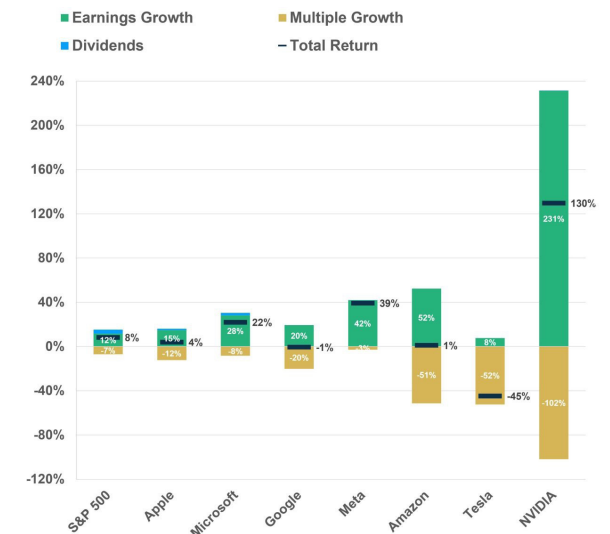
**Are the magnificent 7 too expensive?**

We don't dispute the fact that the magnificent 7 are trading at very attractive valuation multiples. But as Sonus Varghese's chart (see below) demonstrates, the fundamentals seem to justify - at least in part - the meteoric rise of the big tech caps.

Since 2021, NVDA shares have risen by 130%, while earnings have increased by 231%. And the other Mag 7 names are following a similar trajectory.

**In a class of its own: NVIDIA (and it's not about valuations)**

Drivers of Return (Jan 1, 2022 - Feb 21, 2024)



Data source: Carson Investment Research, Factset 2/21/2024

Next 12-month data used for earnings and multiples

@sonusvarghese



Source: Carson, Ryan Detrick

### Chart #4

## Nasdaq little affected by downward revisions to 2024 rate cut expectations

Equity markets don't seem to be concerned about the future path of US interest rates. The Nasdaq (green line) continues to rise, while forecasts of rate cuts (red line) are falling. Will the gap finally be closed?

Note that market expectations, in terms of rate cuts, are now as follows:

Probability of a rate cut in March: 5% (it was 80% at the start of the year).

Probability of a cut in May: 29% (vs. 100%).

Probability of a rate cut in June: 67% (vs. 100%).



Source: Bloomberg, www.zerohedge.com

### Chart #5

## A new record for the Nikkei 225 index

In the shadow of the S&P 500 and artificial intelligence stocks, the Japanese equity market is making headway. On Thursday morning, the Nikkei 225 reached a level not seen since 1989, marking a comeback for the Japanese stock market.

The Nikkei 225 reached an all-time high of 38,924.88 points, as strong corporate earnings, and measures to boost investor returns fuelled a strong advance in Japanese equities over the past few months.

The Nikkei and Topix are currently the best-performing indices in the Asia-Pacific region, with a gain of over 10% in 2024. As a reminder, they had risen by over 25% in 2023.

One caveat, however: all these figures are expressed in local currency. For example, the Nikkei 225 in Swiss francs remains 50% below all-time highs.



Source: Bloomberg

### Chart #6

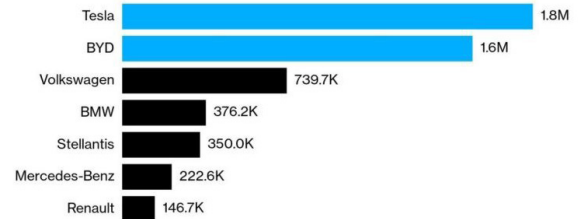
## Electric car production - Europe is lagging

European companies have been active in the automotive sector for decades. Yet they are now well behind of Tesla and China's BYD in terms of electric car sales. Why are they so slow to adapt to the new reality?

### Europe's Automakers Are Trailing on EVs

Tesla and BYD sold more BEVs last year than all of them combined

■ 2023 BEV unit sales



Source: Company filings  
Note: Figures for passenger cars, where possible

Bloomberg

### Chart #7

## Don't stop investing!

The chart below shows the progression of the S&P 500 index since 1950. The y-axis has been removed, but the graph shows that a dollar invested in the S&P 500 is now worth over \$1,000.

Despite the many corrections and crashes of the S&P 500 over this period, investors who have remained invested (and continued to invest) have been more than rewarded over this window of time.



Source: Personal Finance Club

## For further information

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