

The week in  
seven charts

# NVIDIA

**Chart #1 Nvidia shares fall despite better-than-expected quarterly results**

Read more on page 2 - Image ©nvidia

## Nvidia shares plunge despite record earnings

Nvidia shares tumble despite stellar results, a new trillionaire rises, and equity markets brace for their two worst months.

Each week, the Syz investment team takes you through the last seven days in seven charts.

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**Charles-Henry Monchau**

*Chief Investment Officer*

### Chart #1

## Nvidia shares fall despite better-than-expected quarterly results

Nvidia announced results on Wednesday evening that beat Wall Street's expectations and provided a higher-than-expected forecast for the current quarter.

According to StreetAccount, Nvidia expects revenues of around \$32.5 billion for the current quarter, compared with the \$31.7 billion expected by analysts. This would represent an 80% increase on the previous year.

The semiconductor manufacturer's revenue continues to soar, increasing 122% year-on-year in the quarter, following three consecutive periods of more than 200% year-on-year growth.

Net profit more than doubled to \$16.6 billion, or 67 cents per share, in the quarter, compared with \$6.18 billion, or 25 cents per share, in the same period last year.

Nvidia was the primary beneficiary of the boom in artificial intelligence. Nvidia's shares have risen by more than 150% this year, after climbing by almost 240% in 2023. The company's market capitalization recently surpassed \$3 trillion, briefly making Nvidia the world's most valuable public company, though it has since been overtaken by Apple.

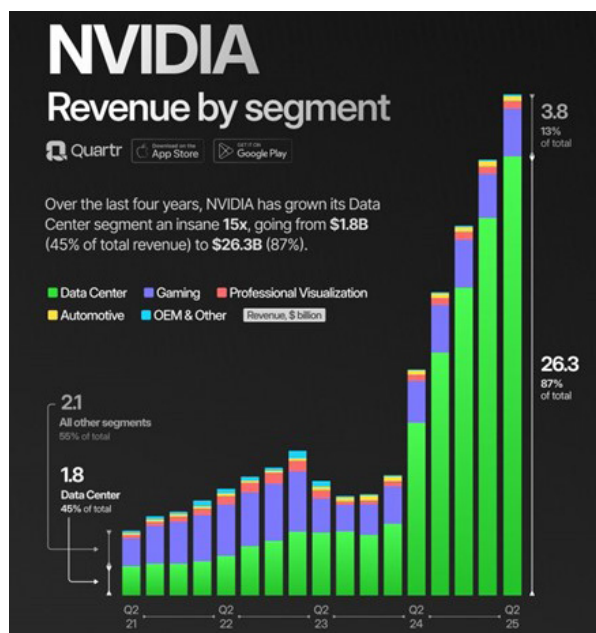
Revenue from Nvidia's "Data Center" division, which includes its artificial intelligence processors, rose 154% year-on-year to \$26.3 billion, accounting for 88% of total revenue.

A portion of the revenue was generated outside the semiconductor business, with \$3.7 billion coming from the "Compute & Networking" divisions.

Notably, despite these impressive results, the share suffered on the stock market at the end of last week. There are several reasons for this:

- › In the days leading up to the publication of the results, rumors suggested quarterly revenue around 33 to 34 billion dollars a figure that was not reached.
- › Nvidia's gross margin fell slightly during the quarter, from 78.4% in the previous period to 75.1%.
- › For the full year, the company stated that it expects its gross margin to be "in the mid-70s range." Analysts expected an annual margin of 76.4%, according to StreetAccount.

More simply, the fall in the share price can be explained by the very high valuation multiples for the stock, based on growth assumptions that were optimistic to say the least. Therefore, profit-taking seems relatively logical.



Source: Quatr

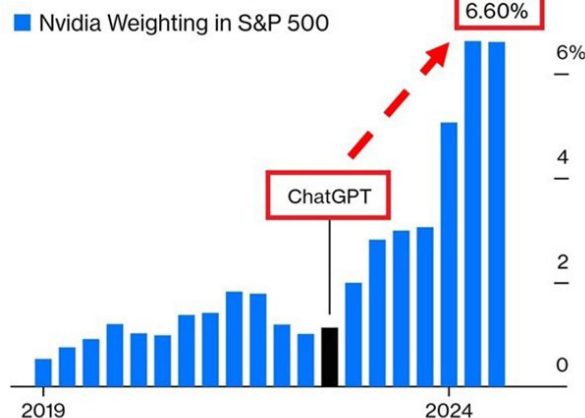
### Chart #2

## Nvidia's influence on the main US equity indices

The release of results - and the reaction of its stock - are of course important for indices such as the S&P 500. The semiconductor company now accounts for 6.6% of the S&P 500 index. In less than two years, the stock's rise has been staggering. Before the introduction of ChatGPT in November 2022, Nvidia's market capitalization was \$290 billion. The company is now worth \$3 trillion, an increase of 930%.

### An Index Transformed, by One App

Nvidia's weight in the S&P 500 has risen fivefold since ChatGPT launch



POSTED BY @KOBESSILETTER

Source: Bloomberg

Bloomberg Opinion

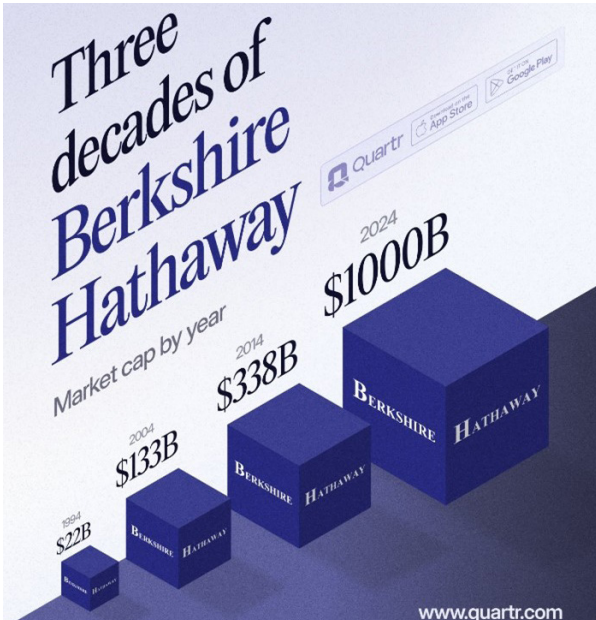


**Chart #3**

**A new member of the trillionaires' club**

Warren Buffet's conglomerate Berkshire Hathaway has joined the select circle of companies with a market capitalization of over \$1 trillion for the first time. Its value has more than doubled in the last five years, from \$133 billion in 2014 to more than \$1 trillion today.

Seven US companies now have a market capitalization more than \$1 trillion, including Apple, Nvidia, Microsoft, Google, Amazon, Meta, and Berkshire.



**Chart #4**

**The two worst months of the year for equity markets**

We have entered the riskiest seasonal period of the year for the S&P 500 index. Based on data from the past 25 years, September and October are historically the two most unfavourable months for the S&P 500 during an election year.



Source: Trendspider

**Chart #5**

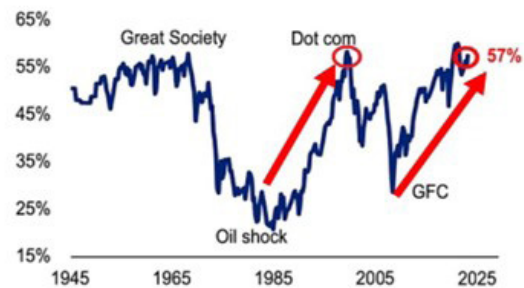
**US households are massively invested in equities**

The average allocation of US households to equities has reached 57% of their total securities portfolio, which is almost the highest level ever recorded.

This percentage has more than doubled in 15 years. It is now in line with the peak recorded during the Dot-Com bubble of 2000.

Source: Stocktwits, Yahoo Finance

**Exhibit 11: Household allocations to stocks are near record highs**  
Equities as a % of total household allocation



Source: BofA Research Investment Committee, Haver

**Chart #6**

**A misleading all-time high for the DAX German equity index**

Germany's benchmark DAX index of the 30 largest market capitalization has just hit its all-time high. But since 2000, the value of the Dax has barely tripled. Only the Italian MIB and the French CAC recorded weaker performances. Over the same period, the S&P 500 Total Return (price + dividends) has increased in value sixfold, while the Swiss SMI index has quintupled, partly due to the strength of the Swiss franc.



Source: Bloomberg, HolgerZ

## Chart #7

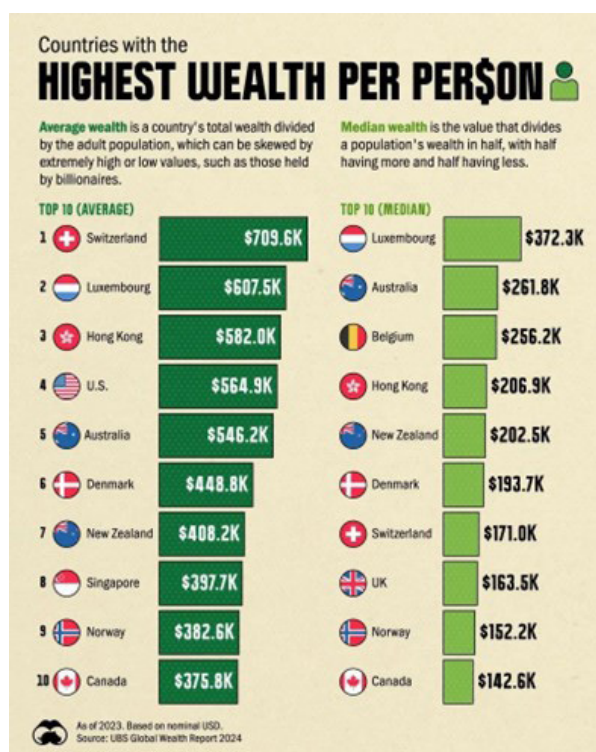
### The richest countries in the world

Average wealth (below left-hand column) is a country's total wealth divided by its adult population. These figures can be skewed by extremely high or low values, such as the wealth held by billionaires.

The table below shows the countries with the highest average wealth per capita in 2023, based on a dataset of 56 countries, covering around 92.2% of the world's population. Switzerland ranks first, with average wealth per adult rising from \$685,226 in 2022 to \$709,612 in 2023. As we can see, many of the richest nations are small countries with thriving financial sectors, including Luxembourg and Singapore.

If we look at a more representative measure of wealth distribution, median wealth, the ranking is different. Median wealth is the value that divides the total wealth of a population in half, with half the population having more and half having less. By this measure, Luxembourg is at the top of the league table; it is the country with the highest density of millionaires in the world. Around 16% of the population are millionaires, compared with an average of 1.5% in the 56 countries analysed. Moreover, there are no billionaires in Luxembourg, which has a population of just 653,000.

On the other hand, Australia and Belgium rise to the top of the ranking, with Belgium showing a particularly small gap between average and median wealth. This is partly explained by the high rate of home ownership in Belgium, where 10% of the population own more than one home.



Source: Visual Capitalist, UBS Global Report

### For further information

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