

Economic & Earnings Commentary

Pre-market futures are up again this morning, albeit more tepidly than we saw yesterday and post **NVIDIA** (NVDA) earnings from Wednesday's after-market activity. We haven't seen one company's quarterly results dominate discussions on Wall Street like this since Steve Jobs was still running **Apple** (AAPL) — in the early part of the week, all eyes were on how NVIDIA would perform (with traders taking a little air out of the balloon in case it didn't beat as impressively as expected), and since then we've been off to the races — the time in the spotlight as the "world's most important company" continues.

As a result, we're up roughly +0.14% on the Dow, Nasdaq and S&P 500, with only the small-cap Russell 2000 currently -0.05%. We're at monthly, year-to-date and all-time highs on all but the Russell; as we noticed in late 2023, the small-cap index was the laggard to strong market growth elsewhere, but it roared to life and became the fastest grower in November and December of last year. When small-caps join the rally, it's a good sign that the economy overall is doing well.

We have no major economic prints ahead of the bell on this final trading day of the week, though next week brings us the all-important Personal Consumption Expenditures (PCE) report for January, which is cited by name by Fed Chair Jay Powell when discussing what data the Fed considers before making interest rate decisions. PCE data is also fed-into by other economic reports through the month, which reduces the likelihood of month-over-month revisions. Last month, core PCE year over year went sub-3% for the first time in almost three years.

Q4 earnings season also "feels" over, with all of the Magnificent 7 stocks having reported for the quarter (NVIDIA was the last one). However, though most marquee names and the heavy traffic of reportage drops off notably as of now, we'll still get to hear from **Hewlett Packard** (HPQ), (HPE) and **Salesforce** (CRM) next week, and **CrowdStrike** (CRWD), **Broadcom** (AVGO) and **Costco** (COST) the following week.

Ahead of the bell today, media entertainment conglomerate **Warner Brothers Discovery** (WBD) missed bottom line expectations by 5 cents per share to a loss of -16 cents in its Q4, while revenues of \$10.28 billion was slightly above the Zacks consensus. This quarter was fairly anomalous, in that the writers/actors strike impeded content development, which kept costs way down. WBD now has \$6.16 billion in free cash flow for full-year 2024, though the company also carries \$44 billion of debt. Shares are trading down -5% in pre-market activity.

Recent Highlights

- Crude Inventories decreased by 3.5 million bpd (02/22)
- Existing Home Sales increased to 4 million units (02/22)
- Initial Claims decreased to 201,000 (02/22)
- PPI/Core PPI increased 0.3%/0.5% (02/16)

Upcoming Releases

- New Home Sales (02/26 at 10:00 AM EST)
- Durable Orders (02/27 at 8:30 AM EST)
- Case-Shiller Home Prices (02/27 at 9:00 AM EST)
- Consumer Confidence (02/27 at 10:00 AM EST)

Market News Summary

Wall Street closed sharply higher on Thursday, led by technology stocks. Chip stocks continued to dominate headlines, with AI optimism steadfast in its climb northward. All three major stock indexes ended firmly in the green.

The Dow Jones Industrial Average (DJI) rose 456.87 points, or 1.2%, to close at 39,069.11. Twenty-two components of the 30-stock index ended in positive territory, while eight ended in negative.

The tech-heavy Nasdaq Composite gained 460.75 points, or 3%, to close at 16,041.62.

The S&P 500 added 105.23 points, or 2.1%, to close at 5,087.03. Ten of the 11 broad sectors of the benchmark index closed in the green. The Technology Select Sector SPDR (XLK), the Consumer Discretionary Select Sector SPDR (XLY) and the Communication Services Select Sector SPDR (XLC) advanced 3.3%, 1.9% and 1.5%, respectively, while the Utilities Select Sector SPDR (XLU) declined 0.8%.

The fear-gauge CBOE Volatility Index (VIX) decreased 5.2% to 14.54. A total of 11.9 billion shares were traded on Thursday, higher than the last 20-session average of 11.6 billion.

NVIDIA Corporation's (NVDA) shares soared 16.4% to an all-time high after the chipmaker reported its fourth-quarter fiscal 2024 earnings and issued guidance for first-quarter fiscal 2025. Fiscal fourth-quarter revenues more than tripled on a year-over-year basis and climbed 22% sequentially to \$22.1 billion. Its total revenues rose a mind-boggling 265% from a year ago, driven by the AI boom. For the first quarter of fiscal 2025, NVIDIA anticipates revenues of \$24 billion, higher than the Zacks Consensus Estimate of \$21.48 billion.

The company reported earnings of \$5.16 per share for the quarter, beating the Zacks Consensus Estimate of \$4.55 per share. In the fiscal fourth quarter, NVIDIA paid out dividends worth \$99 million to shareholders and repurchased stocks worth \$2.8 billion. In the 12-month period, the company paid out \$395 million in dividends and bought back stocks worth \$9.5 billion.

Much of this growth has been on the basis of record sales in the Data Center end market and higher sell-ins to partners across the Gaming and Professional Visualization end markets. The AI boom has lifted the company into the ranks of the largest U.S. companies by capitalization.

Over the past couple of days, the tech sector has lagged the market on apprehension that the earnings report might show the company to be overvalued, as it has grown too big too fast. However, the blockbuster earnings numbers ensured a massive tech rally, which saw the Dow Jones Industrial Average and the S&P 500 reach their all-time highs and the tech-focused Nasdaq getting a massive boost.

Consequently, shares of Meta Platforms, Inc. (META) and Amazon.com, Inc. (AMZN) added 3.9% and 3.6%, respectively.

The Labor Department said on Thursday that initial jobless claims fell to 201,000, decreasing 12,000 for the week ending Feb 17. The previous week's level was revised up by 1,000 from 212,000 to 213,000. The four-week moving average decreased to 215,250, marking a fall of 3,500 from the previous week. The prior week's average was revised up by 250 to 218,750.

Continuing claims came in at 1,862,000 for the week ending Feb 10, decreasing 27,000 from the previous week's revised level. The previous week's level was revised down by 6,000 from 1,895,000 to 1,889,000. The four-week moving average was 1,877,500, an increase of 8,500 from the previous week's revised average. Last week's average was revised down by 1,500 from 1,870,500 to 1,869,000.

U.S. commercial crude oil inventories increased by 3.5 million barrels for the week ending Feb 16, 2024. The previous week's number remained unchanged at 12 million barrels.

The National Association of Realtors reported existing home sales for January totaled 4 million units sold. The number for December had been revised up to 3.88 million units from the previously reported 3.78 million.

Corporate News Summary

- Shares of Synopsys, Inc. (SNPS) jumped 6.9% after reporting first-quarter fiscal 2024 earnings of \$3.56 per share, beating the Zacks Consensus Estimate of \$3.43.
- Moderna, Inc.'s (MRNA) shares rose 13.5% after reporting fourth-quarter 2023 revenues of \$2.81 billion, beating the Zacks Consensus Estimate of \$2.55 billion.
- Shares of IDACORP, Inc. (IDA) fell 1.5% on utilities losing out on the day.
- Shares of Advanced Micro Devices, Inc. (AMD) rose 10.7% on the AI-related semiconductor boom.