

Nvidia Is Aiming For Apple and Microsoft

Mooning? - When the value of an asset skyrockets, exceeding investors' expectations. The phrase mooning, often used in crypto investor circles, is equally appropriate to describe Nvidia's recent price action. The Bloomberg graph below shows that Nvidia's market cap just eclipsed \$2 trillion and surpassed Saudi Arabian oil giant Aramco. Consider that a little more than a year ago, Nvidia had a market cap of about \$400 billion.

It's no secret that semiconductor and other technology companies whose predominant focus is on AI have been mooning. Over the last twelve months, Nvidia has increased by 261%. Other AI-focused companies like AMD, AVGO, and KLAC have 100+% gains over the same period. Nvidia's moonshot still leaves it about \$1 trillion behind Apple and Microsoft in market cap, but if it can continue to climb at its recent pace, Nvidia could be the largest company by market cap.











Nvidia Overtakes Aramco's Market Value











Chip giant is now the world's third-most valuable company



What To Watch Today

Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
	CRWD	CrowdStrike Holdings, Inc.	\$75,549,556,596	Jan/2024	\$0.18	14	3/07/2023	(\$0.17)
	TGT	Target Corporation	\$71,691,460,922	Jan/2024	\$2.41	16	2/28/2023	\$1.89
	ROST	Ross Stores, Inc.	\$50,375,373,381	Jan/2024	\$1.63	10	2/28/2023	\$1.31
	FERG	Ferguson plc	\$42,559,719,678	Jan/2024	\$1.85	5	3/07/2023	\$1.91
	FNV	Franco-Nevada Corporation	\$20,177,361,651	Dec/2023	\$0.80	4	3/15/2023	\$0.86
	NIO	NIO Inc.	\$9,936,430,830	Dec/2023	(\$0.51)	1	3/01/2023	(\$0.51)
	HCP	HashiCorp, Inc.	\$5,067,006,879	Jan/2024	(\$0.21)	7	3/09/2023	(\$0.26)
	NVEI	Nuvei Corporation	\$3,678,631,492	Dec/2023	\$0.26	5	3/08/2023	\$0.27
	BOX	Box, Inc.	\$3,621,374,427	Jan/2024	\$0.02	7	3/01/2023	\$0.07
	JWN	Nordstrom, Inc.	\$3,363,535,450	Jan/2024	\$0.90	10	3/02/2023	\$0.74

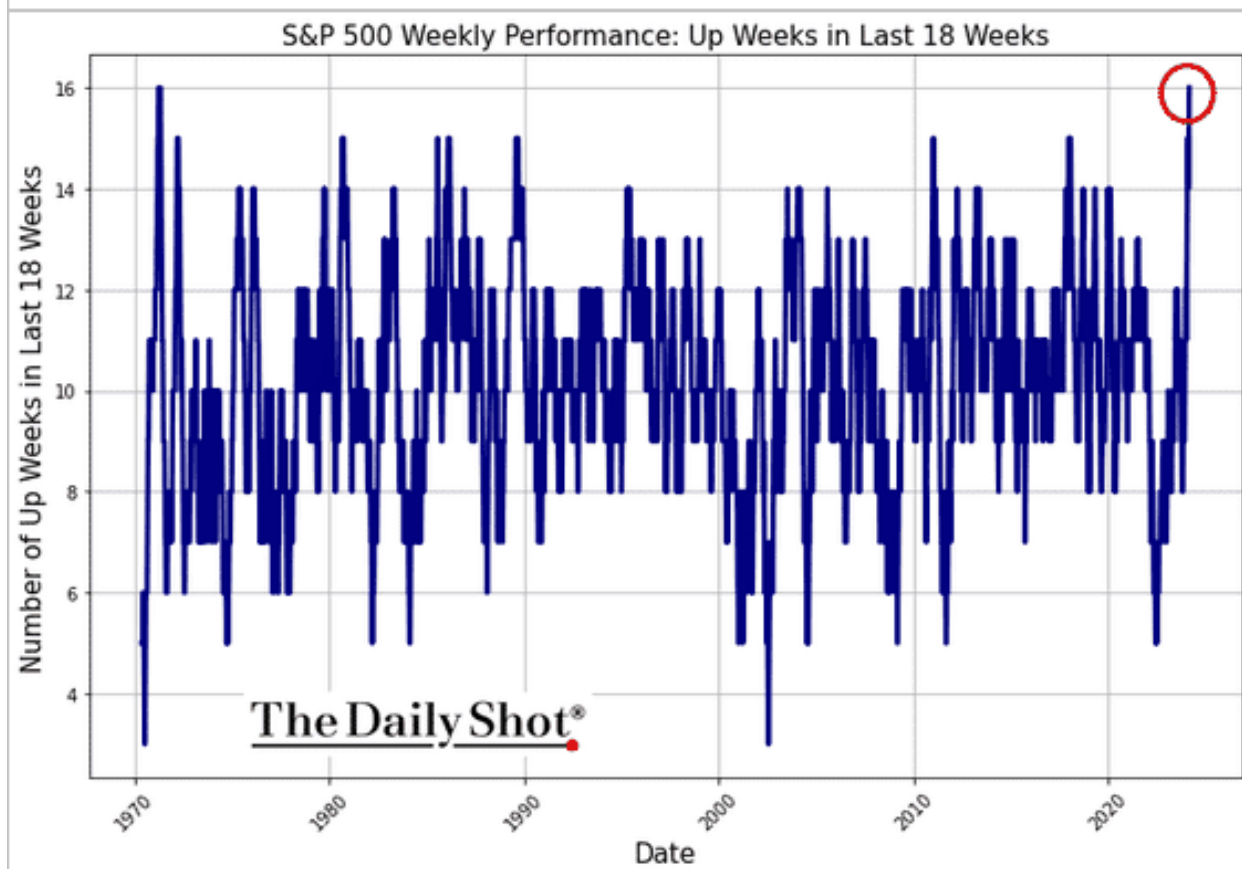
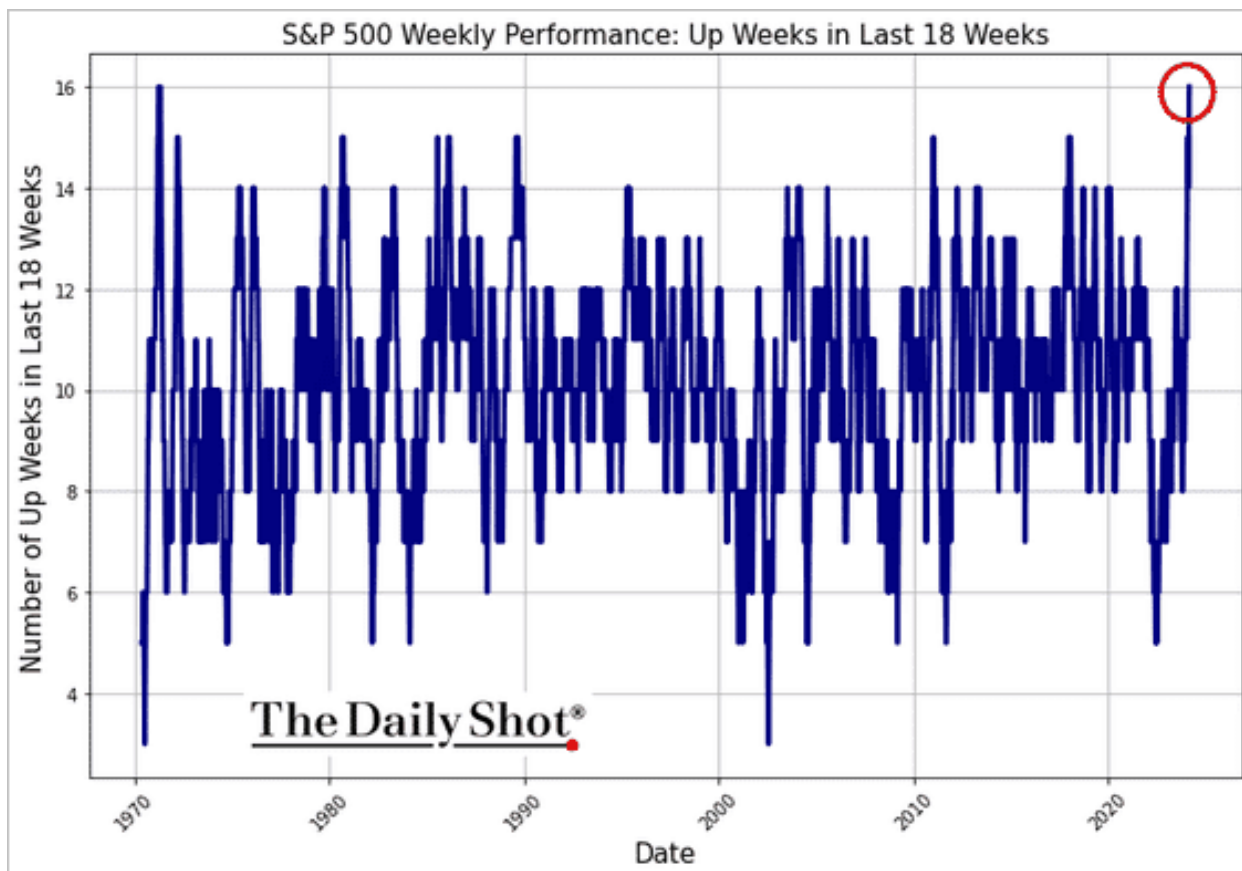
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Economy

Time	Event	Impact	Actual	Dev	<div><div></div><div></div></div>	Consensus	Previous	
TUESDAY, MARCH 5								
13:55	<div><div></div></div> USD Redbook Index (YoY)(Mar 1)	<div><div></div><div></div></div>	-	-	-	2.7%	<div><div></div><div></div></div>	
14:45	<div><div></div></div> USD S&P Global Services PMI(Feb)	<div><div></div><div></div></div>	-	-	-	51.3	<div><div></div><div></div></div>	
14:45	<div><div></div></div> USD S&P Global Composite PMI(Feb)	<div><div></div><div></div></div>	-	-	51.4	51.4	<div><div></div><div></div></div>	
15:00	<div><div></div></div> USD ISM Services PMI(Feb)	<div><div></div><div></div></div>	-	-	53	53.4	<div><div></div><div></div></div>	
15:00	<div><div></div></div> USD Factory Orders (MoM)(Jan)	<div><div></div><div></div></div>	-	-	-2.9%	0.2%	<div><div></div><div></div></div>	
15:00	<div><div></div></div> USD ISM Services Employment Index(Feb)	<div><div></div><div></div></div>	-	-	-	50.5	<div><div></div><div></div></div>	
15:00	<div><div></div></div> USD ISM Services Prices Paid(Feb)	<div><div></div><div></div></div>	-	-	-	64	<div><div></div><div></div></div>	
15:00	<div><div></div></div> USD RealClearMarkets/TIPP Economic Optimism (MoM)(Mar)	<div><div></div><div></div></div>	-	-	45.2	44	<div><div></div><div></div></div>	
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17:00	<div><div></div></div> USD Fed's Barr speech	<div><div></div><div></div></div>			<div>SPEECH</div>		<div><div></div><div></div></div>	
20:30	<div><div></div></div> USD Fed's Barr speech	<div><div></div><div></div></div>			<div>SPEECH</div>		<div><div></div><div></div></div>	
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Market Trading Update

[As noted yesterday](#), the overall market continues within its bullish trend that started in November. While the market remains confined to that narrow rising trend channel, the MACD's buy signal remains elevated, and a clear deterioration in the market's momentum remains. As noted on Twitter/X yesterday, the market has been positive for 16 of the last 18 weeks. That is the longest such stretch of consecutive gains since 1970.



However, as we noted previously, the breakout of the *cup and handle* formation gave the market the lift it needed as investors piled into equities. That breakout suggests that the markets could rally into the 5200s before the breakout levels are retested.

Chart 1: S&P 500: Weekly chart with moving averages

The late 2023 breakout from a bullish cup and handle big base pattern projects a measured move to SPX 5200 and provides a pattern count at SPX 5600. Prior high is an bullish pattern breakout points offer supports near SPX 4800 and SPX 4600 on pullbacks.



Source: BofA Global Research, Bloomberg

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Source: BofA Global Research, Bloomberg

As we have discussed, there is nothing *bearish* about the current market dynamics in the near term. Yes, valuations and deviations from long-term means are certainly noteworthy, but those are

dynamics that will come into play over the next several months. The chase for *Meme* stocks, cryptocurrency plays, and A.I. investments is reminiscent of the 2021 speculation-driven markets.

While *this too shall pass*, it may take longer than logic would predict. Continue to remain long-biased equities for now, but don't forget to continue managing risk accordingly.

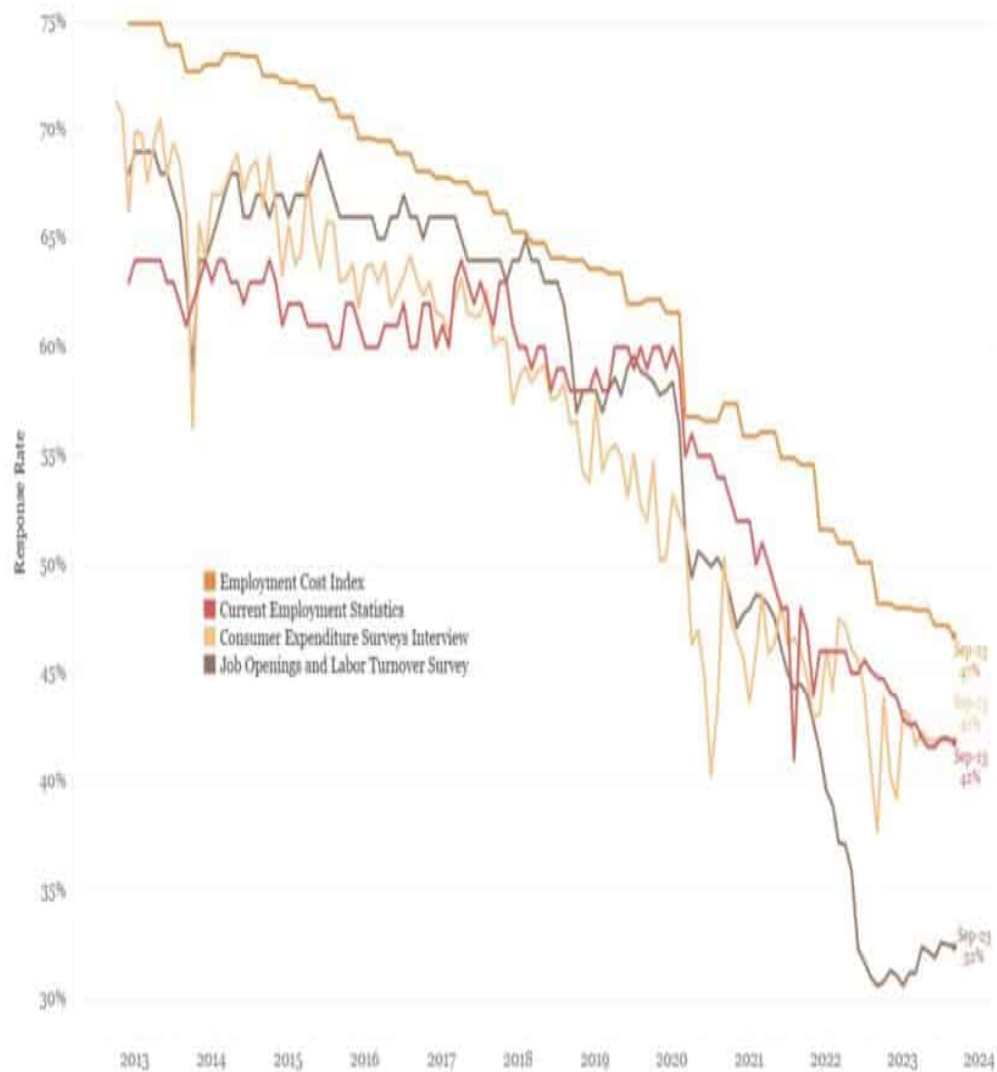


Survey Fatigue Can Mar Important Economic Data

With the JOLTs and the BLS employment report due out later this week, it's worth considering their findings are based on surveys, not actual data like ADP or jobless claims. Survey data can be skewed in many ways. For example, in a recent [Commentary](#), we shared a graph showing the significant differences in consumer sentiment based on political party affiliation in the University of Michigan Consumer Confidence Survey.

In addition to survey flaws from personal biases, another risk is the number and breadth of those surveyed. Are the surveyors getting a representative cross-section of the economy and population? Furthermore, are they surveying enough people and or companies to make the data statistically relevant? The graph below shows the number of those surveyed, and therefore, the breadth of those surveyed for essential employment and personal spending data may be less than robust. Furthermore, the trend toward lower response rates is worsening. Unfortunately, these trends result in less reliable data.

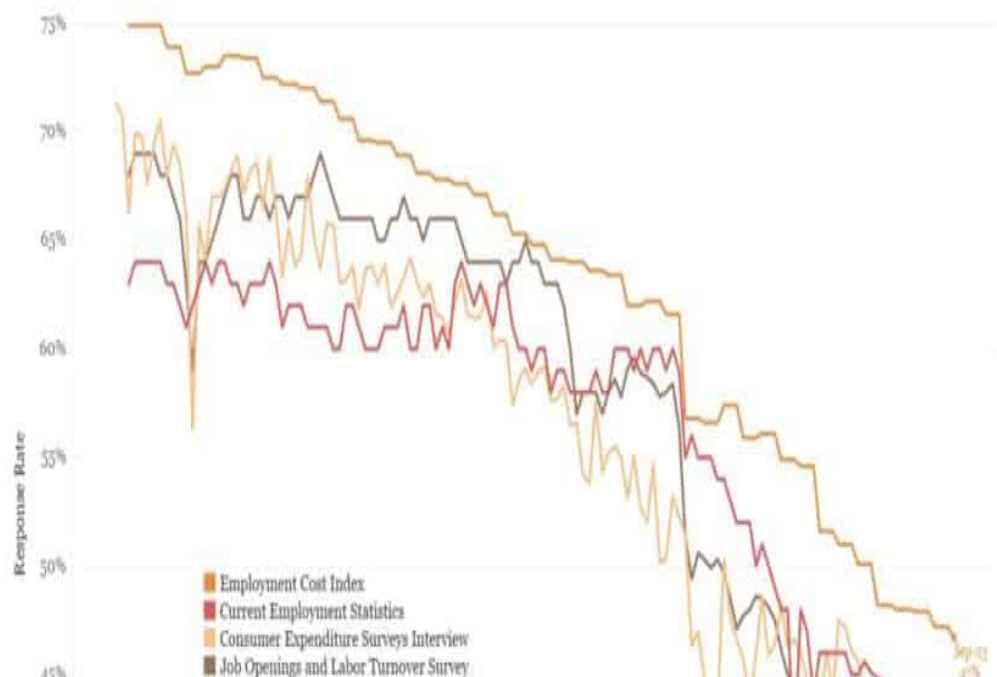
Survey Response Rates



Data Source: Bureau of Labor Statistics, Bloomberg

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Survey Response Rates



SMCI And The Russell Small Cap Index (IWM)

Last Friday, after the market closed, S&P Global announced they were adding Super Micro Computer Inc (SMCI) to the S&P 500. SMCI is a big beneficiary of the AI boom as it manufactures AI-supportive servers. Like Nvidia, SMCI is mooning! Not only did the inclusion of SMCI to the S&P 500 benefit the share price by about 15%, but it is already up over 200% year to date. However, as part of the addition to the S&P 500, it is being removed from the small-cap Russell 2000 (IWM). Mott Capital estimates that SMCI has contributed about 16 points or roughly 8% to the index this year. The index is up approximately 8%, meaning that SMCI is responsible for 100% of the index's gains this year. Further, due to its meteoric rise over the last few months, SMCI now contributes about 1.5% to the index, which is 3x the second-largest contributor.

So, how will SMCI affect the S&P 500 and IWM going forward? When SMCI is removed from IWM, there will be no immediate effect other than slight changes to the contributions of the remaining stocks. However, the volatility, up and down, which SMCI has been contributing to the index will go away. If AI stocks continue to lead the market higher, IWM will not participate as much as it was. Regarding the S&P 500, SMCI's volatility will be muted as its contribution will only be about .15%. It will be approximately the 165th-ranked company by market cap. This will align it with companies like 3M, Ross Stores, and Ford.

Super Micro Computer, Inc. · 1D ● 0881.88 H1071.99 L1020.34 C1071.68 +166.20 (+18.35%)

Volume 3.385M



1M 3M 6M 1Y 5Y All

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Now I am worried 🤔



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