

5/20/2024

# The Week Ahead

## THINGS TO WATCH

**-NVIDIA EARNINGS:** After the market closes Wednesday, NVIDIA (NVDA) is expected to report \$24.6 billion of revenue in its January – April quarter, about 250% above the \$7.2 billion of sales in the same period a year ago. Adjusted earnings per share are anticipated to have quintupled to \$5.53 from \$1.09 one year ago, while the company is projected to report a gross margin of 77% in the period, up from an adjusted 67% four quarters ago. Expanding capital expenditure budgets of hyperscale cloud computing providers including Amazon Web Services, Microsoft Azure, and Google Cloud likely supported continued robust demand for NVDA’s graphics processing units (GPUs) in recent months.

**-TUESDAY FEDSPEAK:** Fed Governor Christopher Waller is scheduled to make remarks on the U.S. economy and monetary policy at a Peterson Institute for International Economics tomorrow. Meanwhile, New York Fed President John Williams will participate in a moderated discussion with Morgan Stanley Chairman James Gorman. Atlanta Fed President Raphael Bostic moderates a panel tomorrow discussion with Fed Presidents Loretta Mester (Cleveland) and Susan Collins (Boston). Finally, Richmond Fed President Thomas Barkin will give opening remarks at the regional bank’s “Investing in Rural America” conference beginning Tuesday. Waller, Williams, Bostic, Mester, and Barkin are 5 of the 12 Federal Open Market Committee voters in 2024.

**-APRIL NEW HOME SALES:** U.S. Census Bureau data to be released Thursday morning are expected to show sales of new single-family homes in the U.S. declined 1.8% last month to an annualized rate of 680,000 units from 693,000 in March (the fastest pace since last September). The willingness of many homebuilders to incentivize purchases with mortgage rate buydowns and by covering buyers’ closing costs has helped support new home sales over the last two years. Meanwhile, fixed-rate mortgages near or above 7% have sharply suppressed activity in the existing home sales market.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	89.7	89.9	▼
Producer Price Index (Y/Y)	2.2%	1.0%	▲
Consumer Price Index (Y/Y)	3.4%	3.1%	▲
Core Consumer Price Index (Y/Y)	3.6%	3.9%	▼
Retail Sales (M/M)	0.0%	-1.1%	▼
Housing Starts (Millions Annualized)	1.36	1.38	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	40003.59	1.35%	6.90%	22.24%
NASDAQ	16685.97	2.15%	11.47%	34.58%
S&P 500	5303.27	1.60%	11.80%	29.49%
MSCI EAFE	2377.00	1.62%	8.35%	14.81%
BB U.S. Aggregate	2136.89	0.55%	-1.33%	1.37%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.39%	5.40%	5.22%
10-Year Treasury	4.42%	4.59%	3.56%

REPORTS DUE THIS WEEK	LATEST
Existing Home Sales (Millions Annualized)	4.19
New Home Sales (Thousands Annualized)	693
S&P Global U.S. Manufacturing PMI	50.0
S&P Global U.S. Services PMI	51.3
Durable Goods Orders (M/M)	0.9%

Total returns are as of 5/17/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

**\$26.7 billion**

The median estimate of analysts covering NVIDIA (NVDA) for the chip giant’s sales in its current fiscal 2Q25 ending July 31. Over the last four quarters, the company has provided next-quarter sales guidance that has topped expectations by 10% or more amid a surge in demand for its GPUs that power accelerated computing required for artificial intelligence training. NVDA’s guidance will be part of its fiscal 1Q25 results Wednesday afternoon.

**15.2%**

The S&P 500 utilities sector’s year-to-date total return through last week, the index's third-best performing sector behind communication services (+20.7%) and technology (+15.6%). Relative performance strength from the traditionally defensive sector is a bit unusual during periods of persistent market strength. Some market commentators have suggested utilities have attracted more investor interest due to an expected sharp increase in energy demand resulting from artificial intelligence computing.

## DISCLOSURES



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