Nvidia
March 6, 2025
Nvidia (NASDAQ: NVDA) stock is getting hit with sell-offs in Thursday's trading. The company's share price was down 5.1% as of 2 p.m. ET amid a 2% decline for the S&P 500 and a 2.5% decline for the Nasdaq Composite.

Investors are selling out of artificial intelligence (AI) and semiconductor stocks today after Marvell Technology saw a big valuation pullback despite posting better-than-expected Q4 results and guidance. The negative reaction to Marvell's earnings report has spurred sell-offs for AI stocks, and Nvidia's share price is taking a hit as investors signal the need for higher growth to support valuation levels amid macroeconomic and geopolitical risk factors.

Nvidia stock falls after Marvell plummets despite a solid Q4 report
Marvell's non-GAAP (adjusted) earnings per share of $0.60 in the fourth quarter topped Wall Street's call for per-share earnings of $0.59, and sales of $1.82 billion exceeded the average analyst forecast by $20 million. But investors weren't satisfied with annual growth of approximately 27% for sales and 33% for adjusted earnings.

Marvell's guidance also wasn't hot enough to support bullish sentiment despite beating the average Wall Street forecast. The chip specialist targeted revenue of approximately $1.875 billion, which beat the consensus forecast for sales of $1.87 billion. Management's guidance for an adjusted gross margin of 60% suggests that earnings should be strong in the period, but the outlook wasn't enough to prevent big sell-offs for Marvell -- and the pullback is extending to Nvidia and other AI stocks.

Why is the market's reaction to Marvell's results bearish for Nvidia?
Marvell is a leading provider of connectivity chips and other solutions that have been seeing demand tailwinds in conjunction with the rise of AI. As a result, the company's performance has come to be viewed as an indicator for overall demand trends in the artificial intelligence space.

While the company's recent fourth-quarter report points to a strong near-term outlook, the market's reaction to its Q4 performance and forward guidance suggests that investors are feeling more cautious about valuations for AI stocks -- and that's weighing on Nvidia's share price.

Now, it’s worth noting Stock Advisor’s total average return is 873% — a market-crushing outperformance compared to 170% for the S&P 500. Don’t miss out on the latest top 10 list, available when you join Stock Advisor.

Nvidia
March 6, 2025
Nvidia (NVDA) stock fell 5.7% on Thursday, bringing its decline this year to more than 17% amid concerns about declines in spending on AI, amid a general selloff in that took the tech-centered Nasdaq 100 down 2.8%. The wider Composite index fell 2.6%.

“The decline in Nvidia’s stock price has much less to do with company fundamentals and much more to do with macro considerations, namely uncertainty around tariffs and trade policy,” Will Rhind, CEO and founder of GraniteShares told Quartz in an email.

“The company posted very strong Q4 earnings showing they remain at the forefront of the AI technology race.”

He suggested that if trade war discussions are mostly noise, this could be an opportunity to buy Nvidia shares at their lowest valuation in a while.

Rival chipmakers also fell, with Broadcom (AVGO) plummeting 6.3% ahead of earnings, Micron (MU) about 5.4%, and Advanced Micro Devices (AMD) 2.8%. The U.S.-listed shares of Taiwan Semiconductor Manufacturing (TSM) dropped 4.6%.

Marvell Technology’s (MRVL) shares plunged almost 20% after the semiconductor company’s earnings guidance didn’t impress investors.

ON Semiconductor (ON) fell 5.6% after Allegro MicroSystems called “inadequate” ON’s unsolicited acquisition offer of $35.10 a share in cash. Meanwhile, Allegro (ALGM) gained 5.7%, going against the tide.

Outside of chipmakers, other tech giants also fell, with Meta (META) down 4.4% and Amazon (AMZN) declining 3.7%. The shares of Apple (AAPL) and Google parent Alphabet (GOOGL) fell by smaller amounts.

MongoDB’s (MDB) shares plunged 27% after the database software company issued weaker-than-expected earnings guidance.

Tesla
March 6, 2025
Tesla stock fell—hard—on Thursday after one analyst said he expects shares of the electric-vehicle maker to move lower, and soon. Did we mention he’s a long-term bull?

He made a similar call a year ago—and was right.

Baird analyst Ben Kallo made Tesla
TSLA

-5.61%
a “Bearish Fresh Pick” on Wednesday evening. Baird uses the “Fresh Pick” designation when the broker feels a stock will move up or down soon.

The call and the moves in the overall market weighed on shares. Tesla stock slid 5.6% to $263.45, while the S&P 500
SPX

-1.78%
and Dow Jones Industrial Average
DJIA

-0.99%
dropped 1.8% and 1%, respectively.

For Tesla, Kallo believes first-quarter delivery estimates are too high. Wall Street expects the EV maker to deliver between 425,000 and 435,000 cars. That estimate was about 470,000 at the start of the year.

However, early-year regional sales data from China and Europe have been relatively weak, raising fears Tesla will miss delivery estimates.

“Production downtime associated with the Model Y refresh complicates the supply-side of the equation while at the same time, [CEO Elon] Musk’s involvement with the Trump administration adds uncertainty to the demand-side,” wrote Kallo.

It is shaping up to be a very messy quarter. Tesla delivered about 387,000 cars in the first quarter of 2024. Wall Street still expects growth. Kallo isn’t as sure. His new estimate is just under 387,000 cars.

For the full year, Kallo projects just more than two million cars sold, a little higher than Wall Street and up from 1.8 million sold in 2024.

The odd thing about the report is that Kallo still rates shares Buy. He didn’t downgrade the stock. He believes investors should brace for—or wait for—this rough patch to pass.

Rough patch puts it mildly. Coming into Thursday, Tesla stock has fallen about 31% this year.

“We continue to view Tesla as a core holding long term and see the company as the leader in real-world AI, but are bearish near-term through the Q1 delivery report,” added the analyst.

Kallo is a bull for the long run. He did lower his target price to $370 from $440 a share on Wednesday.

Overall, the average analyst price target for Tesla stock is about $374, according to FactSet. About 47% of analysts covering the stock rate shares Buy. The average Buy-rating ratio for stocks in the S&P 500 is about 55%.

Kallo added the “Bearish Fresh Pick” label to Tesla in January 2024, while maintaining his Buy rating. Shares were about $190 a piece. Back then, Kallo believed a Delaware court decision to void Musk’s pay package created an overhang for shares.

His call turned out to be prescient. Kallo removed his “Fresh Bearish Pick” in early April when shares were closer to $170 each, and less than two weeks before the stock hit a 52-week low below $140 on April 22.

Tesla
March 6, 2025
Tesla (TSLA) stock dropped 5.6% on Thursday as yet another investing firm cut its price target on the stock and its year-to-date losses reached 35%.

In a note published Thursday morning, analysts at Baird slashed their 12-month outlook on Tesla shares to $370 from $440, citing concerns that Wall Street's expectations for Tesla's first quarter deliveries are too high.

The firm cited concerns over production disruptions related to Tesla’s new Model Y, as well as the potential negative impact of Elon Musk’s government foray on the EV maker’s demand.

“Intra-quarter sales data from TSLA's key regions lead us to believe there is risk to the consensus Q1 delivery estimate of 437.5K,” Baird's team wrote. “Production downtime associated with the Model Y refresh complicates the supply-side of the equation while at the same time, Musk's involvement with the Trump administration adds uncertainty to the demand-side.”

The move comes just days after Bank of America lowered its price target on Tesla shares to $380 from $490, citing “sentiment on the brand potentially souring” and weak sales in Europe.

Tesla
March 6, 2025
Tesla (TSLA, Financials) is expanding its energy storage business with a new Megapack manufacturing facility in Texas, marking its third such site globally. The company secured a tax abatement agreement with Waller County to develop the plant near Houston, according to local government documents.

Nestled in the Empire West industrial park close to Katy, Texas, the complex covers one million square feet. Before legally reusing the facility for battery storage manufacture, Tesla had already leased it. The action fits well with Tesla's larger plan to expand its energy storage division, which has become more and more crucial in line with its main electric car business.

According to Tesla executives, the facility will be built as a copy of the company's current Megafactory in Lathrop, California, intended for Megapack battery storage system manufacture. Additionally run by the corporation is another Megapack production facility in Shanghai, China.

Tesla intends to make various changes to the site as part of its conversion, including improving heating and cooling systems to satisfy production needs and increasing electrical capacity. To support activities at the new facility, the business plans to add $150 million worth of manufacturing tools.

Designed for huge energy storage, Tesla's Megapack batteries enable industrial power backup systems and renewable energy networks. Growing demand for its energy storage technology, which rivals offers from other energy storage companies like Fluence Energy (FLNC, Financials) and NextEra Energy (NEE, Financials), supports the extension of its manufacturing footprint.

Tesla shares declined following the news. The stock was down 4.2% at $267.30 as of 11:45 a.m. GMT-5 on Thursday.

Tesla
March 6, 2025
Tesla CFO Vaibhav Taneja sold $1.7 million in shares of common stock for the electric vehicle manufacturer earlier this week, while Board Chair Robyn Denholm sold about $33 million in shares, according to Monday securities filings.

The sales represent the second offloading of stock by the two executives in as many months, with both Taneja and Denholm, as well as Tesla board member Kimbal Musk, the brother of CEO Elon Musk, having collectively sold tens of millions in shares of company stock in early February, CFO Dive previously reported. Taneja sold $2.8 million in stock at the time, while Denholm sold shares for approximately $43 million. In January Denholm, Musk, and other board members of the Austin, Texas-based EV maker agreed to pay back a collective $919 million to Tesla in a court settlement stemming from a shareholder lawsuit that asserted the directors had overpaid themselves, CFO Dive reported.

Taneja and Denholm’s stock sales this week also took place as the EV maker has continued to see its stock price plummet, amid both slumping global sales and uncertainty surrounding potential tariffs and their impact on the EV space, both in the U.S. and in countries such as Canada, according to reports.

Dive Insight:

Tesla’s stock value has sunk rapidly in recent weeks after an initial spike in the days following President Donald Trump’s election to a second term.

While the company’s stock spiked 84% following the election to just before Christmas, Tesla shares have lost approximately a third of their value since Trump officially took office, according to a report by CNN — with the company therefore losing about 87% of its election boost.

Despite the close relationship between Trump and Tesla CEO Elon Musk, the EV maker could potentially be among the companies hit hard by looming tariffs, with Taneja warning such tariffs could have a negative impact on the company’s bottom line during an earnings call in January. The company remains “very reliant” on parts sourced outside of the U.S., Taneja said, noting tariffs could therefore hurt Tesla’s profitability.

Continued uncertainty surrounding tariffs, as well as the industries and countries to be affected, has only compounded economic headwinds facing Tesla and fellow competitors in the auto industry.

On Tuesday, Trump imposed 25% tariffs on imports from Canada and Mexico — before issuing a one-month pause for U.S. automakers on Wednesday, CFO Dive previously reported. In another twist of the escalating trade war, Trump on Thursday paused tariffs on imports from Mexico which are in compliance with the United-States-Mexico-Canada Agreement, CFO Dive sister publication Supply Chain Dive reported. A short while later, Trump then paused tariffs on Canada which similarly fall under the USMCA agreement, CNN reported.

Outside of the U.S., lawmakers in countries such as Canada have proposed plans to impose their own tariffs in response to the U.S., which could also potentially hurt Tesla. In February, Canadian lawmaker Chrystia Freeland, who is running as a potential candidate for prime minister, vowed “surgical” reprisals to U.S. tariffs on the country, including a 100% tariff on Tesla’s cars, The Independent reported.

Both the sales of stock by Tesla executives and the broadening trade war are occurring as the EV maker sees its global sales nosedive, impacted by an international backlash against Elon Musk’s political activities in the U.S., a glut of rising competition in the space from legacy automakers, and shifting consumer spending habits regarding automotive sales, according to reports. For instance, Tesla sales in Australia plunged 72% in February compared to the prior year period, The Guardian reported.

In a breakdown of Tesla sales across global markets by Newsweek, meanwhile, the publication cited data from the European Automobile Manufacturers Association which found Tesla sales across the European Union, United Kingdom, and European Free Trade Association fell by 45% last month as compared to January 2024. Tesla also saw a shrinking of market share in that region to 1% from 1.8%, despite overall EV vehicle sales growing by 34% over the same period, Newsweek reported.

Shares of Tesla fell 5.61% Thursday to close at $263.45.

Marvell
March 6, 2025
Perhaps the most surprising part of Marvell Technology (MRVL) 's earnings is that it didn't surprise investors.

The AI semiconductor company lost nearly 20% of its market value on March 6 even as its fiscal-fourth-quarter results beat Wall Street's expectations.

Marvell reported adjusted earnings per share of 60 cents, topping the analyst consensus estimate of 59 cents. Revenue grew 27% year-over-year to $1.82 billion, above analysts' estimate of $1.8 billion.

"We are well positioned for a strong start to fiscal 2026," Chief Executive Matt Murphy said in a statement. "We expect first-quarter revenue growth of over 60% year-over-year at the midpoint of guidance, and we anticipate strong revenue growth for the full fiscal year."

During the earnings call, Murphy said that the Santa Clara, Calif., company's artificial intelligence revenue for fiscal 2025 ended Feb. 1 was substantially above the $1.5 billion target laid out last April. For the current year, he expects Marvell's AI-related revenue to surpass $2.5 billion.

Marvell stock under pressure
Last year, Marvell shares surged 83% on strong demand for its AI chips and optimism about its growth in data centers.

In December the company unveiled a five-year partnership with Amazon Web Services (AMZN) to scale its Trainium AI chips and other custom computing solutions.

But with China's budget-friendly AI model DeepSeek raising questions about high semiconductor spending and with concerns about the Trump administration's tariff threats weighing on the market, investors apparently needed a bigger earnings surprise.

Marvell's peer chipmakers, Broadcom and market leader Nvidia, fell more than 5% on March 6.

Marvell stock is down 33% year-to-date, while Nvidia and Broadcom are down 17% and 22%, respectively.

Veteran fund manager upgrades Marvell stock
Several analysts have trimmed their price targets on Marvell.

Barclays cut its price target from $150 to $130 and Wells Fargo lowered its estimate to $120 from $140. KeyBanc and Stifel set their targets at $115.

Meanwhile, Loop Capital upgraded Marvell shares to buy from hold with a $110 price target. Marvell traded around $73 on March 6.

"Even at those levels, based on where MRVL shares will start trading on Thursday, it implies more than 50% upside and as much as 75% with Barclays's new target," the veteran Wall Street fund manager Chris Versace said on TheStreet Pro.

Versace, whose career began in the 1990s, upgraded Marvell shares to a buy now rating from stockpile. He took a cautious stance with his price target, cutting it to $115 from $130.

Wall Street's target-price cuts "are likely to bring some added pressure on MRVL shares," he said but added that he looks to capture the full benefit of Marvell's ramping custom-AI business.

Versace pointed to a possible rebound in Marvell's next two largest revenue drivers.

The first key indicator will be Taiwan Semiconductor's (TSM) February revenue report, which could reconfirm Marvell's market expectations. Taiwan Semiconductor is the world's largest contract chipmaker and a major supplier for Nvidia and Marvell.

Meanwhile, tech giants at the recent Morgan Stanley TMT conference have reinforced expectations for major AI and cloud infrastructure spending.

Marvell
March 6, 2025
Key Takeaways
The S&P 500 dropped 1.8% on Thursday, March 6, 2025, as investors reacted to the back-and-forth surrounding U.S. trade policies and awaited Friday's jobs report.

AI-related stocks lost ground after a lackluster forecast from chipmaker Marvell Technology contributed to doubts about the AI boom.

Shares of agribusiness firm Archer-Daniels-Midland recovered from a tariff-driven downswing.

U.S. equities indexes plunged Thursday as U.S. trade policy remained the focus of wary investors.

Uncertainty surrounding the Trump administration's tariff decisions cast a shadow over the stock markets, despite an announcement that levies on some goods from Mexico will be delayed until April. Heading into the week's final trading day of the week, some attention may shift toward the labor market, with the Bureau of Labor Statistics set to release its February jobs report Friday morning. Indicators in recent days have pointed to a slump in hiring, raising concerns about the strength of the economy.

The S&P 500 dropped 1.8% on Thursday. The Dow sank 1%, while weakness in the tech sector pressured the Nasdaq, which plummeted 2.6%.

Shares of companies with exposure to artificial intelligence technologies moved lower after semiconductor maker Marvell Technology (MRVL) provided an underwhelming outlook for its fiscal first quarter. While sales and profit forecasts were approximately in line with consensus expectations, Bank of America analysts noted that they had expected the outlook to reflect more significant AI-driven growth. Marvell shares tumbled almost 20%.

The muted forecast from Marvell weighed on numerous AI-related stocks. Shares of data analytics software provider Palantir Technologies (PLTR), which rode the wave of AI enthusiasm to become last year's top S&P 500 performer, fell the most of any stock in the benchmark index, losing 10.7%. The decline extended a recent sell-off for the stock as a regulatory filing showed that CEO Alex Karp intends to sell a significant portion of his stake in the company.

Shares of Texas-based electricity generator Vistra (VST), which also enjoyed massive gains in 2024 driven by optimism for opportunities to power AI data centers, dropped 9.8%. Fellow nuclear-focused utility Constellation Energy (CEG), which has benefited from AI enthusiasm, posted a drop of 9.4%.

Netflix (NFLX) shares declined 8.5% after research firm MoffettNathanson predicted a slowdown in subscriber growth for the video streaming giant. According to the analysts, strong subscriber additions for Netflix in recent periods stemmed from the service's crackdown on password sharing, and the streamer is unlikely to continue growing its base of paying customers at the same trajectory.

MarketAxess Holdings (MKTX), which operates a digital trading platform for fixed-income securities, announced robust year-over-year and month-over-month gains in average daily volume, highlighting strength in emerging markets and Eurobonds, despite softness in U.S. credit. MarketAxess shares jumped 5.3%, securing the S&P 500's top daily performance.

Shares of agribusiness firm Archer-Daniels-Midland (ADM) added 4.9%, recovering from losses posted over the past week amid concerns about the impact of tariffs on the agricultural industry. Reports that the Trump administration could be considering a carveout for agricultural products helped drive the turnaround for ADM, and the tariff reprieve announced Thursday afternoon included an exemption for imports of Canadian potash, a key fertilizer ingredient.

Fastenal (FAST) shares advanced 4.5% after the maker of industrial fasteners and adhesives reported an uptick in daily sales growth for February. Jefferies analysts reportedly highlighted strength in Fastenal's industrial end markets.

Mix
March 6, 2025
Nvidia, Broadcom, Macy's, Starbucks, Kroger, Marvell, MongoDB, ON Semi, Allegro: Stocks to watch today

U.S. stocks extended declines as markets reacted to ongoing tariff tensions and relief measures. As the day ended in New York, the S&P 500 and Nasdaq 100 slid 1.7% and 2.6%, respectively, while the Dow Jones Industrial Average dropped 0.9%, or 427 points.

Meanwhile, weekly initial jobless claims dropped by 21,000 to 221,000 for the week ending March 1, better than expected, down from the previous week's unrevised 242,000.

Continuing claims, however, climbed to their highest level since January, nearing a three-year peak. This suggests that unemployed people face greater difficulty finding new jobs, and overall hiring remains subdued.

Here are stocks to watch today:

Broadcom
Broadcom (AVGO) stock declined 6% as the semiconductor manufacturer prepares to report earnings after the closing bell.

Kroger
Kroger (KR) shares rebounded about 2% after yesterday's decline. The grocery chain had delivered a mixed fourth-quarter report and offered a cautious outlook for the current fiscal year. CEO Rodney McMullen resigned earlier this week, forfeiting over $11 million amid a probe into his personal conduct.

Macy's
Macy's (M) stock fell after the department store chain reported mixed earnings and issued a weak outlook for the current quarter. The stock rebounded in lagte morning to trade slightly higher.

Marvell
Marvell Technology's (MRVL) shares plunged about 19% after the semiconductor company's earnings guidance didn't impress investors.

MongoDB

MongoDB’s (MDB) shares plunged 26% after the database software issued weaker-than-expected earnings guidance.

Nvidia
Nvidia (NVDA) shares dropped 5.7% as investors navigated the U.S. tariffs and trade tensions.

ON Semiconductor, Allegro
ON Semiconductor (ON) fell more than 5% after Allegro MicroSystems called “inadequate” ON’s unsolicited acquisition offer of $35.10 a share in cash. Meanwhile, Allegro (ALGM) gained 5%.

Starbucks
Starbucks shares dropped 5.5% after the company laid off workers yesterday. The CEO told corporate employees to work harder and take responsibility for the coffee giant’s financial health.

March 6, 2025
3 Monster Stocks to Hold for the Next 10 Years

1. Amazon
Amazon (NASDAQ: AMZN) is a leader in two high-growth markets: e-commerce and cloud computing. The company has more than 200 million subscribers to its Prime subscription service, and this has led to billions of dollars in quarterly revenue as these customers shop for essentials and mass merchandise on the e-commerce platform. And thanks to Amazon's investment in AI and attention to efficiency across its fulfillment network, it's decreasing its cost to serve these customers -- a positive sign for profit moving forward.

Amazon Web Services (AWS), the cloud business, actually drives the company's overall profit -- and there's reason to be optimistic about growth ahead. This is because AWS has heavily invested in AI and is already reaping the rewards. Last year, the business reached a $115 billion annual revenue run rate, and we're in the early chapters of AI growth. After all, the AI infrastructure buildout is still underway, and companies are just starting to apply AI to supercharge their businesses.

So, there's reason to be optimistic about Amazon's earnings growth and share performance over the coming decade, making it a fantastic stock to add to your portfolio right now for a great price -- only 32x forward earnings estimates, down from 45x just a few months ago.

2. Eli Lilly
Eli Lilly (NYSE: LLY) sells a wide variety of medicines, in treatment areas from neuroscience to diabetes and immunology. But the ones that have attracted the most attention -- and importantly, demand -- in recent times are two of the company's products prescribed for weight loss. The compound is called tirzepatide, and it's approved for weight loss under the name Zepbound and

for type 2 diabetes under the name Mounjaro. (Doctors have prescribed either for patients hoping to lose weight.)

Demand for these drugs has been so high that they were on the U.S. Food and Drug Administration's drug shortage list until just recently. Lilly has ramped up its production capabilities and has designed versions of the drug that are faster and cheaper to produce to tackle the supply problem and maximize profitability.

Zepbound and Mounjaro deliver blockbuster revenue, in the recent quarter bringing in $1.9 billion and $3.5 billion, respectively. And the efforts to increase supply as well as gain approvals for tirzepatide in new areas -- such as obesity with sleep apnea, an indication that won approval late last year -- should increase the revenue opportunity.

Analysts expect the weight loss drug market to increase more than 15-fold to beyond $100 billion by the end of the decade -- so Lilly's earnings and stock performance could continue to march higher.

3. American Express

American Express (NYSE: AXP) is celebrating its 175th anniversary this month -- it started out as a freight forwarding company then through the years transformed, eventually offering travel services and premium payment cards. So American Express clearly is a well-established company, but that doesn't mean it's no longer delivering growth.

In the recent full year, this player actually reported record revenue of more than $65 billion, earnings-per-share climbed 25%, and the company noted record levels of card member spending. Importantly, this company continues to draw new members from younger age groups -- a bright sign for growth ahead. In the third quarter of last year, American Express said Millennial and Gen-Z consumers represent its fastest-growing consumer group in the U.S. They made up 80% of new accounts on the recently launched U.S. Consumer Gold Card.

On top of this, American Express offers investors passive income, something that over a 10-year investment period, adds up nicely -- or offers you the opportunity to increase your position in American Express through dividend reinvestment. American Express just increased its quarterly dividend by 17% to 82 cents per share -- representing a 1.1% dividend yield.

So, this monster stock makes a top buy for growth and annual recurrent income that you can count on.

chance to invest, now is the best time to buy before it’s too late. And the numbers speak for themselves:

Nvidia: if you invested $1,000 when we doubled down in 2009, you’d have $300,764!*

Apple: if you invested $1,000 when we doubled down in 2008, you’d have $44,730!*

Netflix: if you invested $1,000 when we doubled down in 2004, you’d have $524,504!*

Right now, we’re issuing “Double Down” alerts for three incredible companies, and there may not be another chance like this anytime soon.

March 5, 2025
The initial market shock of Trump slapping new tariffs on Mexico and Canada led to the full erasure of the post-election Trump bump on Tuesday.

Of course, it wasn't without some drama that saw the S&P 500 (^GSPC) in the green at times before closing down 1.2%. The shifts of Tuesday’s stock charts staged their own dramatic reenactment, in miniature, of the uncertainty swirling around Trump’s decisions.

But amid retaliatory tariffs and warnings from businesses about the squeeze of forceful levies, it seems clear that Wall Street is delivering its own resounding judgment on Trump’s economic actions.

Investors accelerated the sell-off Tuesday, hurling the Nasdaq (^IXIC) toward correction territory while counter-tariffs from the targeted nations came volleying back.
Canada unveiled plans to impose 25% duties on billions of dollars of US imports, with Prime Minister Justin Trudeau framing Trump’s move as a kind of declaration of economic warfare. Mexico implemented 25% tariffs on US goods. And China answered with duties up to 15% targeting US farmers.

After the market close on Tuesday, Trump's Commerce Secretary Howard Lutnick floated the possibility of relief for Canada and Mexico as soon as Wednesday. In response, US stock futures perked up slightly.

In a speech before Congress Tuesday night, however, the president did not sound like someone ready to make a deal.

For American business leaders delighted about Trump’s second term, the tariffs might feel like a fleeting headache. Next to tax cuts and more lenient regulations, sure, the levies are an unsavory part of the equation. But they’ll still be better off under Trump’s broader economic plan when all is said and done.

The White House is acting as if this is all going according to plan. Perhaps the metaphor is a pawn sacrifice. The country must suffer through short-term pain for long-term advantage.

But the further splintering of global trade and the alienation of US allies can unleash some long-term challenges too. As Neil Shearing of Capital Economics wrote in a note Tuesday, the Trump tariffs risk widening a fissure within the group of nations largely aligned with Washington, complicating collective action against an emboldened Beijing and further isolating the US on the global stage.

Back at home, it's hard to see what's happening in markets as anything other than the beginning of a domestic referendum on Trump's economic agenda. Sure, the stock market isn't the economy. And as this newsletter mentioned last week, Trump's economic advisers are eyeing other indicators to gauge their success. But if the numbers go down far enough and abstract displeasure becomes tangible consumer pain, there will be a response.

There's little doubt that Trump's actions this week will become a case study for the future. People will say, "Look what happened in '25," as if what transpired makes sense to the future observer, just like Smoot-Hawley.

But there's a huge amount of uncertainty and confusion in the moment. If day one of the tariffs depleted a reservoir of goodwill that investors extended to Trump 2.0, what will day 30 or 60 look like? Not even the president knows.

March 2, 2025
The dust has settled on the latest Nvidia (NVDA) earnings week frenzy.

And I think it's important to take stock of where things stand for the world's most important stock (sorry, Apple (AAPL)). Why? Because you should be thinking about whether the pullback in Nvidia is a buying opportunity or the start of a deeper sell-off as expectations are reset.

We know Nvidia's margins in the first half of the year will be below their usual robust levels as Blackwell AI chips ramp up. I would argue the Street knew this ahead of the results, so they got flustered over nothing.

On Nvidia's earnings call, execs sought to push back on the bears, who have put forth a narrative that there will be a digestion period for AI investments by hyperscalers such as Amazon (AMZN) and that Nvidia's margins may have peaked.

"Once our Blackwell fully rounds, we can improve our cost and our gross margin," Nvidia CFO Colette Kress said. "So, we expect to probably be in the mid-70s later this year."
We also know that, fundamentally, Nvidia's business is strong and likely to stay strong.

Fourth quarter revenue rose 12% sequentially and 78% from the prior year. Data center sales more than doubled from the prior year. Earnings handily beat analyst estimates.

"We're going to have to continue to scale as demand is quite high, and customers are anxious and impatient to get their Blackwell systems," Nvidia founder and CEO Jensen Huang said.

Listen: Nvidia could be unstoppable

Nowhere in the company's 2025 guidance or commentary from Huang did I sense that AMD (AMD) is taking Nvidia's market share; ditto custom chips from Amazon. I heard no hint that hyperscalers are sending AI chips back to Nvidia or have stopped fawning over Jensen to get more of these chips at any cost.

Put together, I would argue what we heard from Nvidia in terms of demand and margins was all well known going into the results. So, the sell-off could prove to be an overreaction, a function of investors aiming to model out mixed first quarter guidance for the next two years.

But there are a couple of things we don't yet know about Nvidia that warrant greater attention. These play into the long-term bull thesis.

For starters, there's Huang's point about DeepSeek's R1 requiring 100x more compute resources compared to pre-training models due to inference time scaling. Look, most of us have no clue what this even means. But the casual observer could read it as the market has it strong on DeepSeek, and there could be a lot of upside to Nvidia estimates as DeepSeek and other reasoning models gain hold.

And the second thing we don't know is the long-term impact of what Huang will show off at Nvidia's GTC event on March 17.

"We're going to provide a big, huge step-up [in performance]," Huang said. "And so, come to GTC, and I'll talk to you about Blackwell Ultra, Vera Rubin, and then show you the one click after that. Really exciting new products to come at GTC."

To me, these new chips could blow Blackwell's performance away and reinforce Nvidia's leading position in the space.

The last thing that is unclear is how nation-states' buildout of AI infrastructure will drive demand for Nvidia chips. A16z general partner Anjney Midha suggests the Street may be undervaluing the opportunity (see Opening Bid episode above).

I am not some crazy Nvidia bull. But I am a practitioner of commonsense when studying stocks, companies, and leaders. And when it comes to Nvidia, it's silly to think what we heard from the company is going to send the stock to end 2025 lower.

Fec 27, 2025
The stock market might be Trump's strongest check and balance: Morning Brief

During President Trump’s first term in office, the stock market held special influence over him in ways that Congress, the courts, and even public opinion did not.

He appeared to take market movements as a proxy for his economic policies, at least when things were going well.

In the second month of his second term, however, bad vibes are turning into an economic souring — from anxious consumers, skittish markets, and sticky inflation — much of which stems from the uncertainty around the president's tariffs and other policies.

So far, neither Congress nor the judiciary have presented much of a check on executive power.

But what about the influence of markets, whose prices can't be cajoled or controlled to fall in line?

Last week we wrote about the strange feeling of being near all-time highs without the joy that usually accompanies such run-ups. Since then, the stock market has become even more flighty. And yet another survey on consumer confidence showed people believe a darker future lies ahead. Perception isn’t data though. Or rather, it can be less reliable than more fixed metrics.

But pointing to gaps between economic data and consumer feeling doesn't tell the whole story either. Trump is actively trying to reshape political alliances, global trade, government spending, and the role of the executive. The public registering unease over tariff threats and inflation seems less like an overreaction than earnest concern.

“[If] inflation is too sticky, [Trump] may not be able to follow through on the full implementation for fear of exacerbating the problem,” said Paul Stanley, chief investment officer at Granite Bay Wealth Management.

At just over 3% off the S&P 500's record high, the Trump team doesn't see the president being moved by the fickle whims of daily stock trading. But a 10% correction might be a different story.

“If the market really tanks I think you would see Trump respond,” said Scott Lincicome, vice president of general economics and trade at the Cato Institute. “The biggest tariff threats would fade into the background and you would see more focus on getting some sort of tax package across the line.”
This week, Treasury Secretary Scott Bessent noted the administration had a special focus on the 10-year yield, another market and economic-based report card that will not move just because someone demands it.

And while the administration may push policies to curb rates and lower borrowing costs, the recent relief in the bond market stems from concern over tariffs and the economic consequences they might unleash.

It's probably a strange comfort to hear that the market and economic numbers that make it to Trump's desk could act as a fourth branch of government, as some kind of barrier that prompts him to rethink his agenda if conditions head south.

But numbers can't be reasoned with to tell anything but their truth.

Feb 25, 2025
Why stock market worries about tariff uncertainty might be a 'red herring': Morning Brief

The stock market is trading near record highs, but the vibes feel off.

Last week's sell-off brought out a laundry list of possible triggers, ranging from weak manufacturing data to rising inflation expectations to, of course, the impact of tariffs on consumers and across the economy.

But according to Neil Dutta, head of economics at Renaissance Macro, talk about the last item on that list simply covers up what the first two suggest: The US economy is slowing down.

In an email on Monday, Dutta flagged four concerning developments for the economy that are largely the inverse of what led him to be among the leading voices on Wall Street arguing in favor of a "no landing" scenario back in 2022.

The consumer is softening as income growth falls, housing is weak, government spending is slowing, and Wall Street expects the US economy to continue growing at around 2.5%, in line with each of the last three years.

"If 2023 was about being surprised to the upside, there is more risk in 2025 of being surprised to the downside," Dutta wrote.
"Much of what we see in the financial press — tariffs, uncertainty — is a red herring, an ex-post rationalization for an economic slowdown that was already in motion."

Late last month, Fed Chair Jay Powell said the US economy was in "quite a good place" when outlining the Fed's rationale for pausing rate cuts. This assessment also helps explain why Powell seemed content not to push back on market expectations paring back their bets for further cuts.

Asked about the impact of tariffs on the economy, Powell said "significant" shifts around tariffs, immigration policy, fiscal policy, and regulations each created "additional uncertainty" for the economic outlook.

Still, the Fed chair appeared largely unbothered.

In Dutta's view, however, the Fed's slowdown in rate cuts has created a "passive tightening of monetary policy [that] is the dominant risk and that has important implications for financial market investors."

In other words, by pausing rate cuts into a slowing economy, the Fed is de facto raising rates.

Going forward, Dutta expects long-term rates and stocks to fall as rate cuts and an economic slowdown are priced in and the job market further slows.

Whether it be tariffs, an overheated AI trade, or other pockets of froth in the stock market, the current market moment is not lacking for risks in the months ahead.

What's notable in Dutta's call is that he doesn't dredge up some obscure piece of alternative data the market hasn't yet priced in or outline an involved three-leg parlay of sentiment, valuations, and positioning.

Rather, it looks at the basics: how much people get paid, how much it costs to live, and what the government is doing to help. And none of the trends are great.