Nvidia Stock Surges Ahead of New Graphics Card Announcement

NVIDIA Corp (NASDAQ: NVDA) has been gaining following the announcement of a new line of Graphics cards. The new GTX 1080 sports significant improvements over their previous benchmark card, the GTX Titan. According the specs released by Nvidia, the 1080 appears to have a 30% performance increase over the old benchmark card. This increase in performance comes along with a significant reduction in price, with the new card reported to retail for around $600. For comparison, the GTX Titan cost around $1500 when it was first released. All of this has hardcore gamers lining up to get their hands on the latest that Nvidia has to offer.

Gamers aren’t the only ones lining up to get their hands on a piece of Nvidia. The company’s stock rallied 15% following the release of its quarterly earnings, showing 46% growth in profits during the last quarter. Nvidia has vastly outperformed its main competitor, AMD (NASDAQ:AMD), which reported revenue of $832 million, down 13 percent sequentially. The disparity between Nvidia and AMD appears to be primarily a result of Nvidia’s success amongst computer gamers. Reportedly, Nvidia controlled about 80% of the PC gaming market in 2015. That domination sees no end in sight with the excitement surrounding the new GTX 1080.

Nvidia’s growth has been fueled from a number of sources. Graphics technology has been leveraged in everything from deep learning to bit coin mining, increasing the demand for better graphics cards in a variety of industries. Additionally, the increase in special effects in movies have pushed the limits of graphics computing power. With enhancements to CAD (computer aided design) in the engineering world, a greater emphasis has been placed on precise rendering and physics simulations. Lastly, the growth of virtual reality technology has accelerated the need for consumers to have powerful graphics cards. As the virtual reality market continues to grow, so too will the demand for the wealth of products that Nvidia has to offer.

Nvidia’s rise to the top has not just been the result of cutting edge technological innovation. The company’s shrewd business practices have also been a huge part of its success story. Nvidia, has managed to land lucrative contracts with some of the top companies in the world, driving growth. In 2011 they won a 6-year licensing contract with Intel that is projected to bring in about $1.5 Billion over its lifetime. While this contract is set to run out in 2017, analysts predict that Intel will likely renew the contract upon its completion. Nvidia has also been contracted to build the graphics units for the most recent line of Apple MacBook Pros, though Apple is notorious for using both AMD and Nvidia graphics cards intermittently in order to drive competition. Nvidia has also managed to win a settlement with Samsung over a number of patent violations the companies have accused each other of committing. The settlement has led to negotiations to break up and share patents, which should be mutually beneficial to both companies.   
  
Computer gamers and investors alike will be happy to know that the new GTX 1080 is set to launch on the 27th of May. The growth that Nvidia has enjoyed for the past few years shows no sign of slowing down, and the company should also see gains from the growth of a qvariety of other industries.

