

Nvidia Rides Fierce Blackwell Demand to Record Stock Close

- Recent comments have eased concerns about production issues
- Options market flashes signs of optimism going forward



The Nvidia headquarters in Santa Clara, California. *Photographer: Loren Elliott/Bloomberg*

By [Ryan Vlastelica](#)

October 14, 2024 at 6:44 AM EDT

Updated on October 14, 2024 at 4:34 PM EDT

Nvidia Corp.'s shares are roaring back after the company successfully calmed investor concerns about product delays and its long-term growth prospects.

The stock is up almost 14% this month, including a 2.4% gain on Monday that resulted in its first record close since June, though it remains below an intraday peak. It's the second-best performer in the S&P 500 Index this year.



Bloomberg Daybreak Europe

US Weighs Nvidia Overseas Sales Caps

16:34

Listen to the Bloomberg Daybreak Europe podcast on [Apple](#), [Spotify](#) or [anywhere you listen](#).



Signed Up

By continuing, I agree to the [Privacy Policy](#) and [Terms of Service](#).

Recent strength came after CEO Jensen Huang said Nvidia's Blackwell chip "is in full production," and that demand for it "is insane 🗨️," comments that came after Blackwell was delayed due to engineering snags, prompting a selloff that has now been erased. In addition, a report last week from Morgan Stanley analysts who met management said that Blackwell orders "are booked out 12 months or so," with "every indication that business remains robust with very high forward visibility."

Nvidia's Record Close



The comments cement the view that Nvidia is still a favored way to invest in artificial intelligence, especially as major companies remain committed to their AI initiatives. Microsoft Corp., for example, is projected to boost capex spending by nearly a third in fiscal 2025 to about \$58 billion, according to the average of analyst estimates compiled by Bloomberg.

"There had been questions about the impact production delays could have, so these updates are reassuring," said Zehrid Osmani, portfolio manager at Martin Currie Investment Management.

Take the MLIV Pulse survey

Will Nvidia earnings report boost the stock price or bring weakness? Share your [views](#)

Beyond the Blackwell optimism, recent sales from Taiwan Semiconductor Manufacturing Co. showed strong AI demand, while a funding round for OpenAI resulted in a \$157 billion

valuation. OpenAI recently released an AI model with reasoning capabilities, something Alphabet Inc. is also working on.

These events “have driven a reinvigoration of interest in the space, and people are really getting excited about the use cases for reasoning-based AI,” said John Belton, a portfolio manager at Gabelli Funds. “Reasoning represents a new area for Nvidia, and when you consider how compute-intensive it is, this could be a huge new product category.”

Belton views Nvidia as a core holding and sees AI offering “a steady drumbeat of demand” for years. “It’s not an undiscovered stock, but the valuation is still reasonable if it can deliver the numbers that are expected.”

Analysts expect Nvidia’s revenue to more than double in its current fiscal year, and rise another 44% the following one, according to data compiled by Bloomberg. The Street has continually raised estimates for Nvidia’s earnings and profit over the past quarter.

Related: ‘We Underestimated’ Nvidia, Says \$50 Billion Manager Impax

Nvidia’s strong growth prospects have kept its valuation in check, helping bulls support their case to keep buying. It trades above 37 times estimated earnings, which represents a premium to the Nasdaq 100 Index, but is below its five-year average and under a June peak of more than 44 times.

“Nvidia still looks formidable,” said Osmani, of Martin Currie. “It remains really well positioned to harness the AI opportunity.”

Signs of optimism have also been flashing in the options market. On Thursday, there was a wave of purchases in calls that allow holders to buy more than 30 million shares at levels from \$150 to \$189 through March. Nvidia closed at \$138.07 on Monday.

The cost of calls relative to bearish put options – known as the skew – has fallen, making it cheaper to bet on a further rally. The contracts won’t expire until after Nvidia’s fourth-quarter earnings release, expected in late February.

“The stock will remain volatile and orders will be lumpy,” said Dan Flax, managing director and senior research analyst at Neuberger Berman. “But so long as Nvidia executes on its product road map, that will drive the kind of healthy growth that keeps the stock attractive.”

Tech Chart of the Day

Tesla Near Key Level



Tesla Inc. shares fell 8.8% on Friday in the wake of its Robotaxi event, with the stock dropping near a key technical level. The shares closed only slightly above their 100-day moving average, a level it has held above since June. Breaking under it would be a negative sign for medium-term momentum trends. Shares rose 0.6% on Monday.

Top Tech Stories

- Taiwan Semiconductor Manufacturing Co. is planning more plants in Europe with a focus on the market for artificial intelligence chips, according to a senior Taiwanese official, as the chipmaker expands its global footprint.
- TPG Telecom Ltd. agreed to sell its fiber assets and the company's fixed business serving enterprise, government and wholesale customers to Vocus Group Ltd. in a deal valued at A\$5.25 billion (\$3.5 billion).
- South Korea's exports of technology products slowed for a second straight month in an indication global demand may be peaking out, according to government data that also showed memory-chip shipments and prices losing momentum.
- Apple Inc. is finally preparing to compete for the smart home market after falling behind Amazon and Google. For years, Apple has sold the go-to devices for our pockets, wrists, backpacks and desks. But it has struggled to achieve that kind of success in other key areas: the car, the face and the home.

All About Nvidia Chips, AI Hype and What Lies Ahead: QuickTake

– With assistance from David Marino

(Updates to market close.)

[Share feedback](#) 

©2024 Bloomberg L.P. All Rights Reserved.
