

THE BASIS POINT

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EXECUTIVE SUMMARY

Home Depot Beats - The 'Guidance > Results' Lesson Holds:

HD reported this morning: EPS \$2.58 (beat \$2.52 estimate), Revenue \$38.2B (beat \$38.1B). Stock up in premarket. BUT - sales fell 4% y/y and guidance for FY26 was just maintained (not raised). Watch for afternoon fade if traders focus on the weak sales growth rather than the beat.

The Real Story: HD is gaining market share in a terrible housing market (6% mortgage rates, -8.4% existing home sales in January). Comp sales +0.4% shows consumers are still doing small projects, just not major remodels. This is 'survival mode' performance - not exciting, but stable.

Tomorrow: Nvidia After Close - The \$3 Trillion Moment of Truth:

After today's calm HD beat, all focus shifts to NVDA tomorrow (Wednesday) after market close. Expected EPS: \$0.79, Revenue: \$39.6B. This is THE binary event for tech. Beat + raise = AI rally overrides stagflation fears. Miss = Nasdaq tests 15,500. There is no middle ground.

1. THIS MORNING - HOME DEPOT BEATS ESTIMATES

The Results (Pre-Market, 7am ET):

Metric	Expected	Actual	Commentary
EPS	\$2.52	\$2.58 ■	Beat by 2.4%. First beat in a year.
Revenue	\$38.1B	\$38.2B ■	Topped estimates despite tough comps
Comp Sales	~-0.4%	+0.4% ■	Positive! U.S. +0.3%. Gaining share in weak market.

Net Income	N/A	\$2.57B	Down from \$3.0B y/y (expected given weak housing)
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Key Highlights from the Call:

- **Raised dividend:** \$2.33/share (up from prior), payable March 26 to shareholders of record March 12
- **FY26 guidance maintained:** Total sales growth 2.5%-4.5%, adj EPS flat to +4% from \$14.69
- **Average ticket up 2.4% y/y:** Customers spending more per transaction (inflation effect + project mix)
- **Transactions down 1.6% y/y:** Fewer customers coming in, but those who do are buying
- **Tariff evaluation ongoing:** CFO McPhail said company evaluating impact of Trump's 15% tariff

→ WHY HOME DEPOT'S BEAT MATTERS (BUT NOT AS MUCH AS YOU'D THINK):

1. It's a 'best house in a bad neighborhood' story: HD is gaining market share while the entire home improvement sector struggles. 30-year mortgage rates at 6% keep homeowners locked in, killing major remodeling. But HD's scale and tech give it an edge vs smaller players.

2. The beat is small and guidance wasn't raised: Remember PANW and Walmart? Past results don't matter - guidance does. HD maintained (not raised) its FY26 outlook. That's 'fine' but not exciting. Stock may pop on the beat then fade by close.

3. Consumer discretionary health check = mixed: Walmart showed strength in November-January period. HD shows weakness (sales -4% y/y). The difference? Walmart = staples (food, essentials). HD = discretionary (remodel, DIY). Consumers are pulling back on big projects.

4. Tariff wildcard ahead: If Trump's 15% tariff sticks (Supreme Court blocked 'Liberation Day' tariffs but this one might hold), HD's costs rise. They'll try to pass it to consumers, but in a weak housing market, that's tough.

2. TOMORROW AFTER CLOSE - NVIDIA EARNINGS PREVIEW

Why This Is The Most Important Earnings Report of 2026:

Nvidia has a \$3 trillion market cap. When NVDA moves 5%, it adds/subtracts \$150 billion in market value - more than the entire market cap of companies like Boeing, Nike, or McDonald's. After Friday's stagflation scare (PCE 3.0%, GDP 1.4%), tech needs a win. Nvidia is it.

Consensus Expectations:

- EPS: \$0.79 (up ~70% y/y)
- Revenue: \$39.6B (up ~70% y/y)
- Data Center Revenue: ~\$37B (this is 93% of total revenue - AI chips)
- Gross Margin: Watch for signs of competition from AMD, custom chips

Scenario	What Triggers It	Market Reaction
Bull Case (35%)	Beat + raise guidance + Blackwell ramp accelerating	NVDA +8-12%, Nasdaq +2-3%, Tech leads rally, stagflation fears forgotten (temporarily)
Base Case (45%)	Beat on Q4, meet/slight raise on Q1 guidance, Blackwell on track	NVDA +3-5%, Nasdaq +0.5-1%, Mixed reaction, focus stays on macro
Bear Case (20%)	Miss OR guidance disappointing OR Blackwell delays mentioned	NVDA -10-15%, Nasdaq -3-5%, Tech rout, 'peak AI capex' narrative accelerates

What to Listen For on the Call (5pm ET):

Topic	What To Listen For	Why It Matters
Blackwell Ramp	'Ahead of schedule' vs 'on track' vs 'ramping in H2'	Blackwell is next-gen chip. Early ramp = beat continues into 2026. Delays = bear case.
Gross Margins	Staying above 75%? Any mention of pricing pressure?	Falling margins = competition (AMD, custom chips) eating share. Bullish needs >75%.

Customer Concentration	Is demand broadening beyond hyperscalers (MSFT, GOOG, META)?	If still 80%+ revenue from 5 customers = concentration risk. Need enterprise adoption.
Q1 2026 Guidance	Above, inline, or below \$42B Street estimate?	This is THE number that moves stock. Q4 results are history. Q1 guide is future.

3. PROFESSIONAL ANALYST TAKEAWAY

Home Depot Beat Is Noise - Nvidia Tomorrow Is Signal

HD's beat this morning is nice but ultimately irrelevant. Home improvement sector is in a multi-year slump (6% mortgages, weak housing turnover). HD gaining share in a shrinking pie doesn't change the macro picture. The stock will likely drift after the initial pop.

Tomorrow's Nvidia earnings are what matter. After Friday's stagflation data (PCE 3.0%, GDP 1.4%), tech needs proof that AI spending is REAL and SUSTAINABLE. If NVDA delivers a massive beat and raises Q1 guidance aggressively, it can override the macro concerns for 2-4 weeks.

The Setup Going Into Wednesday After-Close:

Markets are in a tug-of-war. Bonds are pricing recession (10-year yield fell Friday despite hot inflation). Stocks haven't capitulated yet. Nvidia is the tiebreaker:

- **If NVDA beats big:** 'AI is real' narrative wins. Tech rallies. Recession fears pushed out. S&P; targets 7,000+.
- **If NVDA misses:** 'Peak AI capex' narrative takes over. Tech sells off. Recession fears accelerate. S&P; tests 6,700.

My Trade: Waiting for NVDA Reaction

I'm not taking new positions today. HD's beat doesn't change anything - consumer discretionary is weak. Tomorrow night's NVDA reaction will tell us if we're in a bull or bear market for the next month. If NVDA beats and stock gaps up 8%+ Thursday morning, I'll add tech exposure. If it disappoints and gaps down, I'm moving more defensive (utilities, healthcare, consumer staples).

Key Levels to Watch Thursday Morning (Post-NVDA):

- **Nasdaq:** 16,200 resistance (if NVDA beats, we break through). 15,500 support (if NVDA misses, we test it).
- **10-year yield:** 4.00% is critical. Break below = recession fears confirmed. Above 4.15% = inflation fears return.
- **VIX:** Currently ~21. Spike above 25 = fear mode. Drop below 18 = all-clear signal.

4. TODAY'S HOMEWORK - NVIDIA PREP

Exercise 1 - Watch HD Price Action Today

HD gapped up on the beat. Does it hold gains all day, or fade by close? If it fades, that confirms 'guidance > results' lesson. Weak sector + maintained guidance = temporary pop only. Note the pattern.

Exercise 2 - Write Your NVDA Prediction

Before tomorrow's close, write down: Will NVDA beat or miss? Will guidance be raised? Will stock go up or down Thursday? MOST IMPORTANT: WHY? Have a thesis. Then compare to reality Wednesday night.

Exercise 3 - Track Sector Rotation Today: Compare how different sectors perform today: Consumer Discretionary (HD, LOW), Tech (NVDA, AMD, semis), Defensives (Utilities, Healthcare). Which is leading? That tells you what traders are positioning for tomorrow. If defensives lead, they're scared of NVDA miss. If semis lead, they're betting on beat.

Sources: CNBC, Home Depot Investor Relations, Seeking Alpha, Yahoo Finance, Bloomberg, Polymarket

Compiled: Tuesday, February 24, 2026, 6:00 AM ET | **Next Briefing:** Wednesday, February 25, 2026 (Nvidia Day)

Disclaimer: Educational purposes only. Not investment advice. Always do your own due diligence.