

THE BASIS POINT

Wednesday • February 25, 2026

Daily Market Intelligence • premalsprojects.github.io

EXECUTIVE SUMMARY

■ NVIDIA EARNINGS TONIGHT (4:20PM ET) - THE \$3 TRILLION MOMENT:

Expected EPS: \$1.52 (+71.9% y/y), Revenue: \$65.7B (+67% y/y). Polymarket pricing 95% probability of a beat. But the beat is ALREADY priced in - what matters is guidance for Q1 FY2027 and Blackwell ramp commentary. Conference call at 5pm ET with Jensen Huang will move every tech stock tomorrow.

Why This Is THE Most Important Event: After stagflation data last Friday (PCE 3.0%, GDP 1.4%), tech needs proof that AI spending is REAL and SUSTAINABLE. If NVDA delivers a huge beat + raises Q1 guidance aggressively, it can override macro concerns for weeks. If it disappoints, 'peak AI capex' narrative takes over and Nasdaq tests 15,500.

The \$200 Billion Question - Amazon's Competing Chips:

Amazon announced \$200B in 2026 capex for infrastructure - most goes to NVDA. BUT Amazon is simultaneously developing Trainium2 competing chips. This creates tension: massive near-term demand for Nvidia (2026) vs potential share loss longer-term (2027+). Watch Jensen's commentary on custom chips tonight.

1. THE SETUP GOING INTO 4:20PM ET

Market's Pre-Earnings Positioning:

- Polymarket: 95% probability NVDA beats EPS estimates (very high confidence)
- Stock at \$188.52 (up 6% this week, but only +35% past year vs historic ~200%+ annual gains)
- Polymarket: Only 25% probability stock ends February above \$200 (skepticism despite beat expectations)

- Options market pricing $\pm 8\%$ move (roughly \$15-16 per share swing)

Why the Skepticism If Beat Is Expected?

Eight consecutive quarters of beats, but margins of outperformance narrowing: 11.93% surprise in Q1 FY24 down to 4.84% surprise in Q3 FY26. This means Wall Street is getting better at modeling Nvidia - less room for upside surprise. Plus, at 46x P/E and 24x forward earnings, the stock NEEDS massive beats to justify valuation.

2. WHAT TO WATCH AT 4:20PM & 5PM CALL

The Numbers That Matter:

Metric	Expected	What It Means
Q4 FY26 Revenue	\$65.7B (±2%)	Beat by \$3B+ = very bullish. Below \$64B = red flag. Street expects 67% y/y growth.
Q4 FY26 EPS	\$1.52	Last quarter was \$1.30. Need to beat by at least \$0.05-0.08 to satisfy market.
Data Center Revenue	~\$60B	This is 90%+ of total revenue. Q3 was \$51.2B. Sequential growth critical.
Gross Margin	~75%	Q3 was 73.4%. Guidance was mid-70s. Below 74% = competition concerns.
Q1 FY27 Guidance ■	~\$75B Street consensus	THIS IS THE NUMBER. Above \$78B = massive beat. Below \$72B = disaster.

The Call (5pm ET) - What Jensen Huang Will Say:

Topic	Listen For	Bullish Signal	Bearish Signal
Blackwell Ramp	Timeline, production capacity, demand	'Ahead of schedule,' 'demand off the charts'	'On track' (not ahead), any delay mentions
Rubin Preview	Next-gen chip arriving late 2026	Early launch (Q3 2026), strong pre-orders	Pushed to 2027, vague on demand
China Sales	H200 chip sales progress after restrictions eased	'Deal finalized,' significant revenue contribution	'Still under review,' minimal near-term impact
Custom Chips	Amazon Trainium2, Google TPU competition	'Complementary not competitive,' partnerships	Defensive tone, margin pressure mentioned
\$500B Visibility	Path to \$500B from Blackwell+Rubin through 2026	'Still on track,' 'demand exceeding expectations'	'Monitoring,' 'some customer pushouts'

3. THE THREE OUTCOMES & MARKET REACTIONS

SCENARIO 1 - THE BLOWOUT (30% probability):

What happens: Q4 revenue \$68B+ (vs \$65.7B expected), Q1 FY27 guidance \$80B+ (vs \$75B expected), Blackwell ramp 'ahead of schedule,' China deal finalized.

After-hours reaction: NVDA gaps up 10-15% to \$205-215

Thursday market open: Nasdaq +3-4%, S&P; +1.5-2%. Semis (AMD, AVGO, ASML) all rally 5-8%. Tech dominates. 'AI is real' narrative wins.

Implication: Stagflation fears from last Friday completely forgotten. Market shifts to 'growth over inflation' mindset. Rate cut timeline irrelevant - tech leads regardless.

SCENARIO 2 - THE IN-LINE BEAT (50% probability):

What happens: Q4 revenue \$66-67B (beat but not huge), Q1 FY27 guidance \$74-76B (meets/slightly beats), Blackwell 'on track,' margins 74-75%.

After-hours reaction: NVDA up 3-5% to \$194-198

Thursday market open: Nasdaq +0.5-1%, S&P; +0.3-0.5%. Relief rally but muted. By Friday, focus shifts back to macro (PCE, GDP weakness).

Implication: Mixed. Nvidia maintains dominance but doesn't provide enough fuel to override stagflation concerns. Market stays range-bound.

SCENARIO 3 - THE DISAPPOINTMENT (20% probability):

What happens: Q4 revenue <\$65B OR Q1 guidance <\$72B OR gross margins <73% OR Jensen mentions 'customer deployment delays' or 'some projects pushed out'.

After-hours reaction: NVDA drops 8-12% to \$165-175

Thursday market open: Nasdaq -3-5%, S&P; -2-3%. Semis collapse (AMD -10%, AVGO -8%). 'Peak AI capex' narrative explodes. VIX spikes above 25.

Implication: Combined with stagflation data from Friday, this triggers defensive rotation. Utilities, healthcare, consumer staples outperform for weeks. Tech enters correction.

4. PROFESSIONAL ANALYST TAKEAWAY

This Is a 'Make or Break' Moment for Tech

I've been trading for 15 years and I can't remember a single earnings report carrying this much weight for the entire market. Nvidia represents 7% of the S&P; 500. When it moves 10%, the index moves 0.7%. But the psychological impact is far larger - NVDA is THE bellwether for whether AI capex continues or peaks.

Why I'm Nervous Despite 95% Beat Probability:

The beat is priced in. Polymarket says 95% beat odds, yet only 25% odds stock ends February above \$200. That's the market saying 'we expect a beat but it won't be enough.' At 46x P/E, Nvidia needs to not just beat - it needs to CRUSH. A small beat gets sold.

The Amazon factor worries me. \$200B in 2026 capex is enormous for Nvidia. But Trainium2 chips are real competition. If Jensen sounds defensive about custom chips tonight, that's a red flag.

My Positioning Into the Print:

I sold half my NVDA position Monday at \$190 to de-risk. Holding the other half through earnings. If it gaps up 10%+ Thursday, I'll sell into strength. If it gaps down 8%+, I'll buy the dip (but only if Jensen's tone on the call is confident).

For those without positions: WAIT for the after-hours reaction AND the call. Don't chase the immediate move. The first 30 minutes after 4:20pm is algorithmic noise. The real signal comes during Jensen's Q&A; starting at 5pm. If he's confident and aggressive, buy Thursday morning. If he's cautious or vague, stay away.

What I'm Watching Most Closely:

Q1 FY27 guidance is THE number. Not Q4 results. The market knows Q4 was strong. What we don't know is if that momentum continues into Q1. Street wants \$75B. Jensen needs to guide \$78B+ to trigger a real rally. Anything below \$73B and we're in trouble.

Second most important: Jensen's language around Blackwell. 'Ahead of schedule' vs 'on track' seems like semantics but it's not. 'Ahead' means demand is insane and they're pulling production forward. 'On track' means things are fine but not extraordinary. Big difference.

5. TONIGHT'S HOMEWORK - REAL-TIME EARNINGS TRAINING

Exercise 1 - Watch 4:20pm Release

Have NVDA chart ready on 1-minute timeframe. Note the IMMEDIATE reaction (first 5 minutes). This is pure algorithmic - it scans the press release for keywords. Write down: Did it gap up or down? By how much? This is your 'instant read' training.

Exercise 2 - Listen to 5pm Call Live

Investor.nvidia.com has the webcast. Listen for Jensen's TONE, not just numbers. Is he confident? Defensive? Does he pause when asked about custom chips? Does he sound excited about Blackwell? Tone reveals more than words.

Exercise 3 - Compare Your Pre-Prediction to Reality: Yesterday you should have written down your NVDA prediction (Exercise 2 from yesterday's briefing). Tonight, compare. Did you get it right? If yes, analyze WHY you were right - what signals did you pick up on? If no, what did you miss? This is how you build pattern recognition for future earnings.

Sources: Nvidia Investor Relations, Polymarket, Kiplinger, The Motley Fool, Yahoo Finance, 24/7 Wall St., Bloomberg

Compiled: Wednesday, February 25, 2026, 6:00 AM ET | **Earnings Release:** 4:20pm ET | **Conference Call:** 5:00pm ET

Next Briefing: Thursday, February 26, 2026 (Post-Nvidia Reaction Analysis)

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