

# INVESTOR'S BUSINESS DAILY®

**TECHNOLOGY**

## Is Amazon Stock A Buy As It Restructures Workforce In Tough Times?



BRIAN DEAGON | 03:03 PM ET 04/14/2023

**F**or years, Amazon seemed invincible, an e-commerce giant that made other companies shiver when it muscled into their markets. It helped Amazon stock soar into four-digit territory, and the company's earnings reports often delighted investors.

Now, after a year of troubling earnings reports, Amazon has launched a major restructuring, including plans to cut 27,000 employees from its workforce. Is Amazon stock a buy?

In late March, Amazon announced plans to slash 9,000 jobs. That's on top of the 18,000 job cuts it announced in January.

"Given the uncertain economy in which we reside, and the uncertainty that exists in the near future, we have chosen to be more streamlined in our costs and head count," Amazon Chief Executive Andy Jassy said in a written **notice to employees** when the layoffs were announced. He also suggested more layoffs are possible. The cuts mainly focus on Amazon Web Services, advertising, Twitch, human resources and its stores divisions.

## Amazon Jumps Into Artificial Intelligence

On April 13, Amazon jumped into the booming field of **generative artificial intelligence**, the technology behind ChatGPT. Amazon stock climbed on the news, as did other AI companies.

Alphabet and **Microsoft (MSFT)** previously announced plans to bring ChatGPT to the public. Meanwhile, Amazon's cloud computing unit, Amazon Web Services, plans to target corporate customers.

AWS will also expand access to custom-made chips. They say the chips can run AI software more efficiently and cheaper than competitors can.

"Machine learning has been a technology with high promise for several decades. But it's only been the last five to 10 years that it's started to be used more pervasively by companies," Chief Executive Andy Jassy said in his letter **to shareholders**.

Machine learning is a form of artificial intelligence.

Jassy went on to say: "We will continue to invest substantially in these models across all of our consumer, seller, brand and creator experience."

The three largest cloud computing companies, AWS, Microsoft and Google, have moved AI development to the top of their to-do list. Each is trying to capitalize on the booming interest in artificial intelligence technology.

## A Heightened Focus On Cost Savings

After the second round of job cuts, Arun Sundaram, senior equity analyst at CFRA, maintained a buy rating on Amazon stock.

"While some may view these job cuts as a sign of a gloomier macro outlook, especially as it relates to cloud computing and digital advertising, we believe investors will appreciate Amazon's heightened focus on cost savings and free cash flow," Sundaram wrote in a note to clients.

The most recent layoff announcements, in March, came after Amazon announced **fourth-quarter results** on Feb. 2. The company beat on revenue but missed on earnings, as its typically strong cloud computing unit failed to rescue the e-commerce giant.

The cloud unit showed that **revenue decelerated**. AWS sales jumped 20% to \$21.4 billion, but that was below expectations and a deceleration from 27% growth in the prior quarter

Oppenheimer analyst Jason Helfstein said more cost-cutting efforts are needed. "We believe more layoffs are necessary for e-commerce to become meaningfully profitable," he said in his note to clients.

## Amazon Continues Push Into Health Care

In late February, Amazon **completed** its \$3.9 billion acquisition of One Medical, giving it a primary health care provider with in-person and virtual treatment as well as lab tests and programs for preventive care.

"We're on a mission to make it dramatically easier for people to find, choose, afford and engage with the services, products, and professionals they need to get and stay healthy," said Neil Lindsay, senior vice president of Amazon Health Services, in a written statement with the **Amazon news release**.

Amazon has made several forays into the health care market. In 2018 Amazon paid about \$1 billion to acquire PillPack. That gave Amazon the ability to ship prescriptions around the country, making it a direct threat to the more than \$400 billion pharmacy business.

Amazon has long-held ambitions to greatly simplify how consumers receive health care, but it remains a lofty goal that has yet to emerge as a moneymaking venture.

## Technical Analysis Of Amazon Stock

In the stock market, timing is critical. So when you're looking for **stocks to buy or sell**, it's important to do the fundamental and technical analysis that identifies lower-risk entry points that also offer solid potential rewards.

The **IBD Stock Checkup** tool shows that Amazon stock has a weak **IBD Composite Rating** of 36 out of 99. When choosing growth stocks for the biggest potential, **based on technical and fundamental criteria**, try to focus on those with a **Composite Rating** of 90 or higher.

Amazon's **Relative Strength Rating** now stands at 32 out of 99. Ideally, look for stocks with a rating of 80 or higher.

## Is Amazon Stock A Buy?

AMZN is not a buy at this time. It's still in a long-term downtrend but has been recovering since it hit a low at the start of the year.

AMZN stock is now forming a **cup base** with a **114.10 buy point**, and the price action is so far pretty smooth.

Even if Amazon breaks out, it has a mountain to climb back. Overhead supply could retard any advance AMZN tries in the next several months.

The stock continues to hit resistance at the 200-day line, which has been a resistance level for about a year. Amazon is currently sitting on its **50-day line**. Falling below that would be reason for caution. But holding above it and then piercing through the 200-day line and holding would be a positive sign.

Recognizing stock **chart patterns** is one key to the investment guidelines. IBD offers a broad range of **growth stock lists**, such as **Leaderboard** and **SwingTrader**.

Investors also can create watchlists, find companies nearing a **buy point**, or develop custom screens at **IBD MarketSmith**.

If you're interested in **buying large-cap stocks**, in these articles you'll find **technical analysis** of leading large caps to see if they are in or near a proper **buy zone**.

*Please follow Brian Deagon on Twitter at @IBD\_BDeagon for more on tech stocks, analysis and financial markets.*

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# INVESTOR'S BUSINESS DAILY®

**NEWS**

## Nvidia More Than Triples In 2023 On AI Boost – Is It A Buy?



APARNA NARAYANAN | 03:25 PM ET 08/04/2023

**N**vidia (NVDA), a giant in data centers and gaming, continues to sizzle. The chip giant is seen as one of the biggest winners of the AI boom. Is Nvidia stock a buy right now, with earnings due?



## Semiconductor, AI News

In May, Nvidia Chief Executive Jensen Huang announced a new supercomputer, software and services for **generative AI** (artificial intelligence). Generative AI can create content, including written articles, from simple descriptive phrases by analyzing and digesting vast amounts of data. It can also write computer programming code.

For its latest quarter, graphics-chip maker **Nvidia crushed Wall Street's targets** on record data-center sales. Production is ramping up to meet huge demand for AI technology, CEO Huang said.

Nvidia is a leader in AI chips. In the **tech industry's fierce battle for AI dominance**, the advanced chips needed for generative AI, such as the ChatGPT chatbot, are key.

For those looking for **top large-cap stocks to buy now**, here's a dive into NVDA stock.

### Nvidia Stock Technical Analysis

Nvidia rebounded Aug. 3 after three down days, technically regaining a **439.90 buy point**. Shares edged higher on Aug. 4. The latest entry from a **three-weeks-tight** pattern offered a place for existing investors to add a few more shares. The buy range goes to 461.90, the **IBD Leaderboard** stock analysis shows.

But with the market rally shifting to under pressure, investors may want to wait to see if Nvidia can find support at the 50-day/10-week line for the first time since early January.

A rebound from those levels would offer a buying opportunity. But shares aren't there yet.

A further pullback also could be part of a full-fledged base.

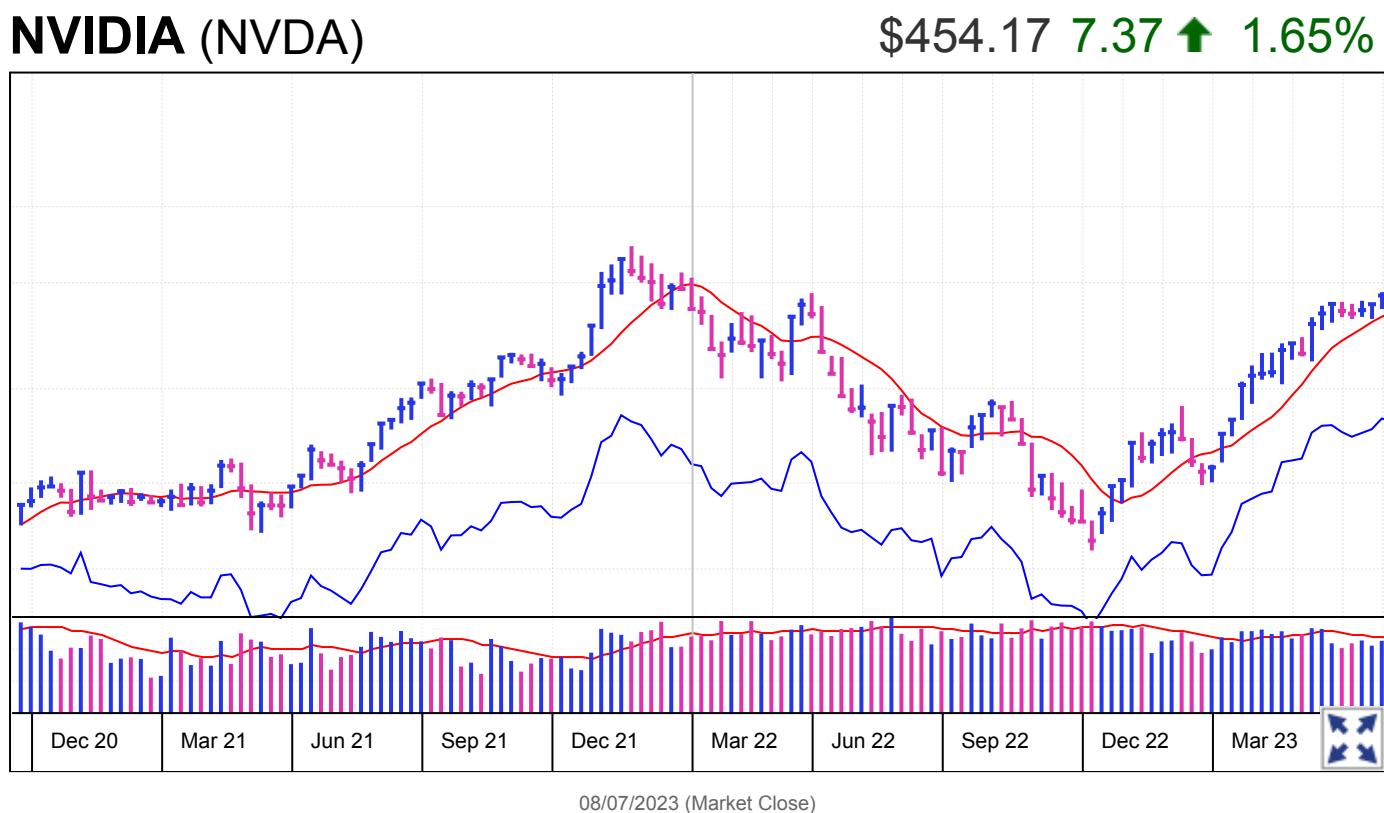
Shares still aren't far from the 52-week high, set on July 14.

NVDA joined the prestigious IBD Leaderboard in February on an earnings gap-up. It surged again in May on blowout earnings and strong guidance.

Year to date, Nvidia stock has skyrocketed 206%, after crashing in 2022.

The **relative strength line** is flattening out a bit after a strong rally, the IBD MarketSmith charts show. A rising RS line means that a stock is outperforming the S&P 500. It is the blue line in the chart shown.

NVDA earns an **IBD Composite Rating** of 97, out of a best-possible 99. In other words, Nvidia stock is in the top 3% of all stocks in terms of technical and fundamental metrics.



Investors generally should focus on stocks with Comp Ratings of 90 or even 95 and above. Nvidia stock often earns a spot on the **IBD 50, Big Cap 20 and Sector Leaders** lists.

The **IBD Stock Checkup** tool shows that NVDA carries a **Relative Strength Rating** of 99. That means it has outperformed 99% of all other stocks over the past year.

The **iShares PHLX Semiconductor ETF (SOXX)** holds both Nvidia stock and AMD stock.

## Nvidia Earnings

Nvidia's **EPS Rating** is 68 out of 99 and its **SMR Rating** is a B, on a scale of A to a worst E. The EPS rating compares a company's earnings growth to other stocks. Its SMR Rating gauges sales growth, profit margins and return on equity.

On May 24, the chip giant delivered a big beat-and-raise report. The **Nvidia earnings report** included a bullish, AI-fueled sales forecast.

The Santa Clara, Calif.-based company earned \$1.09 a share on sales of \$7.19 billion in the quarter ended April 30. Year over year, Nvidia earnings dropped 20% while sales fell 13%. But the results easily outpaced Wall Street's expectations.

In Q1, data-center sales rose 14% to \$4.28 billion. Gaming-chip sales fell 38% to \$2.24 billion.

Analysts expect Nvidia earnings per share to rebound 138% in fiscal 2024, on a 61% sales gain. Last year, Nvidia earnings fell 25%.

Its next quarterly report is expected on Aug. 23.

Out of 50 analysts covering NVDA stock, 43 rate it a buy. Six have a hold and one has a sell, according to FactSet.

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## NVDA Backstory, Rivals

The fabless chipmaker pioneered graphics processing units, or GPUs, to make video games more realistic. It's expanding in AI chips, used in supercomputers, data centers and drug development.

Nvidia's GPUs act as accelerators for central processing units, or CPUs, made by other companies. It's working on "supercomputers" combining its own CPUs and GPUs.

In addition, Nvidia chips are used for Bitcoin mining and self-driving electric cars.

Nvidia has made a **big push into metaverse applications**.

Fabless chip stocks include **Qualcomm (QCOM)**, **Broadcom (AVGO)** and **Monolithic Power Systems (MPWR)**.

Currently, the fabless group ranks No. 2 out of 197 industry groups. Fabless companies design the hardware while outsourcing the manufacturing to a third-party firm.

For the best returns, investors should focus on **companies that are leading the market and their own industry group**.

## Is Nvidia Stock A Buy?

On a fundamental level, Nvidia earnings are expected to return to growth. They should more than double this fiscal year, driven by booming chip sales for data centers and artificial intelligence.

The fabless chipmaker is expanding in other growth areas such as automated electric cars and cloud gaming as well. The adoption of the metaverse and cryptocurrencies could further stoke demand for Nvidia chips.

However, macroeconomic uncertainties and risk of global recession linger.

NVDA stock has staged a massive comeback, more than tripling in 2023 so far. Shares have reclaimed their latest follow-on entry after a retreat and are now back in a proper **buy zone**. But investors may want to wait for a pullback to key levels or a new base, especially with the market rally under pressure.

Bottom line: Nvidia stock is a buy right now, but with caveats.

As a leading chip company with exposure to top end-markets, Nvidia is always one to watch.

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**RESEARCH**

## Is Apple Stock A Buy After iPhone Maker's March-Quarter Earnings Beat?



PATRICK SEITZ | 08:15 AM ET 05/08/2023

Consumer electronics giant **Apple (AAPL)** has seen its sales hindered by weakening macroeconomic conditions, which have rocked Apple stock. Still, many investors might be wondering if AAPL stock is a buy right now.

## Apple Stock News: iPhone 14 Sales

Apple introduced its third-generation 5G smartphones, the **iPhone 14 series**, on Sept. 7. It also debuted its Apple Watch Series 8 smartwatches and second-generation AirPods Pro wireless earbuds. Apple stock rose 0.9% on the news.

Analysts praised the innovative new devices but some worried that the premium products would be a **tough sell in the current economic climate**.

However, demand for the high-end iPhone 14 Pro models has been strong, while sales of the regular models have disappointed.

Covid-related production disruptions in China significantly impacted iPhone supply and sales in the December quarter. But Apple was able to capture much of those missed sales in the March quarter, executives said.

Apple now is preparing for the launch of its iPhone 15 smartphone lineup this September.

## Apple Opportunities For Growth

With the iPhone business maturing, investors are wondering what the **next big growth driver** will be for Apple stock.

Recently, two businesses have given Apple's sales and profits a boost: services and wearables.

In the March quarter, Apple's services revenue increased 5% year over year to \$20.9 billion. Meanwhile, its hardware sales declined 5% to \$73.9 billion. Services include the App Store, AppleCare, iCloud, Apple Pay, Apple Music, Apple TV+, Apple Arcade and other offerings.

In late October, **Apple raised prices for the first time** on its Apple Music and Apple TV+ services. It also hiked the price for its Apple One services bundle.

In late March, Barclays analyst Tim Long said **Apple's advertising business** is "underappreciated" by investors.

Meanwhile, **Apple is facing antitrust scrutiny** in the U.S., Europe and Asia for its App Store policies, including its 30% commission fee.

## Apple Product Rumors Persist

Apple's Wearables, Home and Accessories unit saw sales dip a fraction to \$8.8 billion in the March quarter. This unit includes wearables like the Apple Watch, AirPods wireless earbuds and Beats headphones. It also contains the Apple HomePod wireless speaker and other miscellaneous gadgets.

News leaks suggest that Apple will announce a **headset for virtual reality and augmented reality** in 2023. The **computer headset** could be a driver of Apple stock, analysts say. But many are skeptical about **prospects for the mixed-reality goggles**, which reportedly will cost about \$3,000.

Meanwhile, speculation continues that **Apple is looking to make a self-driving electric car**.

## Apple Earnings: Beat and Guide Down

Late on May 4, Apple topped Wall Street's targets for its **fiscal second quarter** and guided lower for the current period. Apple stock rose on the news in the next trading session.

Apple earned \$1.52 a share on sales of \$94.8 billion for the quarter ended April 1. Analysts polled by FactSet had predicted Apple earnings of \$1.43 a share on sales of \$92.9 billion. On a year-over-year basis, Apple earnings were unchanged while sales fell 2.5%. It was the second consecutive quarter of sales declines for Apple.

For the June quarter, Apple forecast sales to decline 2.5% year over year, vs. Wall Street's estimate for an increase of 1.8%

In the March quarter, Apple's iPhone revenue increased 2% to \$51.3 billion, topping analyst estimates. Smartphones accounted for 54% of the company's total sales in the period.

Meanwhile, Apple's Mac computer sales tumbled 31% to \$7.2 billion. Apple's iPad sales declined 13% to \$6.7 billion. And revenue from Apple's wearables, home and accessories unit fell a fraction to \$8.8 billion.

The company's next earnings report is likely to happen in late July or early August. That could be a catalyst for Apple stock.

## Apple Stock Retreats From Record High

In January 2022, Apple hit a market value of \$3 trillion when its shares reached 182.86. It was the first company to reach a market capitalization of \$3 trillion.

It notched a record high of 182.94 before pulling back. AAPL stock trended lower in the weeks that followed and it attempted to rally several times last year.

## Apple's Storied History

Apple has been an American success story several times over. First, it ignited the personal computer revolution in the 1970s with the Apple II. Then it reinvented the PC in the 1980s with the Macintosh.

Co-founder Steve Jobs returned to run Apple in 1997 and oversaw a winning streak of innovations that included the iMac, iPod, iTunes, iPhone, iPad and the App Store.

The biggest driver of Apple's modern success is the iPhone. The game-changing smartphone, which debuted in 2007, sparked years of massive growth and created a loyal base of customers willing to buy Apple products and services.

Apple has an installed base of more than 2 billion devices in use today, including well over 1 billion iPhones.

## Exclusive Apple Stock Ratings

After hitting its record high at the start of 2022, Apple stock pulled back as much as 32%.

AAPL stock has an **IBD Relative Strength Rating** of 88 out of 99. The Relative Strength Rating shows how a stock's price performance stacks up against all other stocks over the last 52 weeks.

# Apple (AAPL)

\$178.85 3.14 ↓ 1.73%



08/07/2023 (Market Close)

Apple stock has an **IBD Composite Rating** of 91 out of 99, according to **IBD Stock Checkup**. IBD's Composite Rating combines five separate proprietary ratings of fundamental and technical performance into one easy-to-use rating. The best growth stocks have a Composite Rating of 90 or better.

Also, Apple ranked No. 5 on **IBD's 2022 100 Best ESG Companies list**. ESG is short for environmental, social and governance.

## AAPL Stock Technical Analysis

Year to date, Apple stock has climbed 33.6% through May 5. But it has not established a clear **buy point** during its ascent. It ended the regular session May 5 at 173.57.

In a positive sign, Apple stock has been trading above its **50-day moving average line**, as well as its 200-day line. Also, its **relative strength line** has been rising lately as it outperforms the S&P 500 this year.

Apple stock has an **IBD Accumulation/Distribution Rating** of B, indicating institutional buying of shares.

## Is Apple Stock A Buy Right Now?

Apple stock is not a buy right now. It needs to form a **new base** in the right **market conditions** before setting a potential buy point. Check out **IBD's Big Picture column** for the current market direction.

Keep an eye on the **overall stock market**. If the market turns south, **don't try to fight the general stock market direction**.

To find the best stocks to buy and watch, check out **IBD's Stock Lists page**. More stock ideas can be found on IBD's **Leaderboard**, **MarketSmith** and **SwingTrader** platforms.

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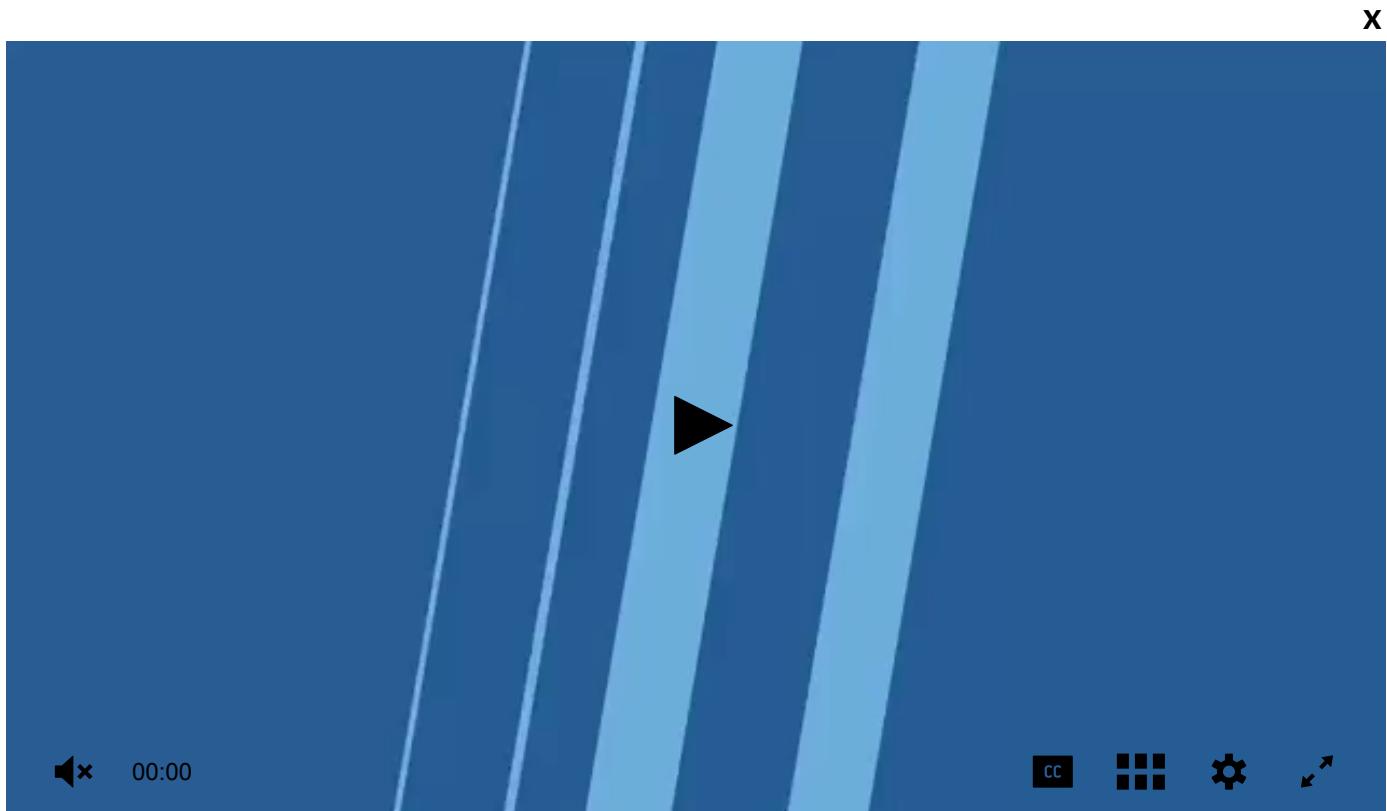
**NEWS**

## Is Tesla Stock A Buy Or A Sell With California's Attorney General Investigating The EV Giant?



KIT NORTON | 11:05 AM ET 07/27/2023

**T**esla (TSLA) stock appears to be pulling back after second-quarter financials on July 19, as investor concerns over falling gross margins seems to be outweighing the global EV giant's earnings and revenue-beating numbers.



Meanwhile, California's attorney general is investigating Tesla, seeking information from customers and former employees regarding Autopilot safety and false advertising complaints, CNBC reported Wednesday.

This comes after Tesla reported Q2 profits growing 20% to 91 cents per share while revenue increased 47% to \$24.93 billion. Analysts expected profits to edge up around 4% to 80 cents per share with revenue totaling \$24.22 billion, up 43% compared with last year.

Tesla's total gross profit grew 7% to \$4.53 billion in the second quarter. Meanwhile, total gross margins came in at 18.2%, down from 19.3% in Q1 and a decline of 682 basis points vs. last year. Auto gross margins, excluding regulatory credits and leases, came in at 18.1%, down from 18.3% in Q1.

That is below the 20% gross margin "floor" Tesla previously targeted. Ahead of earnings, a slew of analysts rang warning bells on gross margins.

"The short-term variances in gross margins and profitability really are minor relative to the long term picture," **Chief Executive Elon Musk told investors during the Q2 earnings call.**

"Autonomy will make all of these numbers look silly," he added.

## **Stock Falls After Earnings**

However on July 20, TSLA tumbled 9.7% to 262.90, falling below the 21-day line but only giving up July gains.

Ahead of earnings, Wood sold tranches of her firm's Tesla stock holdings in consecutive sessions, **unloading more than 73,000 shares** before the EV giant reported second-quarter financials.

Morgan Stanley analyst Adam Jonas on July 24 wrote he expects Tesla's full-year auto gross margins to remain below 20% until 2025.

Cathie Wood sold another 20,700 shares of Tesla stock on July 25 for around \$5.49 million, based on the closing price of 265.28.

## Tesla Stock And Musk

There is never a dull moment for Tesla and Musk, with the two inextricably linked. Since **Musk took over Twitter** on Oct. 28, purchasing the social media platform for \$44 billion, **some longtime Tesla stock bulls** have worried Musk's focus on Twitter, along with negative attention, is weighing down Tesla stock.

Musk appeared to lessen those fears when he hired Linda Yaccarino, NBCUniversal's advertising chief, as the new CEO for X Corp., formerly known as Twitter. The Tesla chief added Yaccarino will focus on business operations while he will work on product design and new technology.

Wedbush analyst Daniel Ives wrote the news ends some of the "distraction risk around the Tesla story."

With TSLA shares pulling back after earnings, the top question for investors is always, when is it a good time to buy or sell Tesla stock.

Tesla and Musk are betting big on the Cybertruck and autonomous vehicle technology, along with a possible tailwind from the Inflation Reduction Act (IRA).

## Tesla A Monster Stock Over Much Of Its History

Almost single-handedly, Musk has turned the auto industry on its head, essentially forcing it to get aboard the electric-vehicle train.

It's a reason why Tesla has been a monster stock over much of its history, especially during its stratospheric run from mid-2019 to late 2021. The stock hit a bear market low of 101.84 on Jan. 6, but roared back until Q1 earnings.

On April 19, Tesla reported a **big first-quarter earnings decline** while revenue missed views. Profit margins for the global EV giant also fell below 20% as the company executed an aggressive price-slashing strategy in the first part of 2023.

Tesla reported revenue increasing 24% to \$23.33 billion with EPS of 85 cents, a 20% decline compared to 2022.

The EV company's total gross profit came in at \$4.5 billion, with Tesla's profit gross margin at 19.3%, down from 23.8% in Q4 and 29.1% a year earlier.

## Tesla's Global Price Cutting Strategy

Tesla has slashed prices worldwide multiple times in 2023, starting in January and continuing into April. The only exception is China, where Tesla cut prices significantly in late October before the reductions in early January.

On April 14, Tesla reduced prices in several European markets. Tesla also dropped the price of its electric vehicles in Israel and Singapore in order to increase demand, expanding a worldwide discount push that began in China in January.

The global EV maker also significantly reduced prices in the U.S. and Europe on Jan. 13, then reduced European prices again in early March.

In Germany, Tesla lowered the price of its Model 3 and Model Y vehicles by between 4.5% and 9.8%, while it cut prices of the Model 3 and Model Y vehicles in Singapore between 4.3% and 5%.

However, more recently **Tesla raised** Model S and Model X vehicle prices in China by around \$2,750. That follows a \$290 price hike in China on the Model 3 and Model Y. The global EV giant also increased prices on its two popular vehicles in other markets including the U.S.

## Tesla Stock: Betting On Autonomous Vehicles And The Cybertruck

Musk has long touted Tesla's Full Self-Driving (FSD) technology and the potential value it brings to the brand.

The Tesla CEO told investors during the Q1 earnings call the "value of a car that is autonomous is enormous."

Musk also stressed that improvements in the FSD beta are "really quite dramatic."

"The trend is very clearly toward full autonomy, and I hesitate to say this, but I think we'll do it this year," Musk said, referring to self-driving vehicles.

Meanwhile, Musk has confirmed that a Cybertruck delivery event will take place later in 2023.

Tesla reported in its Q2 financials the Cybertruck "remains on track to begin initial production later this year at Gigafactory Texas." However, the EV giant added it is "testing Cybertruck vehicles around the world for final certification and validation."

"We can't wait to start delivering it later this year," Musk told investors Wednesday, referring to the Cybertruck.

On July 15, Tesla tweeted a photo of the first Tesla Cybertruck made at its Austin plant. Tesla stock responded jumping 3.2%.

The company also said it continues to "make progress" on its next generation platform. Since the Tesla investor day in early March, the company has remained mostly silent on its **next generation vehicle**, to be produced at its new plant in Mexico. At the annual shareholder meeting, Tesla unveiled a vehicle silhouette.

## **The Long-Awaited Semi Hauler Unveiled**

In early December, Tesla **unveiled its long-awaited Semi**, an 18-wheel, long-haul electric freight truck, five years after it was first announced. However, in March, **Tesla ordered a voluntary recall** of 35 Semi trucks due to a parking brake issue.

Tesla began delivering its long-haul Semi trucks to **PepsiCo (PEP)** in December. Further, Musk has indicated there are plans to build out a charging network for long-haul trucks.

Musk did not specify how much the eighteen-wheeler costs. The Semi is capable of traveling an estimated 500 miles per charge. It can accelerate from zero to 60 in 20 seconds, Tesla says. The company expects to ramp production over the next year and aims to deliver 50,000 units in 2024.

Before the recall, PepsiCo planned to deploy 36 Tesla Semi trucks, with 15 in Modesto and 21 in Sacramento.

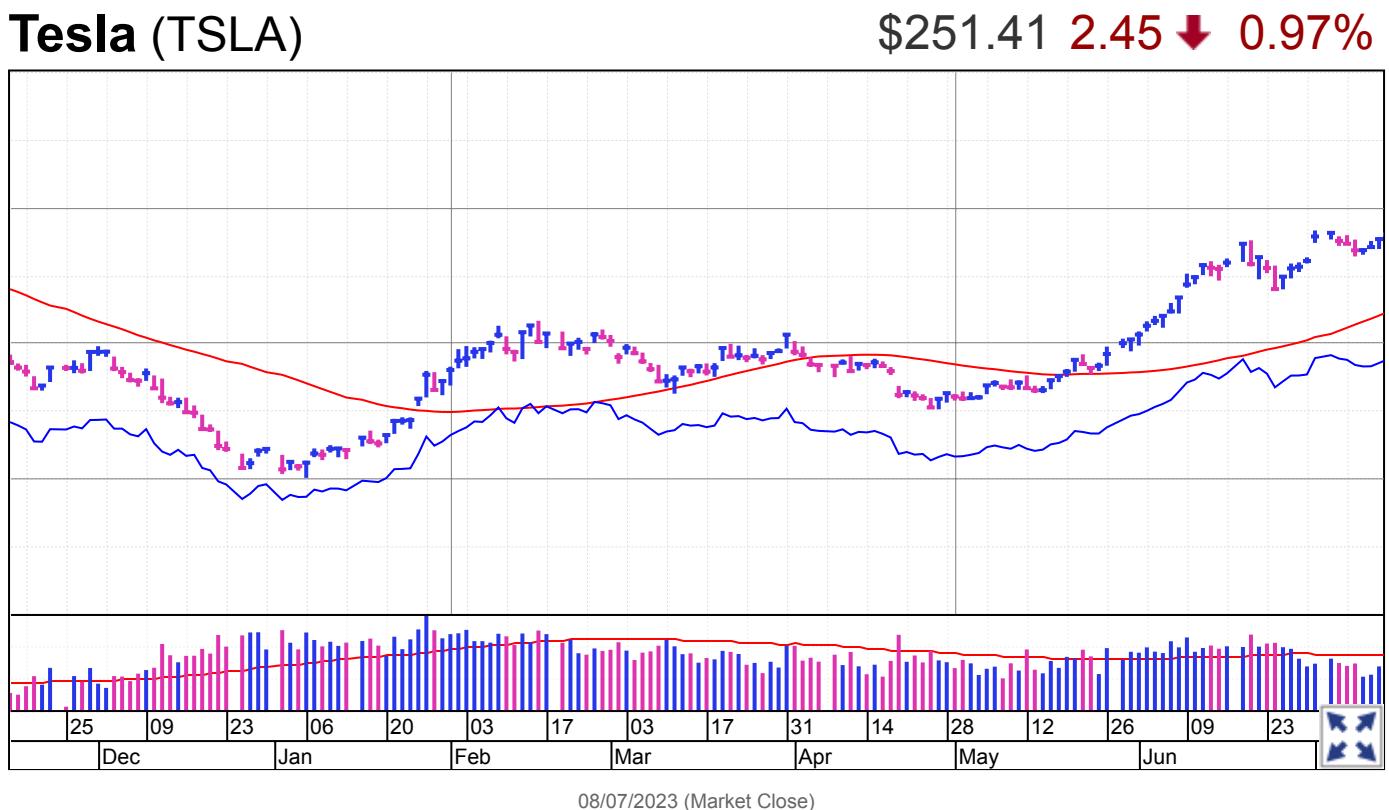
Pepsi placed its order for 100 EVs when the Semi was first announced in 2017.

Tesla is currently under investigation by National Highway Traffic Safety Administration over possible seat belt failures. Regulators are also probing the EV giant over steering-wheel issues and driver-assistance concerns.

## Is Tesla Stock A Buy?

TSLA stock is greatly extended from a **cup base** with a 207.79 **buy point**. Shares have climbed 118% so far in 2023, according to **Leaderboard analysis**. After the pullback on Q2 earnings, TSLA is up around 3% in July.

Now Tesla is working on a deeper cup base going back to September 2022 with a 313.80 buy point.



Technically, Tesla now has a handle on a weekly chart, offering 299.29 buy point. But a slightly deeper pullback or pause could create a meaningful handle. That handle could end up developing into a new base with the broader consolidation.

An extended handle or new base would offer more time for moving averages to catch up to the TSLA stock price.

Tesla stock ranks third in IBD's **automaker industry group**. It has a **98 Composite Rating** out of 99. Tesla has a **95 Relative Strength Rating** and its **EPS Rating** is 94 out of 99.

The market status is showing a "confirmed uptrend." However, Tesla stock is greatly extended from a cup base and TSLA is not a buy right now.

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## Is Microsoft Stock A Buy As Software Giant Touts Artificial Intelligence?



PATRICK SEITZ | 08:15 AM ET 05/08/2023

**S**oftware giant **Microsoft (MSFT)** has earned plaudits for its successful pivot from desktop computing to cloud computing. And MSFT stock has risen as a result. But after a recent surge, many investors may be wondering: Is Microsoft stock a buy right now?



Bill Gates and Paul Allen started Microsoft in 1975 at the dawn of the personal computer era to make PC operating system software. The company's Windows operating system came to dominate the PC landscape. Microsoft expanded over the years into productivity software, server software, internet services, video games, and PC hardware and accessories.

Current Chief Executive Satya Nadella took the reins of the Redmond, Wash.-based company in 2014 and led Microsoft full steam into cloud computing. Recently, he has been promoting the company's advances in artificial intelligence.

The company's cloud offerings today include Azure infrastructure services, Office 365 productivity software and Dynamics enterprise software. Also, Microsoft owns LinkedIn, Skype and GitHub.

## **Microsoft Trails Amazon In Cloud Computing**

Microsoft is gaining on **Amazon.com's (AMZN)** Amazon Web Services in the market for cloud infrastructure services.

In the first quarter, Amazon Web Services had 32% market share, according to research firm Canalys. Microsoft was in second place with 23% market share. And **Alphabet (GOOGL)** unit Google Cloud Platform was a distant third with 9% market share.

Overall enterprise spending on cloud infrastructure services reached \$66.4 billion in the first quarter, up 19% year over year, Canalys said.

## **MSFT Stock News: OpenAI Partnership**

Microsoft lately has been promoting its efforts to infuse artificial intelligence into its software and services.

On Jan. 23, Microsoft announced a new investment, reportedly worth \$10 billion, in **artificial intelligence startup OpenAI**. OpenAI is the organization behind text generator ChatGPT and image generator Dall-E. Microsoft previously had invested in OpenAI in 2019 and 2021.

Microsoft is providing its Azure cloud computing infrastructure for OpenAI. It also is adding OpenAI models to its consumer and enterprise software products.

On Feb. 7, Microsoft showed off its **new Bing search engine and Edge web browser** that use AI technology. Microsoft hopes the OpenAI-based technology can help Bing chip away at Google's dominance in the internet search market. MSFT stock jumped 4.2% on the news.

On March 16, Microsoft announced that it is adding artificial intelligence tools to its popular Office productivity applications. It introduced a feature called **Microsoft 365 Copilot**. The Copilot feature uses next-generation AI to automate and simplify tasks and provide suggestions. Microsoft stock surged on the news.

On March 28, Microsoft added AI to its cybersecurity offerings. It launched **Microsoft Security Copilot**, a new tool for enterprises to quickly detect and respond to threats and better understand the threat landscape.

## **Activision Blizzard Acquisition Stalled**

Meanwhile, Microsoft's proposed acquisition of video game publisher **Activision Blizzard (ATVI)** is facing challenges from antitrust regulators.

Microsoft announced a deal to buy Activision in January 2022 for \$68.7 billion in cash. Microsoft said the **Activision purchase** will accelerate the growth of its gaming business and provide building blocks for the coming metaverse. But Microsoft stock fell 2.4% on the news.

On Dec. 8, the Federal Trade Commission filed an **antitrust lawsuit** to block Microsoft's purchase of Activision. Microsoft is fighting the lawsuit.

And on April 26, the U.K.'s Competition and Markets Authority blocked the deal over concerns that it would harm competition in the cloud gaming market. Microsoft vowed to appeal the ruling.

## Microsoft Stock Fundamental Analysis

Late on April 25, Microsoft reported **better-than-expected results** for the March quarter and guided higher for the current period. MSFT stock jumped 7.2% in the next trading session after the report.

Microsoft earned \$2.45 a share on sales of \$52.9 billion in its fiscal third quarter ended March 31. Analysts polled by FactSet had expected earnings of \$2.24 a share on sales of \$51 billion. On a year-over-year basis, Microsoft earnings rose 10% while sales advanced 7%.

For the current quarter, Microsoft forecast revenue of \$54.85 billion to \$55.85 billion. The midpoint of \$55.35 billion was above Wall Street's consensus target of \$54.7 billion for the June quarter.

The next major catalyst for Microsoft stock could be the company's June-quarter earnings report, due in late July.

## MSFT Stock Technical Analysis

After hitting a record high of 349.67 in November 2021, Microsoft stock had a steady decline through 2022. But it has perked up this year.

Microsoft stock has a good **IBD Relative Strength Rating** of 92 out of 99. The best growth stocks typically have RS Ratings of at least 80. The Relative Strength rating shows how a stock's price performance stacks up against all other stocks over the last 52 weeks.

The **IBD Stock Checkup** tool gives MSFT stock an **IBD Composite Rating** of 97 out of 99. IBD's Composite Rating combines five separate proprietary rankings into one easy-to-use number. The best growth stocks have a Composite Rating of 90 or better.

Also, Microsoft ranks first out of six stocks in IBD's Computer Software-Desktop industry group. The desktop software group ranks No. 20 out of 197 industry groups that IBD tracks. Choosing highly rated stocks from leading industry groups in a confirmed stock market uptrend generally increases your chances of making profits in growth stocks.

Microsoft stock is in the **IBD Long-Term Leaders Portfolio**.

Plus, Microsoft ranked first on **IBD's 2021 list of ESG stocks** for investors focused on environmental, social and governance issues.

## Is Microsoft Stock A Buy Right Now?

Microsoft stock is not a buy right now. It is extended from its recent **breakout**.

On March 17, MSFT stock broke out of a **flat base** at a **buy point** of 276.86, according to **IBD MarketSmith** charts. The **5% buy zone** from Microsoft's breakout runs from 276.86 to 290.70, based on **IBD trading principles**.

MSFT stock ended the regular session May 5 at 310.65.

Microsoft needs to form a **new base** in the **right market conditions** before setting a potential buy point. Check out **IBD's Big Picture column** for the current market direction.

Microsoft stock has an **IBD Accumulation/Distribution Rating** of B+. That rating indicates institutional buying of MSFT stock.

Keep an eye on the **overall stock market**. If the market turns south, **don't try to fight the general stock market direction**.

To find the **best stocks to buy or watch**, check out **IBD Stock Lists**. Also consult **IBD's Leaderboard**, **MarketSmith** and **SwingTrader** platforms.

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# INVESTOR'S BUSINESS DAILY®

**NEWS**

## Is Meta Stock Still A Buy After Facebook Parent Surges On Earnings, Outlook?



JED GRAHAM | 07:00 AM ET 07/29/2023

**M**eta Platforms (**META**) continued to rally strongly in Friday stock market action, maintaining momentum after soundly beating Q2 earnings estimates late Wednesday. Meta added an exclamation point with its much-stronger-than-expected sales outlook for Q3. The turnaround for Meta stock has come in waves, as the parent of Instagram and Facebook progressed from multiple rounds of layoffs and cost cuts to renewed revenue growth to excitement over generative AI's potential to provide a long-term sales and profit boost.

X

## Is Meta Stock A Buy?

Meta stock has now rallied 170% so far in 2023, second only to **Nvidia (NVDA)** in the S&P 500. Investors have good reason to be excited about the outlook, and there are some potential near-term catalysts that might continue to fuel Meta stock. The company is hosting a Sept. 27 conference to reveal more about its AI and metaverse initiatives. The event will feature the launch of Meta's new Quest 3 mixed reality headset.

The launch of the Threads text-based social media site to capitalize on Twitter turmoil seized the spotlight in early July by racking up more than 100-million sign-ups in the first week. But that gave way to doubt whether people would stick around. Now that Meta has belatedly begun rolling out basic features that Twitter users take for granted, we may find out how serious of a challenge Threads will pose as daily user statistics are updated.

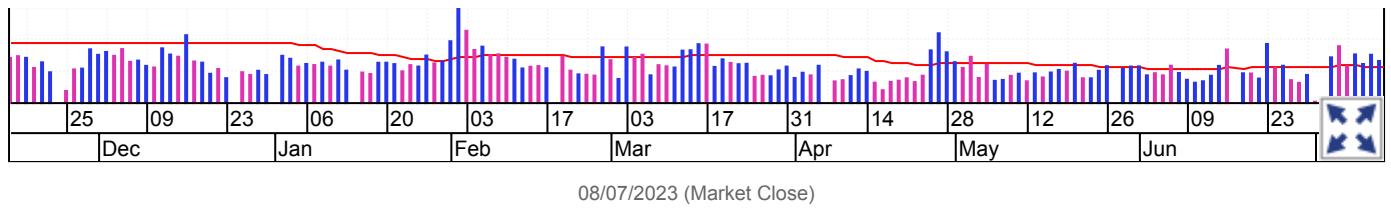
Still, it wouldn't be surprising to see Meta stock's fantastic run take a breather. While there are definitely reasons to be excited about the impact of generative AI on Meta results, that's more of a long-term story. A closer look at the earnings turnaround also suggests Meta's earnings momentum may be somewhat less than meets the eye. That's only partly because of ongoing expenses on the metaverse that won't pay off anytime soon. Regulation also continues to pose risks.

Meta stock is trading at an 18-month high, but does not currently have a buy point.

### Meta Platforms (META)

\$316.56 5.83 ↑ 1.88%





## Meta Earnings And Outlook

The Menlo Park, Calif.-based social media giant late Wednesday said it earned \$2.98 a share on sales of \$32 billion in the June quarter. Analysts polled by FactSet had expected Meta earnings of \$2.91 a share on sales of \$31.08 billion. On a year-over-year basis, Meta earnings increased 21% while sales advanced 11%.

Meta's second-quarter earnings results broke a streak of six straight quarters of year-over-year declines. Meanwhile, Meta's revenue rose for the second quarter in a row after three straight quarters of declines.

The results reflected continued user growth in all regions. The number of people using at least one Meta app on a daily basis rose to 3.07 billion from 3.02 billion in Q1. That includes Facebook, Instagram, Messenger and WhatsApp. Facebook daily active users rose to 2.064 billion from 2.037 billion overall. In the U.S., 202 million people used Facebook on a daily basis, up from 200 million in Q1.

For the third quarter, Meta predicted revenue of \$32 billion to \$34.5 billion, growing by a range of 15.5% to 24.5%. The midpoint of \$33.25 billion was well above Wall Street's prediction of \$31.22 billion.

## Reels Monetization

Meta CEO Mark Zuckerberg highlighted improving monetization of Reels short-form videos to an annual run rate of over \$10 billion in Q2. That compares to a \$1-billion annual run rate a year ago. In other words, on a quarterly basis, Reels ad revenue accounted for about \$2.25 billion of the overall \$3.2 billion in revenue growth vs. a year ago.

The massive jump in Reels revenue came as the number of short-form videos played across Facebook and Instagram reached 200 billion per day, up more than 40% from 140 billion last fall. That growth is partly because Meta, in a bid to compete against TikTok, has programmed its AI discovery engine that recommends content to users

to prioritize Reels videos. As a result, time spent watching Reels videos subtracts to an extent from other activity on Facebook and Instagram. Still, Meta says that part of Reels growth reflects "incremental engagement," meaning that it is a net contributor to overall time spent on Meta's apps.

Yet the biggest reason Reels revenue is rising so fast is that Meta has been taking a while to figure out how to optimize ads on the TikTok competitor it launched in 2020. Basically, Meta had been running a lot of ad-free content, sandbagging revenue. Now, the rising ad load on Reels has provided a one-time jump in ad sales.

## Meta Regains Its Competitive Edge

The Q3 revenue outlook might give the impression that Meta has returned to fast growth, but that seems uncertain.

Consider Q3 guidance for year-over-year sales growing by a range of \$4.3 billion to \$6.8 billion. Meta expects the weaker dollar to provide a 3% tailwind or as much as a \$1 billion lift. The higher ad load alone on Reels could provide a boost of about \$1.5 billion.

On top of that, CFO Susan Li noted that revenue declined 4.5% in the year-ago quarter. "We're really lapping a much-weaker demand period a year ago."

Li credited "improvement in the macroeconomic landscape" as a big factor in Q3 guidance. She highlighted "stabilization" in key advertiser segments like online commerce and gaming.

Another part of Meta's turnaround story involves overcoming the industry upheaval caused by Apple's privacy change. Starting with the iOS 14.5 update in the spring of 2021, Apple began requiring apps downloaded through the App Store to let users opt in or out of tracking their activity across third-party sites. With the bulk of users opting out, Meta lost the data needed to help businesses narrowly target advertising to consumers likely to have an interest in their products or services.

In February 2022, Meta revealed just how big of a revenue hit Apple's privacy shift would deliver: \$10 billion in 2022 alone, amounting to about \$2.5 billion per quarter.

The good news is that Meta seems to have come a long way in rebuilding its advertising edge, partly by substituting user data with AI and automation.

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### Meta Growth Avenues

A big part of the Meta growth story is the ongoing shift to digital advertising, which grew 5.5% from a year earlier in Q2 vs. 2% for the ad market across all media, according to a July 13 Deutsche Bank note.

Business messaging is another growth area. Click-to-message ads, which open up a WhatsApp or Messenger chat with businesses, have reached a \$10-billion annual rate, Zuckerberg said on the Q4 call. In the latest call, he noted that the number of businesses using paid messaging products has doubled from a year ago.

Zuckerberg sees generative AI as a major impetus for improving — and monetizing — business communications.

One of the biggest issues limiting monetization of business messaging is that "it's quite human labor-intensive," so Meta's click-to-message ads have taken off where the cost of labor is relatively low. But in a world where every business has an AI agent, "the kind of success that we're seeing in Thailand or Vietnam with business messaging could kind of spread everywhere," he said.

"The two technological waves that we're riding are AI in the near term and the metaverse over the long term," Zuckerberg said.

"There are 1 billion or 2 billion people who have glasses today. I think in the future, they're all going to be smart glasses," essentially wearable computers. He also predicted that "all the time that we spend on TVs and computers, I think that's going to get more immersive and look something more like VR (virtual reality) in the future."

Threads is a wild card. It could become Meta's "fifth great app," Zuckerberg said. The goal now is to build the Threads community so there are hundreds of millions of people using it at a high rate. "Then we'll worry about monetization."

## Meta Worries

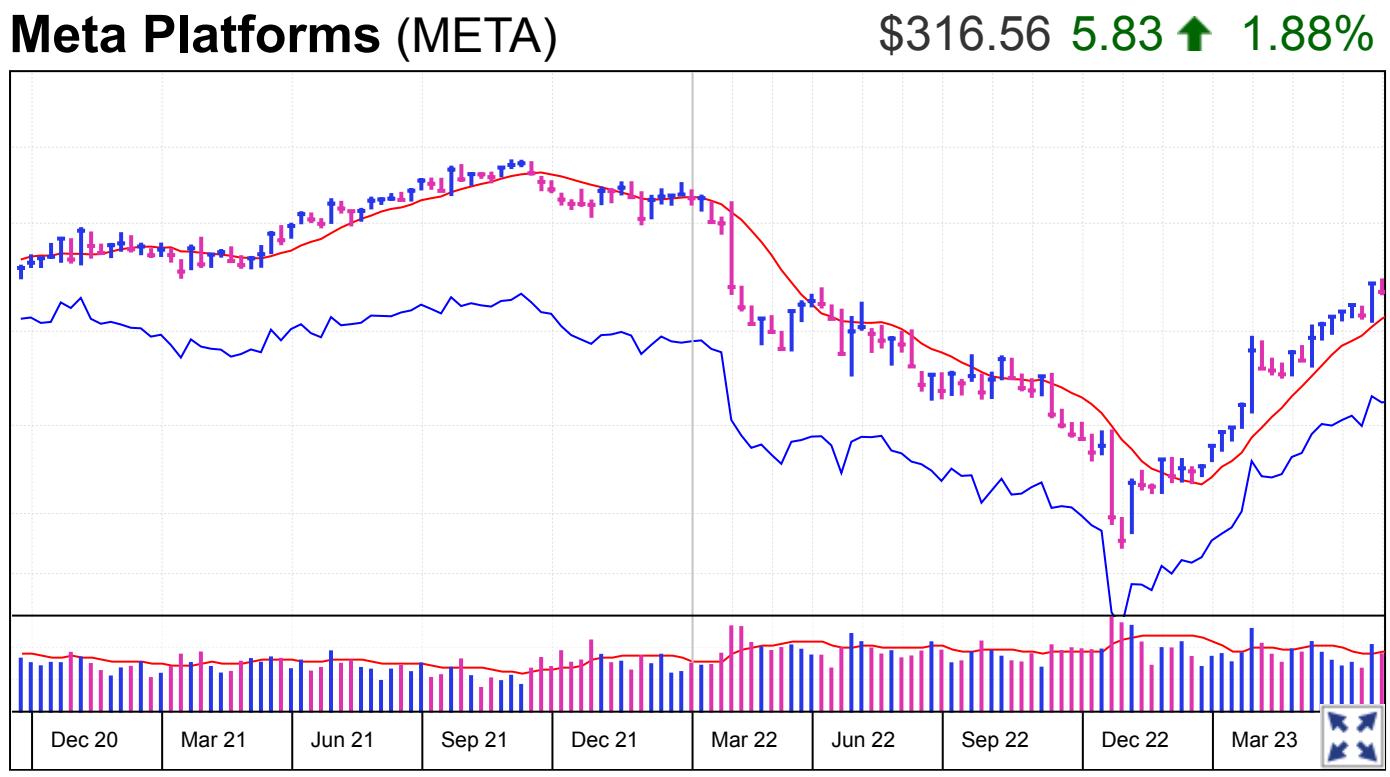
Despite Meta's resurgence, the company won't shed its new "**year of efficiency**" ethos, Zuckerberg said.

Still, its Reality Labs division focused on the metaverse and smart-glasses opportunity lost \$3.7 billion in Q2. And Meta said it expects year-over-year losses to rise in 2023 and to grow "meaningfully" again in 2024.

Regulation is the other main worry. Meta was hit with a \$1.3 billion fine in Q2 for violating the European Union's General Data Protection Regulation by transmitting data on EU citizens to the U.S.

"We continue to see increasing legal and regulatory headwinds in the EU and U.S.," Li said. "The adoption of guidelines that require penalties to be assessed on a percentage of global revenue" is of particular concern.

Meta has yet to launch Threads in the EU due to regulatory issues.



08/07/2023 (Market Close)

## Meta Stock

In Friday stock market action, Meta stock climbed 4.4% to 325.48. That matched Thursday's 4.4% post-earnings gain. Shares leapt 10.7% for the week to an 18-month high.

Meta stock is part of the **IBD Leaderboard** portfolio of elite stocks, picked up in March as Meta broke out of a short, **flat base** with a **197.16 buy point**, according to a **MarketSmith** analysis.

Meta's 65% advance since that breakout did offer one more recent entry point. Meta etched out a **three-weeks-tight** pattern in late June and early July, creating an entry above 298.12.

Despite the massive gain this year, Meta stock's run has kept a steady pace that has kept the stock from getting extended. A weekly chart shows Meta stock pulling back to just above its 50-day line just ahead of its big earnings report on Wednesday.

Yet now Meta is well above its 50-day moving average and it would be too risky to chase.

**Bottom Line:** Meta stock has come nearly full circle. Wall Street thought the old Facebook was indomitable, then lost faith in Meta. Now faith is restored. But risk is creeping in that Meta's growth story that mostly reflects a turnaround is a bit overhyped. Wait for Meta to establish a new entry point. Meta stock is not currently a buy.

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**TECHNOLOGY**

## Is Google Stock A Buy As AI Investments Aim To Drive Ad, Cloud Growth?



REINHARDT KRAUSE | 09:30 AM ET 08/05/2023

**A**mid a possible bubble in artificial intelligence stocks, is the valuation of Google-parent **Alphabet (GOOGL)** a worry? Not if rising AI investments for GOOGL stock yield improved advertising and cloud computing growth, analysts say.



Despite mounting competition in artificial intelligence and internet search, Google stock has advanced 46% this year. That's better than the 34.6% jump in the Nasdaq composite. One worry is that investor appetite for **AI stocks** could drive a market melt-up.

Alphabet reported **second-quarter earnings and revenue** that beat expectations amid rising investments in artificial intelligence. With 19% earnings growth in the June period, Google stock ended a four-quarter string of year-over-year declines.

In addition, the company said Chief Financial Officer Ruth Porat will assume the newly created role of President and Chief Investment Officer effective Sept. 1. Porat will continue to serve as CFO through the 2024 capital planning process as the company finds a successor.

One concern for GOOGL stock is new competition in internet search.

## **GOOGL Stock: AI Battle Rages**

Google aims to counter **Microsoft's (MSFT)** investment in **artificial intelligence startup OpenAI** by making its own **generative AI tools** available to software developers. One big question is whether integrating chatbot AI technology into search queries will lower Google profit margins.

"While Microsoft and OpenAI were first to introduce text-generative AI with ChatGPT, we note that Google has been using large language/AI models to enhance search results for users and enable smart bidding for advertisers," Truist analyst Youssef Squali said in a note to clients.

He added: "To better compete on the enterprise software side, Alphabet is integrating AI into its Cloud offering, providing tools and APIs for developers, creators and partners to help grow their businesses. Also, Google is integrating AI into Gmail and Docs."

At the Google I/O 2023 developers event on May 10, Alphabet showcased how generative AI will be integrated into search, maps, Workspace, photos, cloud computing and Android devices. Google discussed how **advertising will evolve** as generative AI is added to search.

At Google Marketing Live on May 23, Alphabet announced AI tools to allow advertisers to essentially synthesize a unique text or display ad, in real time, based on the user's query and advertiser data supplied to Google.

## Google Stock: Pichai Pay Jumps

Google's board of directors has authorized an additional \$70 billion in stock repurchases. In the first quarter, the company repurchased \$14.6 billion of its own stock.

According to JP Morgan, Alphabet has been increasing its stake in **GitLab (GTLB)**. Google Ventures in May bought \$19.7 million of GTLB shares. Google Ventures and Alphabet now own 3.4% of GitLab, which offers software programmers an open source app development platform.

Amid pressure to cut expenses, Alphabet disclosed that Chief Executive Sundar Pichai's pay jumped to \$226 million in 2022, due to a big stock award.

Meanwhile, Alphabet has stepped up cost cutting.

Google stock on Jan. 20 said it will cut 12,000 jobs, or roughly 6% of its global workforce, adding to a growing wave of layoffs among U.S. technology companies. The layoffs follow a hiring spree at the company.

The U.S. Department of Justice on Jan. 24 filed antitrust charges against Google, leaving open the question of whether the search giant will have to divest some of its ad business in order to satisfy regulators. The DOJ claims Google's dominance in digital advertising harms competition.

## GOOGL Stock: Justice Department Files Suit

The lawsuit marks the DOJ's second antitrust case versus the internet giant in just over two years. The DOJ in October 2020 filed an antitrust lawsuit charging that Google has monopolized internet search and search-related advertising. That case is scheduled to go to trial in September.

YouTube Chief Executive Susan Wojcicki in February announced her departure. She was replaced by long-time YouTuber Neal Mohan.

Meanwhile, lawmakers and courts are closing in on fundamental changes to **Section 230 of the Communications Decency Act**. The law has shielded internet companies from liability for content on their sites for nearly three decades.

The internet giant completed a 20-for-1 split for shares of Google-parent Alphabet after the market close on July 15 2022.

In the long run, however, the GOOGL stock split could pave the way for the tech giant to enter the Dow Jones Industrial Average. Google stock could be more attractive to retail investors.

Due to its huge cash holdings, Google stock has shrugged off three fines totaling \$9.3 billion levied by the European Union on antitrust grounds.

## **Boosting Ad Business Through E-Commerce**

Alphabet aims to boost its advertising business through **e-commerce-related internet search**. At the same time, it hopes to chip away at **Amazon.com's (AMZN)** dominance in product search.

Google's internet search business will hold up better than other advertising formats, such as social media, analysts say.

Google has rolled out the **Performance Max advertising platform**. It automates buying across YouTube, internet search, display, Gmail, maps and other applications. Performance Max lets advertisers manage campaigns across all Google ad inventory. Advertisers that use the tools convert more shoppers into buyers, Google says.

The big picture: Google stock this year faces more difficult year-over-year growth comparisons in 2023 as the coronavirus emergency fades.

In a near-term boost for its advertising business, Google has delayed phasing out internet cookies to 2024. Also, in early 2022, Alphabet said it expected a "meaningful increase" in 2022 capital spending, reflecting investments in computer servers in internet data centers and construction of office space.

## Google Stock: Artificial Intelligence Prowess

Most investors still know the company as Google, even though the internet search giant reorganized as holding company Alphabet in 2015. The restructuring move separated Google's core internet advertising business from so-called moonshots, such as autonomous vehicles and the Verily Life Sciences unit.

In March 2022, Google spun off its quantum computing technology group as a separate company.

Google stock's strength in artificial intelligence spans digital advertising, the Google Cloud Platform, YouTube and consumer hardware products. GOOGL stock is just one **artificial intelligence stock** to watch.

At a Google developers conference in mid-May, the company demonstrated how it uses AI tools in a wide range of applications, including Google Workspace, Google Maps, virtual reality, and voice-based search.

After a long run, GOOGL stock has dropped out of the **IBD Leaderboard**. The Leaderboard is IBD's curated list of leading stocks that stand out on technical and fundamental metrics.

## Big Tech Stocks Face Regulatory Headwinds

With the Android mobile operating system built into devices sold worldwide, the Play Store has been a revenue growth driver.

A federal judge ruled in September 2021 that **Apple (AAPL)** must allow mobile app developers to steer consumers to outside payment methods. Google's policies also are under scrutiny.

Google in 2021 said service fees at its Play Store would drop to 15% from 30%. The move reduced revenue.

Under Pichai, Google has improved transparency. Google began disclosing cloud computing financial metrics with its fourth-quarter report in fiscal 2020. But the cloud business has yet to turn a profit. And YouTube's profitability still remains a mystery.

## Google Stock Fundamentals

Google earnings for the June quarter came in at \$1.44 a share, up 19%, as operating margins expanded for the first time since the fourth quarter of 2021.

The company said gross revenue rose 7% to \$74.60 billion, compared with \$69.7 billion a year ago. Analysts had predicted Google earnings of \$1.34 per share on revenue of \$72.84 billion.

Capital spending in the second quarter rose to \$6.9 billion, up from \$6.3 billion in the first quarter. Further, Google repurchased \$14.97 billion of its own stock during the period.

Also, advertising revenue rose 3% to \$58.14 billion vs. estimates of \$57.39 billion.

Meanwhile, YouTube ad revenue rose 4% to \$7.66 billion during the second quarter. Analysts had estimated YouTube ad revenue of \$7.42 billion. Google said cloud computing revenue rose 28% to \$8.03 billion vs. estimates of \$7.87 billion.

## Waymo Autonomous Vehicle Business

A key question for investors is how much should Google's self-driving-car project Waymo and "Other Bets" such as the Verily Life Sciences unit figure into valuation.

In early 2018, some Google stock analysts projected Waymo's long-term valuation in a range of anywhere from \$75 billion to \$125 billion. **Expectations for autonomous vehicles**, though, have been sharply lowered.

Waymo in 2021 raised \$2.25 billion in funding from outside investors, including private equity firm Silver Lake, the Canada Pension Plan Investment Board and Abu Dhabi's Mubadala investment arm.

While Google did not disclose Waymo's valuation in the funding round, reports said it was only \$30 billion. It could be lower now.

## Google Stock: Cloud, Hardware, Security Acquisitions

Another question is the performance of Google's hardware business. It's battling Apple in smartphones and Amazon in smart-home appliances.

Also, Google's acquisition of smartwatch maker Fitbit closed in January 2022. The \$2.1 billion purchase should help Google make a push into the health and fitness market, analysts say.

Google's cloud computing business, meanwhile, faces tough rivals in Amazon and Microsoft. Google brought in Thomas Kurian, a former **Oracle (ORCL)** executive, to improve performance in the corporate market.

Bulls say Google Cloud Platform is taking share as it focuses on security, open source software and data analytics.

In 2019, Google purchased data analytics firm **Looker** for \$2.6 billion in cash. Santa Cruz, Calif.-based Looker's analytics platform uses business intelligence and data visualization tools.

More acquisitions to boost Google's cloud business could be coming, analysts say. Google acquired cybersecurity firm **Mandiant (MNDT)** for \$23 per share in an all-cash \$5.4 billion deal.

## **Google Stock: Is It A Buy Now?**

GOOGL stock jumped 65% in 2021. But in 2022 Google shares dropped 39%.

Meanwhile, Google's **Relative Strength Rating** stands at 89 out of a best-possible 99, according to **IBD Stock Checkup**. The best stocks tend to have an RS rating of 80 or better.

Google stock owns an Accumulation/Distribution Rating of B. That rating analyzes price and volume changes in a stock over the past 13 weeks of trading.

Further, shares hold an IBD Composite Rating of 98 out of 99. The best growth stocks have a Composite Rating of 90 or better.

As of Aug. 4, Google stock holds a 127.10 buy point from a **cup-with-handle base**. GOOGL stock trades in a 5% buy zone that extends to 133.45.

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