

# Mid-Week Market Recap: A New All Time High

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Editor's Note:

*As a subscriber to Benzinga Research, you're entitled to weekly briefings from our research team, in which we make sense of the market's latest moves and break down any potential catalysts or risks ahead. In this week's market recap, we cover the market's new all-time high ahead of an imminent cut in interest rates.*

*Dear Benzinga Member,*

Remember the dark days of early August?

They weren't so long ago... but they're now a distant memory for investors, with the Dow hitting a new all-time high on Tuesday of this week, and again today as the index pushed past 41,500 for the first time.

The rally comes as consumer confidence hits its highest level in six months, with the consumer-confidence index rising from 101.9 in July to 103.3 in August, according to the Conference Board. And forecasts for the July Personal Consumption Expenditures Price Index offered more encouraging data on inflation.

## **But One Catalyst Behind This Week's Rally Towers Above All of These Statistics...**

*Benzinga Research* analyst Gianni Di Poce has called Nvidia "the most important stock on Wall Street" and the linchpin to this bull market.

And Thursday's trading session showed why that is... the company that has become a bellwether for the \$15.7 trillion AI revolution reported a 122% revenue increase year-over-year for Q2, with net income more than doubling to \$16.95 billion.

Even so, Nvidia's share price fell by nearly 5% in Thursday's trading (Nvidia's earnings were released after market hours on Wednesday) after reporting production snafus with its next-generation AI chip, codenamed Blackwell.



Source: *Benzinga Pro*

So, why did Nvidia's earnings report lift the market overall, even as Nvidia dipped?

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***Remember... Nvidia is now a reflection of the global AI revolution as a whole. Commanding over 90% of the market share in graphics processing units (GPUs) that are necessary for AI infrastructure.***

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So even though Nvidia's delays with its Blackwell chip unnerved shareholders, the real story is Nvidia's revenue. As long as Nvidia's revenue is surging, that means that the AI revolution is still in full swing (if not accelerating).

And that means that the takeaway from Nvidia's Q2 earnings report is clear: the AI revolution is still proceeding at breakneck speed.

## The “Magnificent Seven” Wobbles

Nvidia is the last of the “Magnificent Seven” companies to report earnings for last quarter.

And when it comes to the other six, cracks are showing... Tesla shares sold off on the news of meager 2.3% revenue growth and earnings that missed estimates, while Alphabet, colloquially still known as Google, missed estimates on YouTube ad revenue. Microsoft nosed out earnings expectations by a hair, delivering \$2.95 in earnings per share versus \$2.93 expected.

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***On the other hand, Meta Platforms, formerly Facebook, grew earnings by a healthy 72% while increasing revenues by 22%, thanks to aggressive investing in the AI sector.***

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CEO Mark Zuckerberg has made no secret of his grand AI ambitions, having released the first open-source frontier AI model and heralding Meta AI as “on track to be the most used AI assistant in the world by the end of the year.”

But this bright spot doesn’t change the fact that consumer staples have outperformed the Magnificent Seven over the last month, as Gianni predicted in his note to *Benzinga Insider Alert* subscribers covering the ongoing sector rotation.

Gianni will no doubt be covering tomorrow’s inflation report in Sunday’s issue of the *Benzinga Insider Alert* and what it means for the Fed’s coming interest rate decision to be announced September 17.

So keep an eye on your inbox this weekend, as Gianni provides more insights into the exact scope of the coming interest rate cuts, and what they may signify about the last leg of today’s bull market.

Regards,

The *Benzinga Research* Team

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