

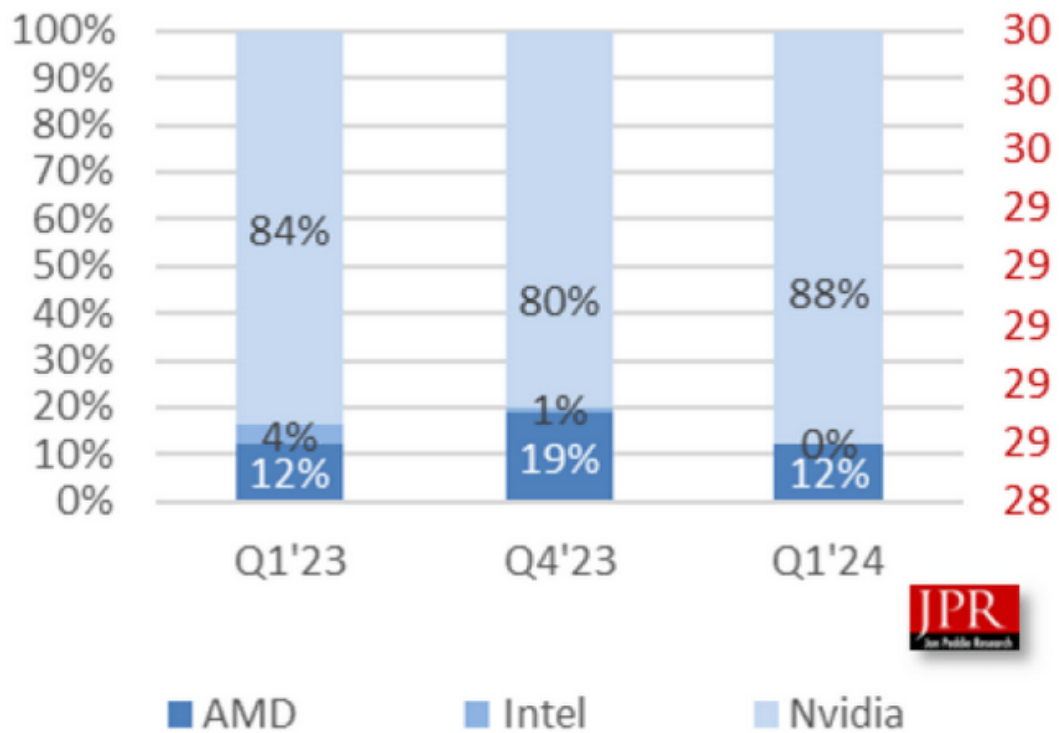
Nvidia Legal Woes May Benefit AMD And Others

Nvidia faces legal woes as the Justice Department subpoenaed the company over antitrust concerns. This should not be too surprising, as it was recently reported that Nvidia dominates the GPU chip market and continues to increase its market share. GPU, or graphics processing unit, is a cornerstone of AI technology. As shown below, as of the end of the first quarter, Nvidia increased its market share of AIB chips to 88% from 80% at the end of the year. The names AIB and GPU are often used interchangeably to represent graphic cards. In Nvidia's wake is AMD, with approximately 12% of the market share, and Intel, with a negligible share.

While a significant market share of an immensely profitable and in-demand product is a godsend for shareholders, it is not durable over the long term. Foremost, as we led, Nvidia now faces legal challenges to its market share. The Justice Department is concerned Nvidia is making it difficult for its customers to use other chips. Furthermore, Bloomberg reports they penalize buyers who do not exclusively buy their chips. Consequently, Nvidia's legal issues may benefit AMD and other chip makers.

Also, beyond Nvidia's legal issues, it faces intense competition. Given the outsized profit margins on GPU chips, competition will become fierce. It may take some time for AMD, Intel, and others to make a competitive chip, but when they do, prices and profit margins of GPUs are likely to fall. In the words of Jeff Bezos: "*Your margin is my opportunity.*"

Total AIB share and units



What To Watch Today

Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# of Ests	Last Year's Report Date	Last year's EPS*
🕒	AVGO	Broadcom Inc.	\$711,219,686,634	Jul/2024	\$0.95	10	8/31/2023	\$0.95
🕒	IOT	Samsara Inc.	\$21,597,109,455	Jul/2024	(\$0.12)	5	8/31/2023	(\$0.11)
🕒	GWRE	Guidewire Software, Inc.	\$12,080,415,392	Jul/2024	\$0.14	6	9/07/2023	\$0.30
🕒	DOCU	DocuSign, Inc.	\$11,855,124,060	Jul/2024	\$0.20	7	9/07/2023	\$0.09
☀️	TTC	Toro Company (The)	\$9,521,099,547	Jul/2024	\$1.23	4	9/07/2023	\$0.95
☀️	NIO	NIO Inc.	\$8,661,751,457	Jun/2024	(\$0.46)	1	8/29/2023	(\$0.51)
🕒	PATH	UiPath, Inc.	\$7,211,269,769	Jul/2024	(\$0.11)	7	9/06/2023	(\$0.09)
🕒	SMAR	Smartsheet Inc.	\$6,567,082,919	Jul/2024	(\$0.07)	6	9/07/2023	(\$0.23)
☀️	SAIC	Science Applications International Corporation	\$6,563,223,395	Jul/2024	\$1.86	7	9/07/2023	\$2.05
☀️	HMY	Harmony Gold Mining Company Limited	\$5,667,719,983	Jun/2024		1	N/A	N/A
☹️	RH	RH	\$4,642,293,472	Jul/2024	\$1.54	9	9/07/2023	\$3.93
🕒	BRZE	Braze, Inc.	\$4,400,439,790	Jul/2024	(\$0.31)	6	9/07/2023	(\$0.30)
☹️	FIZZ	National Beverage Corp.	\$4,319,654,923	Jul/2024		1	N/A	\$0.53
☀️	KFY	Korn Ferry	\$3,690,283,840	Jul/2024	\$1.12	2	9/07/2023	\$0.99

Economy

Time	Event	Impact	Actual	Consensus	Previous
THURSDAY, SEPTEMBER 5					
06:30	🇺🇸 USD Challenger Job Cuts (Aug)	🟡	-	- 25.885K	🔔
07:15	🇺🇸 USD ADP Employment Change (Aug)	🟠	-	145K 122K	🔔
07:30	🇺🇸 USD Initial Jobless Claims (Aug 30)	🟡	-	230K 231K	🔔
07:30	🇺🇸 USD Nonfarm Productivity (Q2)	🟡	-	2.3% 2.3%	🔔
07:30	🇺🇸 USD Unit Labor Costs (Q2)	🟡	-	0.9% 0.9%	🔔
08:45	🇺🇸 USD S&P Global Composite PMI (Aug)	🟡	-	54.1 54.1	🔔
09:00	🇺🇸 USD ISM Services Employment Index (Aug)	🟡	-	- 51.1	🔔
09:00	🇺🇸 USD ISM Services New Orders Index (Aug)	🟡	-	- 52.4	🔔
09:00	🇺🇸 USD ISM Services PMI (Aug)	🟠	-	51.1 51.4	🔔
09:00	🇺🇸 USD ISM Services Prices Paid (Aug)	🟡	-	- 57	🔔

Market Trading Update

[Yesterday, we discussed](#) the sharp market sell-off and noted that it was critical that buyers step in to defend the 20- and 50-DMA support levels just below Tuesday's close. Such was the case on Wednesday, and while the market flirted with a break of support in the late afternoon, it held that level into the close. However, the not-so-bullish development is that the MACD "*buy signal*" triggered in early August, supporting the rally from the lows, has reversed. With the market not

deeply oversold yet, such does imply that any rallies will likely be limited by the rather substantial build of overhead resistance during the last half of August.



The first half of September is typically better than the last half of the month. If we get a couple of economic reports that support the coming Fed rate-cutting cycle, it could lift stocks by the end of the week or next. However, as we cautioned heading into this recent downturn, reducing risk and raising cash levels make a lot of sense heading into the election.



JOLTS

The BLS JOLTS report was weaker than expected. Job openings fell to 7.67 million from 7.91 million last month amid expectations of an increase to 8.10 million. Furthermore, the prior month's number was revised lower from 8.18 million. The number of job openings is at levels last seen in January 2021. Moreover, it's quickly closing in on the 7.0-7.5 million range in the two years before the pandemic.

Also, within the data below, total job separations increased while hires rose. However, netting the two figures points to a loss of 63k jobs. A figure important to the Fed is the number of unemployed persons per job opening. The second graph shows that it is now fully back to pre-pandemic run rates. The probability of the Fed increasing rates by 50bps versus 25bps is now 50/50. ADP and the BLS employment report will likely push the odds toward one or the other.

Table A. Job openings, hires, and total separations by industry, seasonally adjusted

Category	Job openings			Hires			Total separations		
	July 2023	June 2024	July 2024(E)	July 2023	June 2024	July 2024(E)	July 2023	June 2024	July 2024(E)
LEVELS BY INDUSTRY (in thousands)									
Total	8,805	7,910	7,673	5,733	5,248	5,521	5,646	5,084	5,420
Total private	7,820	6,894	6,749	5,372	4,900	5,185	5,284	4,776	5,083
Mining and logging	30	22	21	26	20	18	25	20	19
Construction	351	299	248	379	323	371	364	282	328
Manufacturing	535	474	505	402	336	356	408	348	348
Durable goods	366	311	341	211	190	206	213	205	204
Nondurable goods	170	163	164	191	146	151	195	143	144
Trade, transportation, and utilities	1,466	1,185	1,028	1,155	1,144	1,140	1,116	1,125	1,077
Wholesale trade	260	230	175	147	161	151	138	159	144
Retail trade	742	562	548	728	683	674	698	691	647
Transportation, warehousing, and utilities	464	392	304	279	300	315	280	276	286
Information	158	112	113	79	79	78	114	74	98
Financial activities	447	448	449	194	225	240	182	209	238
Finance and insurance	308	326	319	114	149	169	112	139	168
Real estate and rental and leasing	138	122	131	80	76	72	70	70	69
Professional and business services	1,334	1,339	1,517	1,055	962	970	1,078	973	963
Private education and health services	1,969	1,791	1,595	876	846	862	800	720	835
Private educational services	166	173	164	83	91	84	91	90	97
Health care and social assistance	1,803	1,618	1,431	793	756	778	709	630	738
Leisure and hospitality	1,207	943	941	1,006	767	927	999	832	944
Arts, entertainment, and recreation	156	127	145	148	141	145	148	127	157
Accommodation and food services	1,051	816	795	858	626	782	851	706	787
Other services	323	280	331	200	197	221	197	193	233
Government	985	1,016	924	361	347	336	362	307	337
Federal	156	109	137	46	39	31	38	33	30
State and local	829	908	787	316	308	305	323	274	307
State and local education	248	271	250	146	152	168	160	144	152
State and local, excluding education	581	637	536	169	156	137	163	130	154

Number of unemployed persons per job opening, seasonally adjusted

Click and drag within the chart to zoom in on time periods



Source: U.S. Bureau of Labor Statistics.

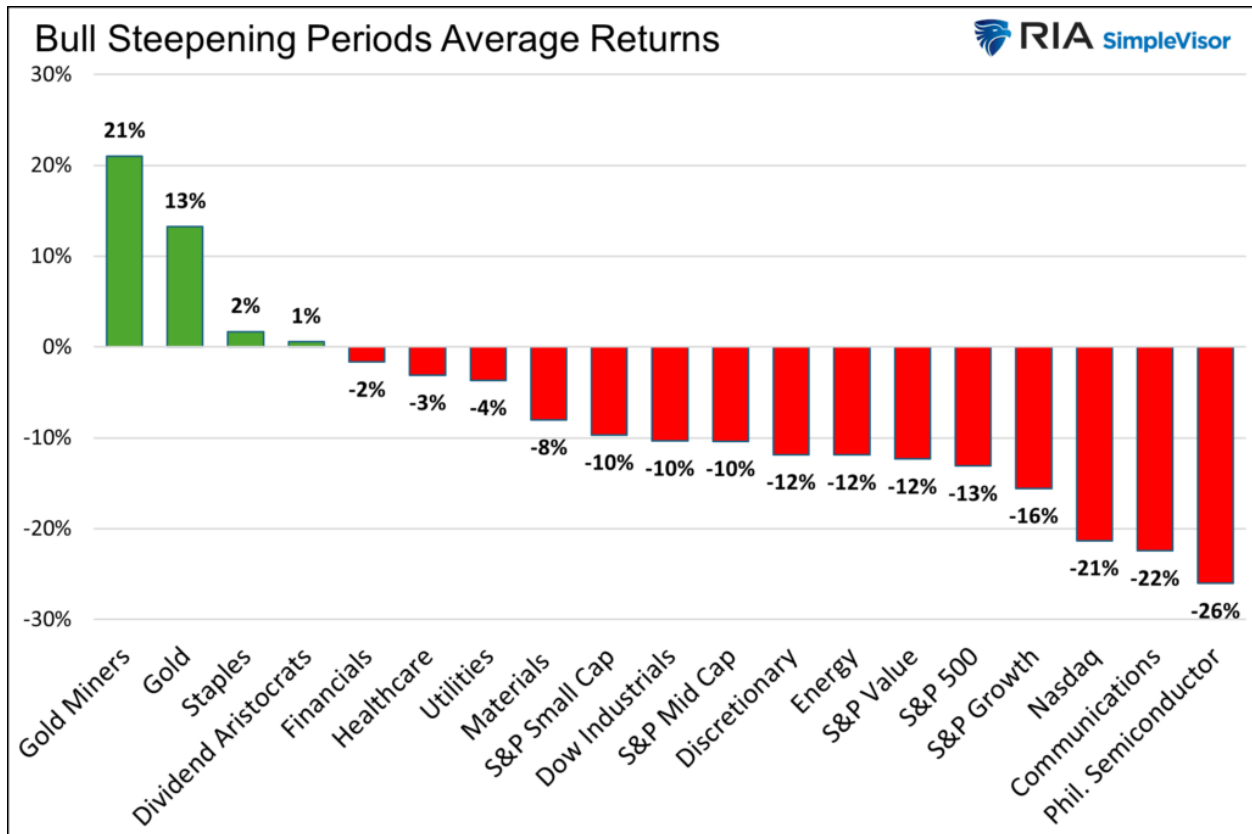


A Bull Steepening Is Bearish

Stocks spend a lot more time trending upward than downward. However, in those relatively brief periods where longer-term bearish trends endure, investors are advised to take steps to reduce their risks and limit their losses. **An active approach puts you on higher ground than you otherwise might have been. Moreover, when the market resumes its upward trend, you have ample funds to purchase stocks at lower prices and better risk-return profiles.**

You may wonder why an article about bond yield curves leads off with a discussion of bear market strategies for stocks. Some yield curve shifts correlate well with positive stock market returns and others with negative returns. **Prior bull steepening environments have not been friendly to buy and hold stock investors.** Therefore, we hope this analysis guides you in preparing to reduce risk if needed.

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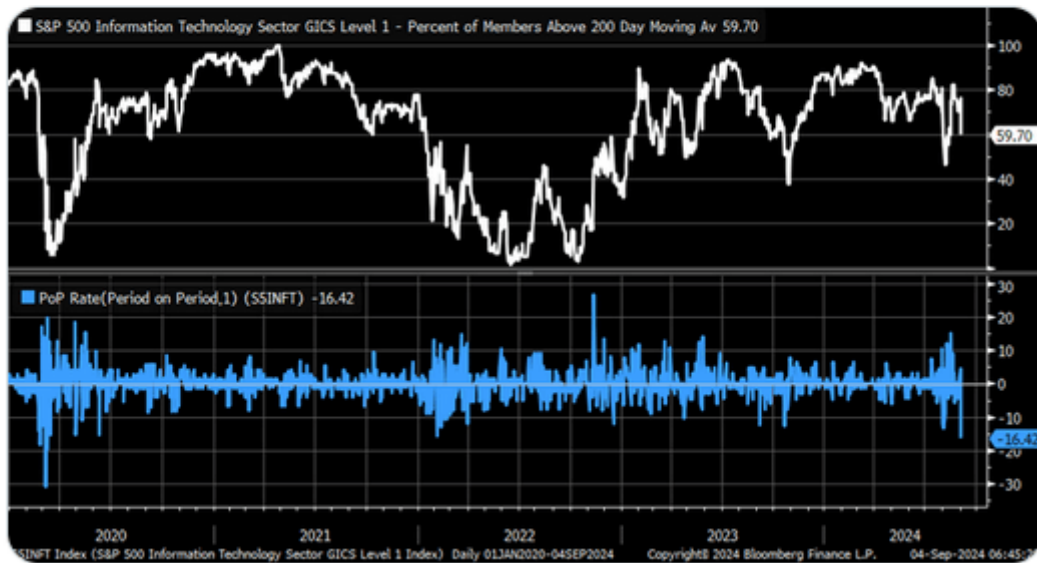
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