

Daily Commentary

The USD 740 Billion Question

18th November 2026

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Last night's quarterly report is not the report of a single company, it is the health bulletin of the entire Artificial Intelligence chain.
Nvidia collects, roughly, a third of the approximately USD **740** billion that the four large American cloud operators will invest this year.
Behind it are the makers of memory, substrates and packaging, the neoclouds that rent out computing power, those who build the data centers and those who power them.
If Nvidia sneezes, the whole supply chain catches a cold.

The patient, then, arrived at the appointment with a high fever.
The stock closed yesterday at USD 155.46, about **35**% below the October high and almost **25**% lower in November alone, the Philadelphia Semiconductor Index lost **15.4**% in October and another **9.8**% in November.
Yesterday, the Dow Jones fell **1.64**% and the S&P500 index **1.03**%, at the lowest close since late July.
The question was whether the machine would run without its pilot.
The answer, at least in the numbers, has arrived.

The numbers leave no room for doubt.
Revenues for the fiscal third quarter were USD **115.8** billion, +**103**% year on year, against the 109.1 expected by the consensus and the 108 indicated by the company itself in August, the figure even exceeded the highest Wall Street estimate.

Source: Bloomberg, Reuters, Yahoo Finance, Financial Times, ECB, CNBC, The White House, Nvidia CFO, LSEG, StreetAccount via CNBC, Zeygos Research
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The data center generated revenues of USD **107.6** billion, adjusted earnings per share were USD **2.68** against 2.48, the gross margin was **74.9**%, above guidance, despite the first Rubin shipments.
Rubin itself, the new platform, generated almost USD **20** billion in its first quarter of production, according to management, the fastest ramp in the group's history.

Even more important is the **guidance**.
For the current quarter, Nvidia guides for revenues of USD **130** billion, with a range between 126.1 and 133.9, even the lower limit is above the consensus 125.1.
Note, however, that the fourth quarter has fourteen weeks instead of thirteen.
On a like-for-like calendar the revenue forecast is worth about USD **121** billion and growth on the quarter just ended falls to around **4.0**%, robust, not explosive.
The gross margin will drop to **71-72**%, but this had been announced, because management defines it as the low point, squeezed by the cost of memory and by the Rubin ramp, and confirms **72-73**% for the next fiscal year.
The real news is precisely the next fiscal year, **fiscal 2028**, which largely coincides with calendar 2027.
Expected growth rises from 70% to about **75**%, on a higher base.
Translated into figures, about **USD 740 billion in revenues**, **7**% above the consensus on the eve.
Customer demand is there, but who finances it?
The "Nvidia bank" changes the rules of credit.
Here, the quarterly report becomes

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decisive for the whole supply chain.
Nvidia is not just a chip seller, but over the last two years it has become the lender of last resort of the ecosystem.
Purchase commitments to suppliers have risen to USD **390** billion, from 279 three months ago, mostly memory with multi-year contracts; USD **203** billion fall in the next fiscal year.
Data center leasing and cloud services are worth just over USD **100** billion.
Guarantees reach USD **118** billion, of which **105** is the credit support for the SB Energy campus in Ohio, intended for OpenAI (about **4.25** gigawatts, twenty-year leases), **3.5** covers land and power of some neoclouds and **9.5** systems and power.
So far Nvidia has not paid a dollar on these guarantees.

Results and Guidance vs. Expectations

Item	Actual / Guidance	Consensus	Difference
Q3 Revenue	USD 115.8 bn (+103% y/y)	USD 109.1 bn	+6.2%
Q3 Data Center Revenue	USD 107.6 bn	USD 101.9 bn	+5.6%
Q3 Adjusted EPS	USD 2.68	USD 2.48	+8.1%
Q3 Gross Margin	74.9%	74.0%	+0.9 points
Q4 Revenue (Guidance)	USD 130 bn ±3%	USD 125.1 bn	+3.9%
Q4 Gross Margin (Guidance)	71-72%	already flagged in August	cycle low
FY28 Revenue Growth	~75% (from ~70%)	~70%, above USD 690 bn	~USD 740 bn implied

Nvidia CFO (Nov 17, 2026); LSEG/StreetAccount consensus via CNBC. FY28 implied revenue: ZEYGOS estimate on FY27 of ~424 bn (9M actual + Q4 midpoint).

Then there is the detail that makes the difference.
The agreements with the neoclouds (USD **32** billion) take effect only if the customer finds the financing on its own and the capacity is installed and tested.
Asked whether this was a new wording, **Colette Kress** replied that it is a

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clarification, not a change.
However, the language of the call (being "disciplined and selective", assigning chips to those who already have power, land and buildings ready, same price for everyone) tells of a change of pace compared with the season when Nvidia backed anyone.
In the hierarchy of uses of cash, **C. Kress put share buybacks first, then suppliers, then investments already promised and only at the bottom, and selectively, guarantees to solid customers.**

The quarter generated USD **43.8** billion of free cash flow, liquidity (USD **53.5** billion) exceeds long-term debt (**32.4**), and USD **28.1** billion went back to shareholders in three months.
However, three warning lights must be kept on.
Trade receivables rose to USD **81** billion and average collection days from 60 to **64**, also because of "extended payment terms" granted to some large customers, a form of customer financing that does not appear in the guarantees table.
Unlisted holdings have tripled since January, from 22.3 to USD **65.5** billion, with a write-down of USD **1.8** billion in the quarter.
The risk does not disappear, but shifts.
If Nvidia asks customers to show up with the capital already in their pockets, the bill for growth passes to those who must raise financing on the market.

CoreWeave has USD **46.9** billion of debt, Oracle is raising another USD **20** billion between equity and bonds.

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Now let's look at **who wins** and **who pays along the supply chain.**
The quarterly report reduces demand risk and increases financial structure risk.
Whoever controls scarce inputs wins.
Memory, advanced packaging and substrates have visibility on 2027 and pricing power.
For example, SK Hynix reported an operating margin of **80**% in the third quarter, and Nvidia's margin falls precisely because part of the profit is migrating toward memory.
The neoclouds get good news on prices (Hopper contracts renewed at up to double the original price, B300 rates up by more than **60**%), but from today they will split between those with signed orders from solid customers and those who depend on the next financing.

Cloud operators with abundant cash (Alphabet, Microsoft, Meta) remain the preferred customers, while Oracle is the most exposed to the capital markets.

Then there are the **risks** to monitor.
Governance: the search for the new CEO has no deadline, and both the board's internal investigation and, according to the Wall Street Journal, an SEC investigation are open.
Huang said he was ready to return, but the board said no.
China and **export:** zero Chinese data center revenues in guidance, but the new US rule of 16 November on remote access and the rental of capacity from Singapore, Malaysia, Indonesia and Thailand may hit indirect demand.
Margins and **concentration:** the return to

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72-73% depends on price increases and on the cost of memory; frontier labs account for about **15**% of the data center.
Politics and **competition:** a Congress with a Democratic majority in both chambers; Amazon's proprietary chips sold to third parties from the end of 2027, AMD ramping up with MI450.

Looking at the market's reaction after the quarterly report, the stock rose by almost **5.0**%, while options were pricing a move of around **8.0**%, a timid reaction for numbers of this magnitude.
In Asia, the stock markets started higher, driven by the supply chain, before giving back a good part of the gains.
The market believes the numbers, not yet the governance.

Positioning, however, has emptied out.
After a **35**% drop and a barrage of target price cuts, those who had to sell have for the most part sold.
The risk changes sign, because those who are underweight risk ending up in the FOBU trap (the fear of doing worse than the benchmark) the day governance gets clarified.

At USD **155**, **Nvidia trades at about 10 times expected earnings for the 2028** fiscal year, a third of AMD (**30.4** times).
With the new guidance, earnings per share for 2028 get close to **USD 17**, that is **9** times the price.
A multiple below 10 times for a company growing at **75**% is not normal.
Here, the market is pricing three fears that the numbers do not yet show: that 2028 is

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an unrepeatable peak, that the loss of the founder costs more than is visible, that the financing chain breaks before the hardware is paid for.
The quarterly report scales down the first, leaves the other two open.
However, today **the ratio between risk and return of Nvidia has turned favorable**, because the discount already embeds quite a lot of bad news.
Until, though, the board has appointed a chief executive officer and the investigations have been clarified, the volatility on the stock will remain high.

Today, the session should open higher, with S&P500 index futures up by about half a point, but without euphoria.
The real test comes tonight, with the price of the **Anthropic IPO** (range USD **70-78**, debut expected tomorrow).
After the verdict on who sells the pickaxes, the market will have to deliver one on who is searching for gold.

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