Financial HARTbeat

Nvidia
May 21st 2026

Good Morning,

AI demand is still accelerating — not slowing.
NVIDIA reported massive Q1 FY2027 revenue of roughly **$81.6B (+85% YoY)**, with data center revenue up about **92% YoY**. CEO Jensen Huang said “agentic AI has arrived” and described demand as “parabolic,” suggesting hyperscalers and enterprises are still aggressively building AI infrastructure. Blackwell systems were the key growth driver.

The market wanted perfection — and guidance still disappointed some investors.
Even though guidance for next quarter (~$91B revenue) beat consensus estimates, the stock initially traded lower because expectations had become extremely elevated. Investors were hoping for an even larger upside surprise and are increasingly watching whether AI spending by companies like Microsoft, Meta, Amazon, and Google can remain sustainable.

NVIDIA is evolving from “just GPUs” into a full AI infrastructure platform.
One subtle but important theme was that NVIDIA is now pushing deeper into networking, CPUs, sovereign AI infrastructure, and entire “AI factories.” Management emphasized upcoming Vera Rubin systems, networking growth, and positioning itself as the backbone for global AI infrastructure — not merely a chip supplier anymore. This is strategically important because it widens their moat versus AMD and custom hyperscaler chips.

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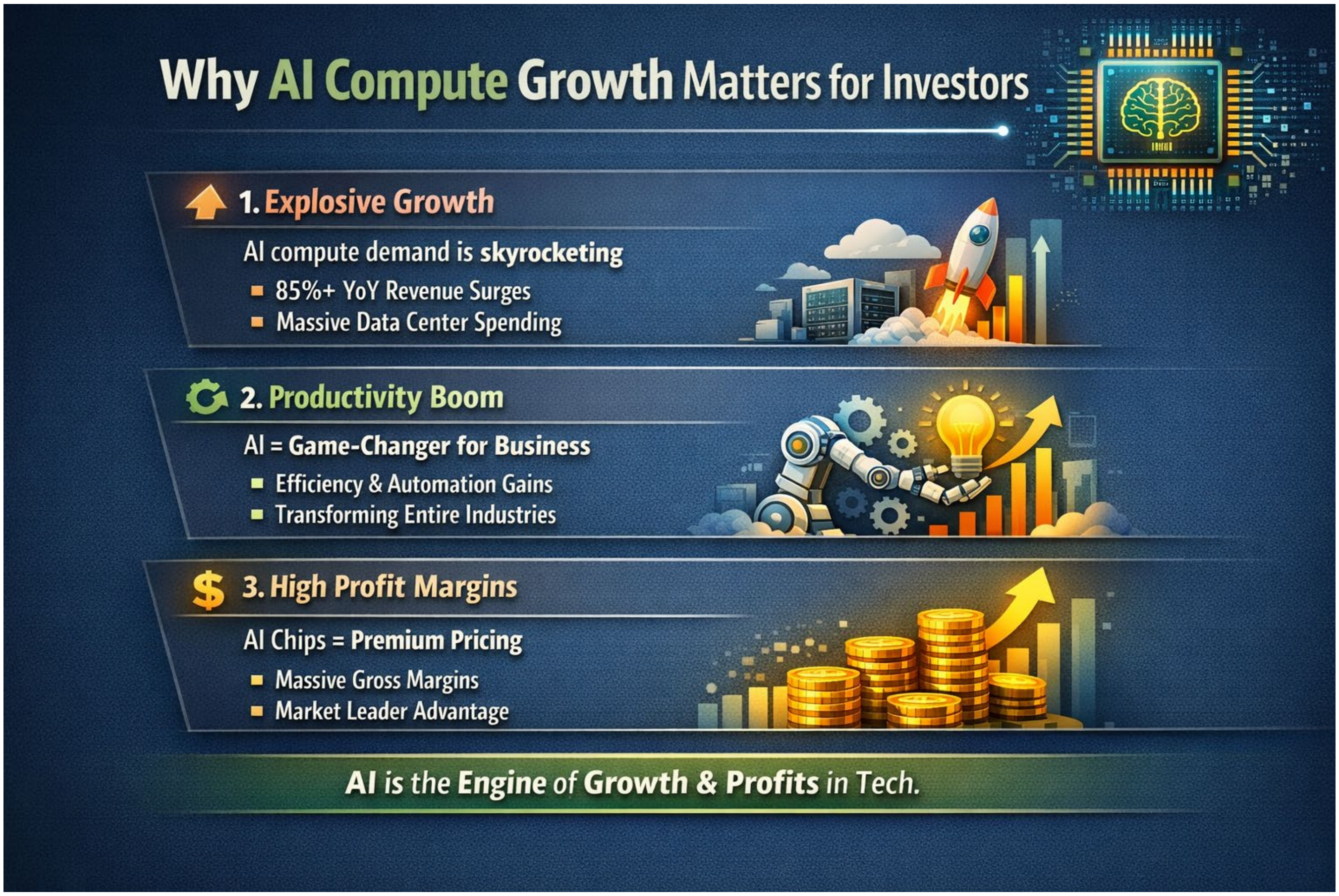
Chart of the Day: Nvidia is the tip of the spear for AI compute…



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Top News

U.S. stock index futures are subdued this morning, after Nvidia's results failed to impress, while investors awaited retail earnings and key data to gauge the extent of the economic damage from the Middle East conflict. Shares of Nvidia, the world's most valuable company, edge up slightly in premarket trading after the AI heavyweight forecast second-quarter revenue above Wall Street estimates and announced an $80 billion share repurchase program.

Geopolitical factors also remained in focus as Pakistan stepped up diplomatic efforts to accelerate the U.S.-Iran peace talks, while Tehran said it was reviewing Washington's latest response. U.S. President Donald Trump said he could wait a few days for "the right answers" from Iran, but signaled he was prepared to resume attacks if needed.

The yield on the benchmark U.S. 10-year Treasury note climbed to 4.61%, after snapping a three-day streak of gains on Wednesday. A lack of meaningful progress toward reopening the Strait of Hormuz has added to inflation concerns, pushing yields higher. Markets are pricing in roughly a 40% chance the U.S. Federal Reserve will raise interest rates by at least 25 basis points by the end of the year. Investors are also monitoring SpaceX after the company unveiled its IPO filing yesterday. On the economic front, initial claims for state unemployment benefits slipped 3,000 to a seasonally adjusted 209,000 for the week ended May 16, the Labor Department said.

Economists had forecast 210,000 claims for the latest week. Futures linked to Canada's main stock index inch lower, as uncertainty around U.S.-Iran peace talks weighed on sentiment, while AI chipmaker Nvidia's earnings failed to excite investors. Iran's Supreme Leader has issued a directive that the country's near-weapons-grade uranium should not be sent abroad, two senior Iranian sources said, hardening Tehran's stance on one of the main U.S. demands in ongoing negotiations.

Oil prices climbed more than 2% following the news. European shares are subdued this morning after a rally in the previous session, with bonds weakening and oil holding above $100 a barrel as investors await progress in U.S.-Iran peace talks. Preliminary data showed France's private sector economy contracted in

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May at its fastest pace in over five years, while a separate survey showed Germany's private sector contracted for a second month.

China stocks gave up earlier gains and tumbled in afternoon trading, with the semiconductor sector leading losses as profit-taking pressure piled up. Shanghai Composite Index tumbled more than 2%, falling below the 4,100-point level in its biggest single-day drop since March 23. Tech sectors led the declines, with the tech-focused STAR 50 Index losing 3.7% after hitting a fresh record high in the opening hours. In Hong Kong, the benchmark Hang Seng Index was down 1%, and the Hang Seng Tech Index lost 2.2%.

Japan's Nikkei share average climbed by the most in two weeks on renewed enthusiasm for technology stocks and easing geopolitical tensions linked to the Iran war. Investor sentiment also got a boost from an averted labour strike at Samsung Electronics, which could have disrupted South Korea's economy and global chip supply, and from reports that OpenAI is preparing to go public. SoftBank Group, a major investor in the company and other AI ventures, surged 19.9%, to its daily limit.

Rates Continue to Climb (Argus)

Since the onset of the war in Iran, the U.S. Treasury yield curve has maintained an upward slope, signaling economic growth in the quarters ahead. But it also has shifted a bit, with a few implications for economic and interest rate outlooks. First, the curve has pushed higher. Back in late February, the 2-year Treasury note yield was 3.4% and the 10-year yield was 4.0%. Now, those rates are 4.1% and 4.6%, respectively. At current levels, these rates are as high as they have been for a year. This shift higher in the yield curve implies that inflation may be poised to make a comeback, likely driven by higher energy prices as the cost for oil skyrocketed. Second, the upward slope of the yield curve has flattened out a bit. In late February, the spread between the 2-year and 10-year bonds was 60 basis points.

Now, the spread is down to 50 basis points. This tightening of the yield curve points toward a potential slowdown in the rate of economic growth (though we note that the curve is nowhere near an inverted state, which has long been associated with economic weakness). Looking ahead, we anticipate that the yield curve will maintain its upward slope through 2027. This assumes that the war in Iran ends in the

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not-too-distant future, oil prices come down off their highs, and the Federal Reserve, with a new chairman at the helm, can be in position to lower short-term interest rates within the next few quarters.

Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: **Key Interest Rates (Canada & U.S.)**

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.25%	1.5
CDA Prime	4.45%	0.0	CDA 10 year	3.60%	0.5
CDA 3 month T-Bill	2.30%	0.0	CDA 20 year	3.84%	0.0
CDA 6 month T-Bill	2.42%	1.5	CDA 30 year	3.95%	0.0
CDA 1 Year	2.70%	2.5			
CDA 2 year	2.96%	0.9			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.28%	5.7
US Prime	6.75%	0.0	US 10 year	4.61%	4.1
US 3 month T-Bill	3.57%	0.5	US 30 year	5.14%	2.3
US 6 month T-Bill	3.73%	0.8	5YR Sovereign CDS	39.71	
US 1 Year	3.82%	3.2	10YR Sovereign CDS	49.63	
US 2 year	4.10%	6.2			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	707.80	0.08%	1.66%
BMO Laddered Preferred Shares (ETF)	12.88	0.63%	4.46%

Source: LSEG

Things are looking up! Have a great day!

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