

Nvidia stuns markets and signals how artificial intelligence could reshape technology sector

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Taiwan Semiconductor Manufacturing Company founder Morris Chang, left, shakes hands with Nvidia Co-founder, President, and CEO Jensen Huang, right, at the TSMC facility under construction in Phoenix, Tuesday, Dec. 6, 2022. Nvidia shares skyrocketed early Thursday after the chipmaker forecast a huge jump in revenue for the next quarter, notably pointing to chip demand for AI-related products and services. Credit: AP Photo/Ross D. Franklin, File

Shares of Nvidia, already one of the world's most valuable companies, skyrocketed Thursday after the chipmaker forecast a huge jump in revenue, signaling how vastly the broadening use of artificial intelligence could reshape the tech sector.

The company based in Santa Clara, California, is close to joining the exclusive club of \$1 trillion companies like Alphabet, Apple and Microsoft, after its shares jumped more than 24%.

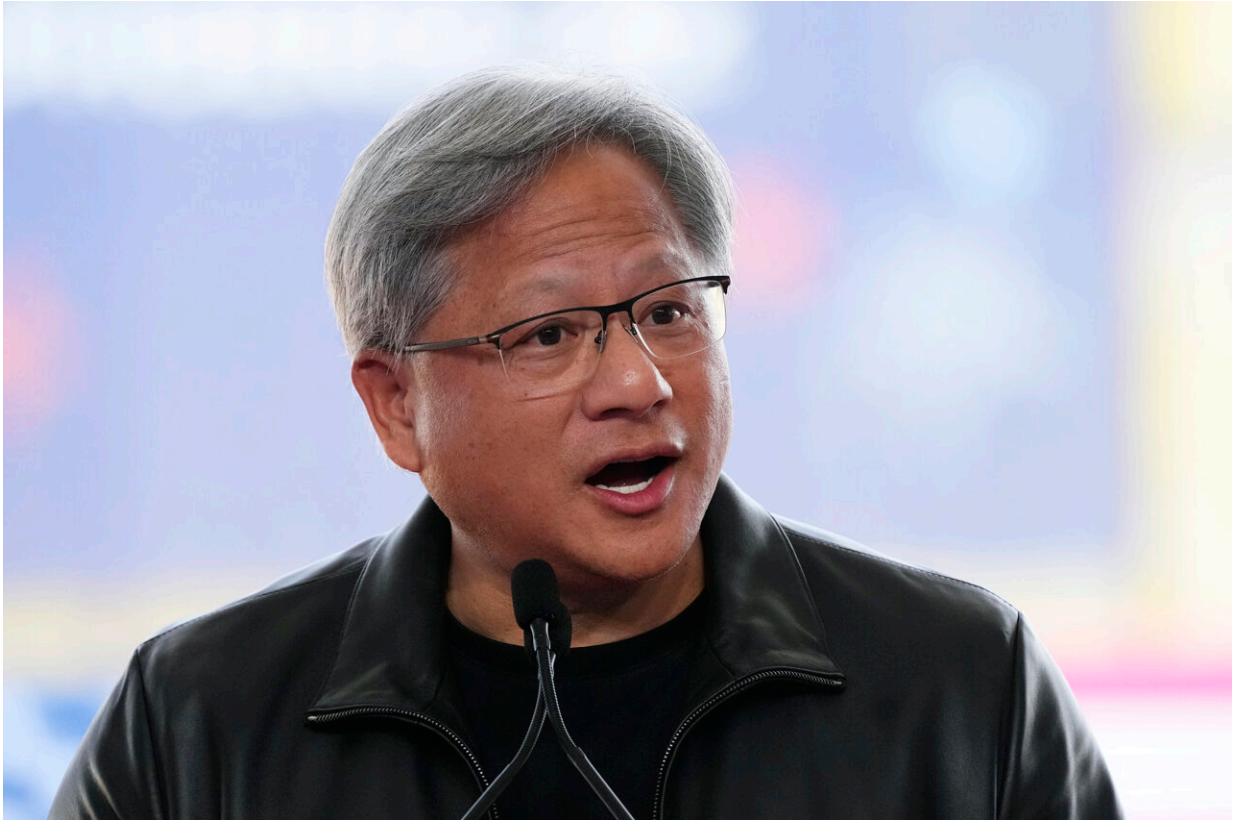
Late Wednesday the maker of graphics chips for gaming and artificial intelligence reported a quarterly profit of more than \$2 billion and revenue of \$7 billion, both exceeding Wall Street expectations.

Yet its projections for sales of \$11 billion this quarter is what caught Wall Street off guard. It's a 64% jump from last year during the same period, and well above the \$7.2 billion industry analysts were forecasting.

"It looks like the new gold rush is upon us, and NVIDIA is selling all the picks and shovels," Susquehanna Financial Group's Christopher Rolland and Matt Myers wrote Thursday.

Chipmakers around the globe were pulled along. Shares of Taiwan Semiconductor rose 3%, while South Korea's SK Hynix gained 6%. ASML based in the Netherlands added 5%.

Nvidia founder and CEO of Jensen Huang said the world's data centers are in need of a makeover given the transformation that will come with AI technology.



Nvidia Co-founder, President, and CEO Jensen Huang speaks at the Taiwan Semiconductor Manufacturing Company facility under construction in Phoenix, Tuesday, Dec. 6, 2022. Nvidia shares skyrocketed early Thursday after the chipmaker forecast a huge jump in revenue for the next quarter, notably pointing to chip demand for AI-related products and services. Credit: AP Photo/Ross D. Franklin, File

"The world's \$1 trillion data center is nearly populated entirely by (central processing units) today," Huang said. "And \$1 trillion, \$250 billion a year, it's growing of course but over the last four years, call it \$1 trillion worth of infrastructure installed, and it's all completely based on CPUs and dumb NICs. It's basically unaccelerated."

AI chips are designed to perform artificial intelligence tasks faster and

more efficiently. While general-purpose chips like CPUs can also be used for simpler AI tasks, they're "becoming less and less useful as AI advances," a 2020 [report](#) from Georgetown University's Center for Security and Emerging Technology notes.

"Because of their unique features, AI chips are tens or even thousands of times faster and more efficient than CPUs for training and inference of AI algorithms," the report adds, noting that AI chips can also be more cost-effective than CPUs due to their greater efficiency.

Analysts say Nvidia could be an early look at how AI may reshape the tech sector.

"Last night Nvidia gave jaw dropping robust guidance that will be heard around the world and shows the historical demand for AI happening now in the enterprise and consumer landscape," Wedbush's Dan Ives wrote. "For any investor calling this an AI bubble ... we would point them to this Nvidia quarter and especially guidance which cements our bullish thesis around AI and speaks to the 4th Industrial Revolution now on the doorstep with AI."

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