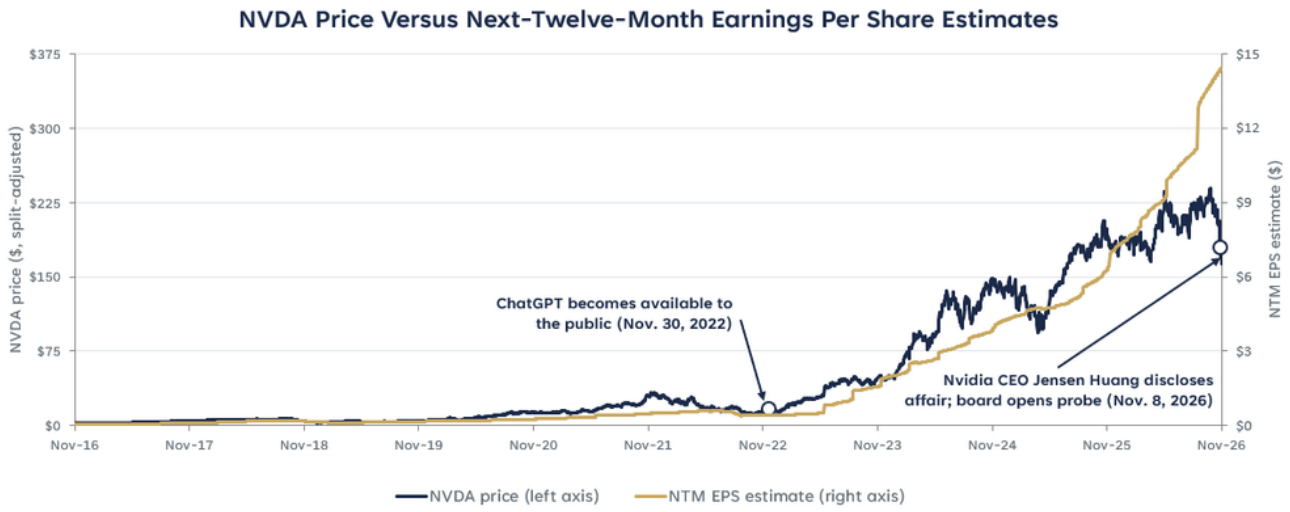
CHART OF THE WEEK | 11.18.2026

Chart of the Week No. 7

Nvidia's success was driven by AI fueled earnings growth. With the recent scandal and leadership change, the stock price has diverged meaningfully from strong earnings growth expectations.

Nvidia's stock price and estimated earnings have diverged



Source: FactSet; NVDA daily close (split-adjusted, excl. dividends), consensus mean NTM EPS estimate, 11/11/2016–11/13/2026. Axes scaled so $1 of EPS = $25 of price (25x).

- **AI demand drove Nvidia's earnings surge, and the stock followed.** Since ChatGPT launched on Nov. 30, 2022, analysts' next-twelve-month EPS estimates for NVDA have risen about 35x, from roughly $0.41 to $14.35. The share price has risen about 10x over the same period.
- **The recent sell-off has pulled the stock price away from estimated earnings.** NVDA is down about 32% from its Oct. 6 high, while EPS estimates are about 4% higher and near record levels. That puts the stock at about 11x forward earnings, the lowest P/E multiple in the last ten years.
- **Over time, price and earnings should converge.** If NVDA maintains its lead in the race for chips used in AI and customer spending remains strong, price will likely catch up to earnings. However, if the recent scandals prompt a strong regulatory response, talent exodus, or customer diversification away from NVDA, earnings estimates may prove too high and could compress to meet current share price.

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