

Carlsquare/Vontobel weekly trading note: Turning tides for AMD

The AMD share price has dropped by around 30% since March 2024. AMD still has rapid revenue growth prospects in the growing AI hardware market. Hence, the recent share price decline might be exaggerated. On the macro agenda, US and European inflation in July will be important because of its link to falling interest rates.

AMD is gaining data center GPU market share much faster than most realize—over four times quicker than it gained server CPU share against Intel. Forecasts suggesting AMD will only reach 10% market share by the end of 2025 might be too conservative. Although there now is some skepticism amongst investors regarding the AI hype, the rapid market share gains, the fast-growing AI hardware market, and the recent decline in share price could push AMD's share price higher as we head into the fall.

US equity markets rebounded somewhat at the end of last week, following sharp falls in the first week of August. The Japanese stock market (Nikkei) suffered the most over the past month, falling 12%. The Nasdaq was the second worst performer, down 9%. The 2-year US yield as well as the 10-year US yield has come down in the beginning of this week. This is somewhat worrisome, given that the decline in equities was triggered by increased fears of recession. Also, tomorrow's inflation figures are not to be forgiven.

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