THE GOVERNANCE DISCOUNT LEDGER

Nvidia's Selloff Is About Its CEO, Not Its Sales. Here Is What Each Outcome Is Worth.

BOTTOM LINE

- **The selloff is about governance, not demand.** Since Nvidia's board opened an investigation of its CEO on November 8, the stock has fallen 9.5% to $168.89. The chip-sector fund SMH rose 4.2%.
- **The price assumes about half of a CEO departure.** Nvidia now costs 10.6 times next year's expected earnings. Broadcom costs 17.1 times and AMD 29.1 times.
- **Answers will come on a legal calendar.** Options price a 14.5% move by December 18. Pages 2 to 4 price each outcome and each trade.

OUR VIEW

1. **Nothing reported so far touches demand.** Analysts still expect revenue of $109.0 billion on November 17, up 91% from a year earlier.
2. **The stock already carries a 13% discount for the unknown.** That is about half of what one analyst estimates losing the CEO would cost.
3. **The unknown will not resolve quickly.** The board set no end date, and a Justice Department inquiry can run for years.
4. **The evidence favors positions with a fixed maximum loss, in either direction.** It does not favor paying more to switch into Broadcom or AMD.

WHAT HAPPENED

DATE	EVENT	NVIDIA	SMH
Oct 29	Press reports: U.S. officials believe an executive at Megaspeed, a Singapore buyer of Nvidia chips, passed information to Beijing		
Nov 5	Chip stocks fall together after the midterm elections	−9.3%	−11.2%
Nov 8	The board opens an independent investigation. CEO Jensen Huang acknowledges a personal relationship with the executive and backs the review		
Nov 9	The New York Times: a 2025 Commerce probe of Megaspeed was paused after Nvidia's top lawyer contacted agents	−4.3%	+5.1%
Nov 10	Three House chairmen seek a closed-door briefing; one says he would subpoena the CEO	−5.5%	−0.8%

−13% The governance discount. Had Nvidia matched the chip fund since November 6, it would trade near $194. It closed at $168.89. The gap is about $620 billion of market value.

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WHAT IS ESTABLISHED, AND WHAT IS NOT

Established: independent directors run the investigation with outside lawyers. The company says Mr. Huang will keep leading it. Earnings are still due November 17. The Times reports a Justice Department criminal inquiry into Megaspeed; the department declined to comment.

Not established: no agency has accused Nvidia or its CEO of breaking export law. No report shows chips were illegally sent to China, and Megaspeed denies it. The board says it has "no reason to believe" national security or company secrets were compromised.

THREE OUTCOMES, AND WHAT EACH IS WORTH

OUTCOME	WHAT IT WOULD TAKE	WHEN	WHAT IT IS WORTH
1. Cleared	The review finds no breach of law or company rules. The CEO stays.	Unknown. The board gave no end date.	The discount closes: about $194, or +15%. Options put the odds of a close above $190 by December 18 at 24%.
2. The CEO steps back	The board or the pressure ends his tenure. Nothing is found against the company.	Weeks to months.	One analyst, Dan Ives of Yorkville, estimates a removal would cost 25% to 30% of Nvidia's value. From the November 6 price that is $131 to $140.
3. Findings reach the company	Evidence that Nvidia or its officers broke export law, for example by helping chips reach China.	Months to years. Seagate's 2020–21 shipments drew that record penalty in April 2023.	Fines alone would be small: the largest such penalty is $300 million, and Nvidia's operations produce $134 billion of cash a year. The real costs would be leadership and limits on sales. China was about 9% of revenue last year.

WHAT THE PRICE ALREADY ASSUMES

1. Nvidia closed at $186.64 on November 6, before the board's statement. Matching the chip fund since then would put it near $194.
2. It closed at $168.89 instead, 13% lower.
3. A removal is estimated to cost 25% to 30%. The market has priced about half of outcome 2 and little of outcome 3.

THE CALENDAR, AND THE MOVE OPTIONS PRICE FOR EACH DATE

The move priced is the cost of a *straddle*: one call plus one put at the current price.

DATE	EVENT	OPTIONS EXPIRY THAT COVERS IT	MOVE PRICED
Nov 11	Deadline the House chairmen set for a reply	Nov 13	±5.3%
Nov 17–18	Earnings after the close, then the requested briefing	Nov 20	±10.9%
Not set	Board review ends; the Justice inquiry has no schedule	Dec 18 / Jan 15	±14.5% / ±17.4%

±9% The move options price for the November 17 earnings report alone. Nvidia's largest move after any of its last seven reports was 8.7%, and the median was 3.2%. Part of that premium is the risk of a headline in the same week.

WHAT EACH VIEW COSTS TO EXPRESS

Prices are for options expiring December 18, per share, at the November 10 close. One contract covers 100 shares. A *spread* buys one option and sells another to cut the cost. Primer No. 004 explains the terms.

IF YOU EXPECT	STRUCTURE	COST	BEST CASE	BREAKEVEN
Outcome 1, a rebound	Buy the $180 call, sell the $200 call	$5.12	+$14.88 at $200 or higher	$185.12
Outcome 1, but would rather buy lower	Sell the $150 put	+$5.03	Keep $5.03 above $150 (3.4% in 38 days)	$144.97
Outcome 2 or 3	Buy the $160 put, sell the $140 put	$5.15	+$14.85 at $140 or lower	$154.85
A large move, direction unknown	Buy the $170 call and the $170 put	$24.57	Grows beyond either breakeven	$145.43 / $194.57
Shares held, a floor wanted	Buy the $150 put, sell the $195 call	$1.40	Loss stops at $150; gain stops at $195	
Company risk without sector risk	Nvidia against the chip fund SMH, long one and short the other		The 13-point gap closes (outcome 1) or widens	

16% each The odds options give to a close below $140 and to a close above $200 by December 18. The market treats both tails as equally likely. Implied volatility, the yearly move option prices assume, is 57%, up from 41% on October 16.

Three facts from the options market shape that table. First, options are expensive, so buying one outright costs more than it did; a spread offsets part of that. Second, protection costs more than upside: a put 10% below the price carries 60% implied volatility, against 54% for a call 10% above. Third, the most-traded puts on November 10 sat far below the market. They were the December $80 put (152,720 contracts, about $0.14) and the January $100 put (160,950 contracts, about $0.63). Those pay only if the stock falls 40% or more.

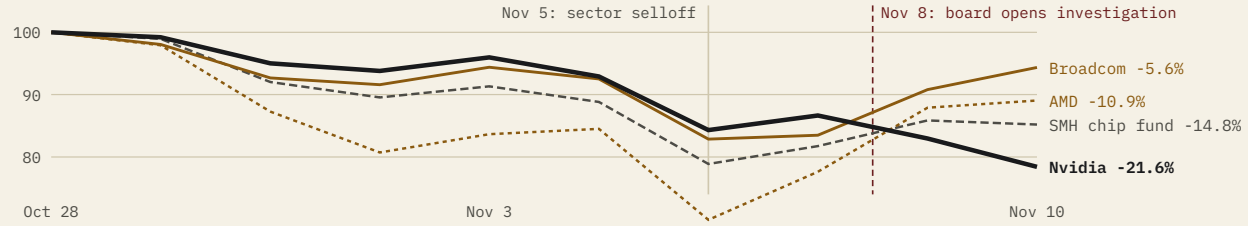
NVIDIA’S CHART

INDICATOR OR LEVEL	READING	WHAT IT MEANS
RSI (14-day)	24	A 0–100 score of recent gains against losses. Below 30 is called oversold.
200-day average	$204.54	The long-term trend line. Nvidia is 17% below it and first closed under it on November 4.
Volume	3.1× normal	427 million shares on November 10, after 463 million the day before.
Support	$164–$165	The 52-week low. Tuesday’s low was $165.89. Below it, the next zones are $159–$161 and $137–$146.
Resistance	$179–$187	The November 5 and 6 closes. Above that, $199–$205 holds the 200-day average.

Since 2012, Nvidia has first closed 25% below a 52-week high 10 times before this one. Three months later it was higher in 7 of 10, with a median gain of 27%. The baseline for any day is 74% and 10.5%. One month later the result matched the baseline, and 9 of the 10 closed lower at some point first. None of those drops involved the CEO.

IS BROADCOM OR AMD THE BETTER WAY TO OWN AI CHIPS NOW?

Both have real, reported growth. Broadcom designs custom AI chips for six large customers and guided to $21.7 billion of AI revenue for the quarter it reports December 9. AMD's data-center revenue rose 97% last quarter to $8.5 billion.



Daily closes, indexed so that October 28, 2026 = 100. Percentages are the change from October 28 to November 10.

The table compares what you get with what you pay. Earnings and growth figures are Wall Street consensus.

	NVIDIA	BROADCOM	AMD
Change since November 6	−9.5%	+13.0%	+14.7%
Below record close	−29.4%	−31.1%	−20.7%
Price ÷ next fiscal year's expected earnings	10.6×	17.1×	29.1×
Expected revenue growth, next fiscal year	+68%	+66%	+84%
Operating margin, last 12 months	66%	54%	21%
Move on November 5, the sector selloff	−9.3%	−10.4%	−17.3%
Realized volatility, last 20 sessions	51%	67%	117%

Our reading has three parts. First, switching is not cheaper: Broadcom and AMD cost more per dollar of expected earnings. Second, it is not safer in a sector selloff: on November 5 both fell more than Nvidia. Third, the two-day rally already reflects money leaving Nvidia, and that flow can reverse if outcome 1 arrives. Broadcom is the closer substitute on price and margins. AMD offers the fastest growth at the highest price and the largest swings.

1.6× / 2.7× What Broadcom and AMD cost per dollar of next year's expected earnings, relative to Nvidia. That premium is the price of avoiding the headline.

WHAT WE DO NOT KNOW

We do not know what the board or the Justice Department will find, or when, or whether Mr. Huang stays. Nvidia no longer reports sales to Singapore, so we cannot size its sales through Southeast Asia. We found no source that measures customers moving orders to rivals.

Sources & method: Events: CNBC, NBC News, ABC News, Fortune, Reuters, and The Next Web's summary of The New York Times, November 8–10, 2026. Removal estimate: Dan Ives, via Yahoo Finance. Penalties: U.S. Commerce Department on Seagate, April 2023. China revenue share: CNBC. Broadcom and AMD figures: company reports via 24/7 Wall St. and Constellation Research. Prices, option quotes and consensus estimates: public market-data feeds at the November 10 close. Indicators, levels, implied volatility and odds are computed by Ananke Alpha. Odds come from prices of adjacent option spreads; they are market prices, not forecasts. The earnings-only move removes the December 18 volatility level from the November 13–20 window. Past earnings dates are approximate. Drawdown study: first closes 25% below a 52-week closing high, 63 or more sessions apart.

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