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US Semiconductors and Hardware

Weekly Investor Pulse: Quantum , NVDA CPU Comments, & MRVL/DELL Previews

CITI'S TAKE

We recap three key topics that drew the most investor interest this week: US investment in Quantum stocks, NVDA CPU commentary, and MRVL/DELL upcoming earnings.

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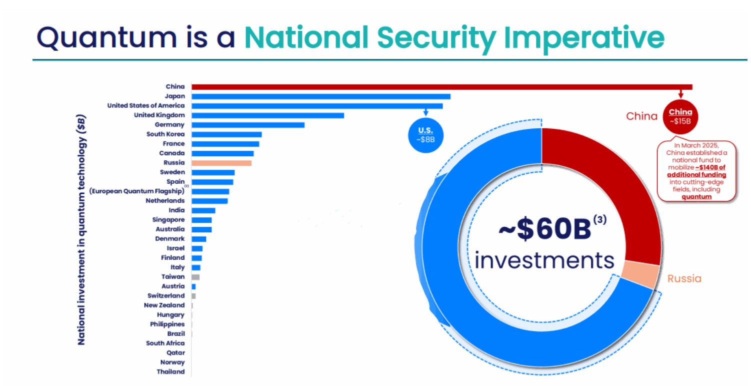
US to Invest in Quantum: Department of Commerce plans to invest $2B into US quantum computing companies to speed quantum computing innovation, support research and development, while bolstering national security in America. The initiative is designed to improve the U.S.'s competitive positioning in the industry and support national security interests. **It is noteworthy that the funding comes from the Dept of Commerce as it suggest quantum computing is starting to be viewed through a commercial lens and that support and interest are broadening from scientific and defense-oriented entities.** Participants in the CHIPS investment include IBM, GFS, QBTS, RGTI, INFQ, and Quantinuum. Of the $2B package, the US plans to give $1B to IBM to build an American quantum chip foundry company, GFS will receive $375M to launch Quantum Technology Solutions, to scale U.S. quantum manufacturing and the US government will receive a 1% equity stake. Others will each receive $100M. The deals have yet to be formally completed and the funding is expected to come from 2022 Chips and Science Act. **We note the U.S.'s ~$10B investment in quantum technology ($8B prior, $2B newly proposed) lags China's ~$15B investment, which includes efforts to raise a ~$140B national fund.**

Figure 1. Quantum Investments Worldwide



Source: Citi Research, Inflegtion

NVDA CPU Commentary: NVDA reported results and expects $20B Vera CPU sales this year, a big number which drew investor inquiries this week. **We believe the $20B CPU number includes standalone CPU (we believe Meta & MSFT) + CPUs in Vera Rubin NV links.** We believe Nvidia will likely provide more CPU details at Computex.

The $200B 2030 TAM likely includes Bluefield DPUs, X86, NVDA X86 NVL racks and Vera NVL racks. We note NVDA's prior 2025-27' DC sales >$1 trillion didn't include CPUs and LPX sales. For reference, ARM forecasted a TAM of $100B by 2030 and AMD forecasted a TAM of $120B by 2030. Citi rolled out a $132B TAM for CPU chips only. The TAM size, mix (Arm vs x86), and market share among the CPU players remains a big topic of interest with investors.

Figure 2. Citi CPU TAM Model

TAM Estimates ($M)	C25	C26E	C27E	C28E	C29E	C30E
General Purpose CPU	$20,756	$29,376	$35,206	$39,724	$46,531	$50,933
% of Total	71%	57%	50%	46%	42%	39%
YoY		42%	20%	13%	17%	9%
AI Headnodes	$8,197	$12,148	$15,549	$17,246	$19,247	$21,139
% of Total	28%	24%	22%	20%	17%	16%
YoY		48%	28%	11%	12%	10%
Agentic CPU Applications	$313	$9,989	$18,986	$29,207	$46,088	$59,396
% of Total	1%	19%	27%	34%	41%	45%
YoY		3086%	90%	54%	58%	29%
Total	**$29,266**	**$51,512**	**$69,741**	**$86,176**	**$111,866**	**$131,468**
YoY		76%	35%	24%	30%	18%

Source: Citi Research

MRVL & DELL Previews: Investors inquired about MRVL and DELL earnings setup into next week.

MRVL reports Apr-Q earnings on 5/27 after the market close. We model in-line Oct-Q/Jan-Q data center sales with upside risk from 800G and faster-than-expected 1.6T optics demand per transceiver peers. We believe Trainium 2 ASIC demand remains strong.We believe MRVL AI sales are being led by DSP optical business and investors are focused on new XPU/LPU attach sockets commentary (see detailed preview). **We expect MRVL to lift prior $11B/$15B/$20B 2026/27/28 total company sales expectations.**

Dell reports on May 28th. We remain constructive on sustained AI/server momentum alongside improving storage execution and steady PC progress, with a 1H-weighted traditional server refresh tailwind and Dell's pricing/quote agility helping navigate component inflation. **Strong neocloud/sovereign AI demand and improving enterprise mix continue to be incremental positives for Dell** (see detailed preview).

Weekly Investor Pulse: 5/15 TXN/NXPI Price Hikes & NVDA/AVGO Previews

Weekly Investor Pulse: 5/8: Terafab WFE, CSCO Preview, & GLW/NVDA Partnership

Weekly Investor Pulse 5/1: Big Five Capex, Intel Foundry Customers, & Seagate Storage

Weekly Investor Pulse 4/17: US SPE, SNDK HBF, & Rubin Ramp

Weekly Investor Pulse 4/10: Intel Terafab, Apple Foldable iPhone, & AVGO LTAs

Companies Mentioned:
(AMD.O; US$449.59; 2; 21 May 26; 16:00) | (AAPL.O; US$304.99; 1; 21 May 26; 16:00) | (ARM.O; US$298.23; 1; 21 May 26; 16:00) | (AVGO.O; US$414.57; 1; 21 May 26; 16:00) | (CSCO.O; US$118.2; 1; 21 May 26; 16:00) | (GLW.N; US$191.89; 1; 21 May 26; 16:00) | (QBTS.N; US$25.74; Not Rated; 21 May 26; 16:00) | (DELL.N; US$252.8; 1; 21 May 26; 16:00) | (GFS.O; US$81.35; 2; 21 May 26; 16:00) | (IFXGn.DE; €68.0; 1; 21 May 26; 17:30) | (INFQ.N; US$14.7; 1H; 21 May 26; 16:00) | (INTC.O; US$118.5; 1; 21 May 26; 16:00) | (IBM.N; US$252.97; 1; 21 May 26; 16:00) | (MRVL.O; US$190.69; 1; 21 May 26; 16:00) | (META.O; US$607.38; 1; 21 May 26; 16:00) | (MSFT.O; US$419.09; 1; 21 May 26; 16:00) | (NVDA.O; US$219.51; 1; 21 May 26; 16:00) | (NXPI.O; US$299.38; 1; 21 May 26; 16:00) | (RGTI.OQ; US$22.04; Not Rated; 21 May 26; 16:00) | (STX.N; US$810.65; 1; 21 May 26; 16:00) | (TXN.O; US$298.39; 1; 21 May 26; 16:00)