

INTEL'S REBOUND: THE U.S GOVERNMENT, NVIDIA, AND A FIGHT FOR RELEVANCE



By Pedro Lima

Intel now sits at the crossroads of technology and geopolitics.

Once the undisputed leader in semiconductors, the company has become a testing ground for U.S industrial policy and private-sector alliances. This article examines how recent investments by the U.S government and Nvidia, through equity stakes and strategic partnerships, have shaped investor sentiment and influenced Intel's stock performance, revealing how politics and market forces increasingly converge in the global chip race.

Intel was once the undisputed leader in microprocessors, powering the rise of personal computing and dominating the semiconductor market for decades. However, as competition intensified and production delays mounted in the 2010s, its technological edge began to fade. By 2020, Intel was struggling to maintain momentum despite reaching a record \$69.28 stock price following the long-delayed release of its 10-nanometer chip. The years that followed were marked by turbulence.

As rivals capitalized on surging demand for advanced chips and AI accelerators, Intel struggled to maintain relevance.

Its stock slid to \$26.43 by the end of 2022 before rebounding in 2023 to \$50.25, buoyed by the AI boom, its early adoption of high-NA EUV lithography, and the launch of Gaudi3, an AI processor aimed at challenging Nvidia and AMD's dominance in the generative AI space.

However, the momentum proved short-lived. In 2024, Intel's shares tumbled once more, ending the year at \$20.05 amid a disappointing third-quarter report showing a \$2.4 billion operating loss. The company hit a new low of \$17.66 in April 2025, underscoring investor skepticism over its turnaround efforts. More recently, though, Intel has shown signs of life, its shares have nearly doubled from August to October, reaching \$42.48, as markets cautiously reassessed the firm's long-term prospects in a rapidly evolving semiconductor landscape.

TSMC, based in Taiwan, is currently the world's largest semiconductor manufacturer and one of Intel's main competitors in the foundry business. In April of this year, it was revealed that TSMC had reached a preliminary agreement to form a joint venture with Intel to operate the American company's factories, with TSMC holding a 20% stake.

The move came under the influence of the U.S government, as part of its ongoing effort to revitalize Intel and strengthen domestic chip production. It followed TSMC's announcement in March of a \$100 billion investment plan in the United States, which includes the construction of five additional fabrication plants.

This growing collaboration highlighted Washington's broader ambition: to secure America's semiconductor supply chain by drawing both domestic and foreign industry leaders into its orbit.

That strategy took a decisive turn in 2022 with the Biden administration's CHIPS and Science Act which marked a strategic shift in U.S industrial policy, one born from growing concerns over China's ambitions toward Taiwan and the erosion of America's manufacturing base. Designed to secure domestic semiconductor production, a sector deemed critical for both economic and military competitiveness. The Act identified Intel as a cornerstone of the country's technological sovereignty. The firm was awarded \$11.1 billion in federal support to expand its fabrication capacity, a clear signal that Washington viewed Intel not merely as a corporation, but as a matter of national interest.

That relationship deepened further when the Trump administration took office and, in a surprise move, converted part of the government's involvement into equity, purchasing a 10% stake in Intel at \$20.47 per share, totaling \$8.9 billion. Although the shares are nonvoting, the government retained a warrant to acquire an additional 5% should Intel lose control of its foundry business, an arrangement that underlined both political and strategic oversight. The transaction followed calls by the administration for the resignation of CEO Lip-Bu Tan over alleged ties to China, intensifying the perception that semiconductor policy had become deeply intertwined with national security.

Markets responded positively. Alongside a \$2 billion injection from Japan's SoftBank, the announcement triggered a 6% rally in Intel's stock on August 22, as investors interpreted the government's backing as a vote of confidence in the company's turnaround efforts.

Nvidia's decision less than a month later to invest \$5 billion in its longtime rival added an unexpected twist. Purchasing roughly 4% of Intel at \$23.28 per share, Nvidia also unveiled a collaboration to jointly develop next-generation PC and data center chips, combining Nvidia's GPU and AI acceleration technologies with Intel's leading CPU architecture and x86 ecosystem. The partnership will leverage tools like NVLink to enable seamless communication between the two platforms, integrating the strengths of both firms' hardware and software stacks.

The market reaction was immediate: Intel's shares soared 22.77% on September 18, their strongest single-day gain since 1987, while Nvidia climbed 3.49%.

The dual endorsement, from both Washington and Silicon Valley, has since fueled a remarkable rebound in Intel's stock, which climbed to \$42.48 before settling at \$39.99.

The company's stronger than expected third-quarter earnings only reinforced the view that, for the first time in years, Intel may once again be positioned not as a laggard, but as a comeback story in the global semiconductor race.

The past month has underscored the fragile nature of Intel's recovery. Following the launch of its latest Core Ultra Series 3 processors for laptops and mini PCs, codenamed Panther Lake, Intel's share price rose from \$39.48 to \$54.32, reflecting growing optimism around its product roadmap.

That momentum abruptly reversed after the company released its fourth-quarter earnings.

Although Intel reported results that exceeded Wall Street's expectations, the accompanying guidance proved disappointing. CEO Lip-Bu Tan cautioned that the company would be unable to meet full demand for its products and acknowledged that production efficiency remained below internal targets. The market reaction was swift: Intel's shares plunged 17% in a single session, marking the company's worst trading day since 2024 and reaffirming investor concerns over its execution capabilities.

Intel's recent volatility encapsulates the broader uncertainty surrounding its turnaround. Strategic investments and political backing have restored visibility and credibility, but they have not eliminated the operational challenges that continue to weigh on the company's performance. The sharp sell-off following an earnings beat illustrates a market increasingly focused not on promises or partnerships, but on Intel's ability to deliver consistently at scale.

As semiconductors become ever more central to economic power and national security, Intel remains a pivotal, if precarious, player. Whether its recent revival marks a durable transformation or merely a temporary reprieve will ultimately depend on execution, not endorsement.

Whether its recent revival marks a durable transformation or merely a temporary reprieve will ultimately depend on execution, not endorsement.