

2026-08-02 - SSN - FOMC Fumble, Capex Spenders Outside of MSFT Drag Indices Lower, Situational Awareness AI Blowup, RDDT Buy After Earnings, TSLA Merger with SpaceX Possible - (report)

Condensed Report

- **Geopolitical Escalations & Peace Talks: Trump** issued public assertions claiming Iran requested a peace treaty prior to potential US military strikes against Iranian energy infrastructure. Iran denied these claims, but oil dropped 4%, triggering a short-covering bounce across US index futures (**S&P 500** +40 bps, **Nasdaq** +70 bps, **Russell 2000** +50 bps). Caution is warranted given upcoming midterm elections and potential military retaliation.
- **FOMC "Fumble" & Bond Market Volatility:** Markets lost confidence in Fed Chair Kevin Warsh following a divided *July* FOMC decision (3 hawkish dissents for an immediate rate hike). The 10-year US Treasury yield spiked to 4.73% before easing to 4.69%, while 30-year TIPS yields approached historic highs near 3.0%. A unique macro anomaly occurred where gold rallied alongside rising real rates, indicating erosion of faith in the US dollar and Fed inflation credibility. A *September* rate hike remains a distinct possibility if inflation prints accelerate.
- **Global Fixed Income Pressures:** The Japanese 30-year bond yield rose above 4.0% for the first time in several decades, heightening global monetary tightening concerns and raising the prospect of Fed swap-line interventions to assist the Bank of Japan.
- **Special Situations & M&A Activity:** July public US M&A volume surged 17% year-over-year (\$52 billion across 11 transactions exceeding \$1 billion enterprise value). Key coverage includes the impending close of **Electronic Arts (EA)**, **TXNM Energy (TXNM)**, **AES Corporation (AES)** receiving Chinese approval, rumors regarding **Tesla (TSLA)** separating its Chinese unit ahead of a potential **SpaceX** merger, and **Warner Bros. Discovery (WBD)** arbitrage spread widening to 21% (\$5.53 per share).
- **AI Capex Drag vs. Beneficiary Outperformance:** Mega-cap hyperscalers—**Microsoft (MSFT)**, **Amazon (AMZN)**, **Alphabet (GOOGL)**, and **Meta Platforms (META)**—are pacing to spend over \$725 billion in 2026, pushing several into negative free cash flow territory. ROIC and ROE compression across hyperscalers is dragging down the cap-weighted **S&P 500** (hyperscalers subtracted 2% from index returns YTD, while the remaining 494 stocks returned +12%). Suppliers of hardware, memory, cooling, and power infrastructure continue to capture near-term revenues.
- **NVIDIA Debt Risk & Circular Financing:** **NVIDIA (NVDA)** credit default swap (CDS) spreads doubled from 40 bps to 80 bps following reports of \$750 billion in AI infrastructure funding arrangements, including a \$250 billion guarantee for **OpenAI**'s 10-gigawatt Ohio data center hub developed by **Softbank**, a \$350 billion processor purchasing vehicle, and a \$500 billion strategic partnership with **SK Group**.
- **Semiconductor Supply Chain & DRAM Forecast:** **Nomura** published a dramatic forecast projecting global DRAM market revenue to exceed \$2.06 trillion by 2030 (up from \$80 billion in 2022), driven by sustained structural supply deficits in High-Bandwidth Memory (HBM) and average selling prices (ASPs) peaking near \$18.60/GB in 2027. Meanwhile, Chinese domestic immersion DUV lithography progress remains limited (targeting ~5 systems in 2026), impacting **ASML Holding (ASML)** top-line by only ~2.4%.
- **South Korean Market Crash & Unwind:** South Korea's Kospi plunged up to 44% from peak levels, driven by forced liquidations of single-stock 3x leveraged ETPs (e.g., Irish-domiciled 3x **SK Hynix** ETP falling 96% in a month) and retail margin calls across 320,000+ accounts. Kospi forward P/E dropped below 5x before a sharp technical rebound. **CXMT**'s Shanghai IPO valuation (30x P/E vs. incumbents at 4x-6x) spurned fears despite **CXMT** holding only ~6–9% global DRAM market share with 30% higher bit production costs.
- **Situational Awareness Fund Blowup:** Leopold Ashenbrenner's \$45 billion AI-focused fund, **Situational Awareness**, suffered a 67% drawdown in *July* due to 4x leverage, heavy long semiconductor concentration, and squeezed software short positions. **Citadel Securities / Citadel** acquired the fund's entire public equity portfolio at a steep discount on *July 30th*, setting off a historic single-day momentum short squeeze.
- **Corporate Earnings Overviews:**
 - **Microsoft (MSFT):** Q2 revenue \$90.0 billion (+18%), Azure +43%, Copilot seats >30 million; reaffirmed positive

cash flow generation.

- **Meta Platforms (META):** Q2 revenue \$60.8 billion, but Q3 guidance missed midline expectations and free cash flow dropped to \$784 million due to \$130B–\$145B capex guidance raise; plans to launch a compute resale cloud business.
- **Amazon (AMZN):** AWS revenue surged 37% to \$42.4 billion, offsetting trailing 12-month free cash flow drain (-\$7.6 billion) on \$220 billion 2026 capex.
- **Apple (AAPL):** Sales up 16% to \$109.4 billion; stock sold off 8% on severe memory supply chain cost spikes (termed a "100-year flood" by Tim Cook) and EU App Store regulatory pressure.
- **Reddit (RDDT):** Shares dropped 23% post-earnings despite beating Q3 revenue guidance (\$860M–\$870M vs \$829M est) and doubling net income, driven by slight US DAU metric soft spots; position added to in the \$130s.
- **Bloom Energy (BE):** Beat Q2 estimates handily (revenue +166% to \$1.07B; EPS \$0.78 vs \$0.41 est) and raised 2026 revenue guidance to \$3.9B–\$4.2B on hyperscaler AI power adoption.
- **Breakdown of Fed Transmission Mechanism:** The top 10% of US income earners now generate 50% of total consumer spending. This cohort is insulated from interest rate hikes due to locked-in low mortgage rates and elevated asset yields, rendering standard Fed funds tightening ineffective against demand while disproportionately punishing rate-sensitive sectors.
- **Portfolio Trade Updates & Q&A Highlights:** Key executed trades include scaling into **Reddit (RDDT)**, selling puts on **Sable Offshore (SOC)**, taking profits on **SanDisk (SNDK)**, trimming **Nebius (NBIS)**, **Bloom Energy (BE)**, and **ServiceNow (NOW)**, and adding to South Korean equities, **Redwood Trust (RWT)**, and **Dynex Capital (DX)**. Q&A covered **Robinhood (HOOD)** valuation, preferred stock outlook under Fed rate hikes, and **Citadel's** post-acquisition book management.

Actionable Items

Macro Trends to Monitor

- **10-Year Treasury Yield Thresholds:** Monitor the 4.70%–4.90% yield band closely. A breach above 4.90%–5.00% will trigger an aggressive market-wide risk-off regime, with calculations pointing to a 2% equity index decline for every 10 bps increase above 5.00%.
- **Japanese Sovereign Debt & BOJ Policy:** Watch Japanese 30-year yields exceeding 4.00%. Spikes in Japanese yields threaten global carry trades and could compel the Fed to open dollar swap lines to support the Yen.
- **Fed Credibility & "Zoo Steepening":** Track 2s10s and 2s30s yield curve steepening driven by rising long-end yields alongside stable/falling short-end yields, signaling market doubt regarding the Fed's 2% inflation target.
- **Energy Supply Shocks:** Track WTI crude levels around the \$70 benchmark. Sustained prices above \$80–\$85 driven by Middle East disruptions directly escalate core PCE inflation risks and heighten probability of a *September* Fed rate hike.

Potential Additions to the Portfolio (Longs)

- **Reddit (RDDT):** Expanded allocation by 10–15 bps following post-earnings sell-off into the \$130s; fundamental thesis supported by ARPU expansion (+51% YOY in US) and monetizable user growth pointing to a \$200+ price target.
- **Sable Offshore (SOC):** Monitored for put-selling strategies (e.g., *January 2028* \$2.00 or \$3.00 strike puts) to establish effective net entry prices around \$1.20–\$1.35 per share, capitalizing on debt refinancing and potential offshore regulatory easing under the **Trump** administration.
- **Fiery (formerly Skillz / SKLZ):** Deep value/special situation candidate following a \$719 million court judgment against **Papaya Games** against an enterprise value of ~\$70 million; conservative settlement value implies substantial upside from current \$9.16 price.
- **South Korean Memory Leaders (SK Hynix, Samsung Electronics):** Added 20 bps exposure post-forced liquidation

crash. Forward P/Es of 3x–6x represent historic mispricings given near-monopolistic control over High-Bandwidth Memory (HBM).

- **iShares 20+ Year Treasury Bond ETF (TLT)**: Initiated tracking exposure with plans to scale aggressively should 10-year yields approach 5.00%.
- **Mortgage REITs / Rate Stabilization Plays**: Expanded positions in **Redwood Trust (RWT)** and **Dynex Capital (DX)** by 10 bps each.

Potential Reductions in the Portfolio (Trims/Exits)

- **Bloom Energy (BE)**: Trimmed position near \$207 after a 30%+ single-day post-earnings surge.
- **Nebius (NBIS)**: Harvested profits by trimming 50% of position following a 27% single-day pop.
- **SanDisk (SNDK)**: Fully exited allocation following a 30% weekly run-up prior to broad semiconductor profit-taking.
- **ServiceNow (NOW)**: Trimmed allocation into software short-squeeze strength.
- **Celsius Holdings (CELH)**: Trimmed position to manage growth risk.

Potential Additions to Shorts

- **Caterpillar (CAT)**: Identified as an attractive macro short candidate due to peak industrial valuation multiples and macro economic headwinds.
- **SpaceX Long-Term Corporate Bonds (6.65% due 2056)**: Maintained short bias (bonds have declined from 98–99 range down to 86).
- **High-Yield & Investment-Grade Corporate Debt**: Recommended avoiding or shorting cash IG/HY corporate credit where spreads (~300 bps) fail to price in structural interest rate volatility.

Ideas Worth Monitoring for Future Portfolio Actions

- **Warner Bros. Discovery (WBD)**: Monitor the merger arbitrage spread (currently ~21% or \$5.53 per share at \$26 share price) following FCC Chair Brendan Carr's positive closing comments.
- **DoorDash (DASH)**: Track for pullback entries as unit economics scale from -\$0.38 per order in 2022 to +\$0.50+ per order today, supporting long-term \$7 billion operating profit trajectory by 2030.
- **ASML Holding (ASML)**: Monitor for entry opportunities following overdone sell-off regarding Chinese domestic DUV lithography progress.
- **AppLovin Corporation (APP)**: Evaluate growth-at-a-reasonable-price (GARP) entry on e-commerce client expansion.
- **Qualcomm (QCOM)**: Monitor for technical oversold bounce, though fundamental multiples are not yet deeply discounted.

Actionable Q&A Guidance

- **Robinhood Markets (HOOD)**: Maintain hold position at \$85.56 (fair value estimated near \$100); delay new long entries until pullback to \$60–\$70 range or renewed crypto volume inflection.
- **Business Development Companies (BDCs) & Oil Equities**: Avoid BDCs due to accelerating private credit default rates; delay oil equity additions until Middle East geopolitical risk premiums clarify.
- **Preferred Stocks Strategy**: Utilize any potential *September* Fed rate hike volatility as a buying opportunity in preferred shares and closed-end funds trading at wide discounts to par.

Stock Symbols & Company Names List

RDDT (Reddit), **TSLA** (Tesla), **EA** (Electronic Arts), **TXNM** (TXNM Energy), **AES** (AES Corporation), **HSBC** (HSBC Holdings), **STAN** (Standard Chartered), **STT** (State Street), **DB** (Deutsche Bank), **MAR** (Marriott International), **SRAD** (Sportradar Group), **AVA** (Avista Corp), **PLTR** (Palantir Technologies), **CLX** (The Clorox Company), **BWXT** (BWXT Technologies), **WHR** (Whirlpool Corporation), **JAZZ** (Jazz Pharmaceuticals), **SNAP** (Snap Inc.), **ON** (ON Semiconductor), **TKO** (TKO Group)

Holdings), **PFE** (Pfizer Inc.), **CAT** (Caterpillar Inc.), **MCD**(McDonald's Corporation), **W** (Wayfair Inc.), **HUT** (Hut 8 Corp.), **WIX** (Wix.com Ltd.), **NOW** (ServiceNow), **ET**(Energy Transfer LP), **MRK** (Merck & Co.), **AMD** (Advanced Micro Devices), **ADEA** (Arista Networks), **ZETA**(Zeta Global), **OPEN** (Opendoor Technologies), **BKNG** (Booking Holdings), **HL** (Hecla Mining Company), **LLY** (Eli Lilly and Company), **SHOP** (Shopify Inc.), **UBER** (Uber Technologies), **DIS** (The Walt Disney Company), **RIOT**(Riot Platforms), **CRCL** (Circle), **LMN** (Lumen Brands), **U** (Unity Software), **NVO** (Novo Nordisk), **SNDK**(SanDisk), **WDC** (Western Digital), **APP** (AppLovin Corporation), **ELF** (e.l.f. Beauty), **TTMI** (TTM Technologies), **MELI** (MercadoLibre), **RDW** (Redwire Corporation), **BYND** (Beyond Meat), **ALB** (Albemarle Corporation), **COP**(ConocoPhillips), **QBTS** (D-Wave Quantum), **DDOG** (DataDog Inc.), **CELH** (Celsius Holdings), **DIN** (Dine Brands Global), **FI** (Fiserv Inc.), **LNG** (Cheniere Energy), **DKNG** (DraftKings Inc.), **ABNB** (Airbnb Inc.), **RGTI** (Rigetti Computing), **TTD** (The Trade Desk), **RCAT** (Red Cat Holdings), **MP** (MP Materials), **OKLO** (Oklo Inc.), **VST**(Vistra Corp), **WEN** (The Wendy's Company), **UAA** (Under Armour), **CGC** (Canopy Growth Corporation), **ROKU**(Roku Inc.), **UNF** (Univar Solutions), **VAL** (Valaris Ltd.), **WBD** (Warner Bros. Discovery), **MSFT** (Microsoft Corporation), **AMZN** (Amazon.com Inc.), **GOOGL** (Alphabet Inc.), **META** (Meta Platforms Inc.), **AAPL** (Apple Inc.), **ORCL** (Oracle Corporation), **TSM** (Taiwan Semiconductor Manufacturing Company), **ASML** (ASML Holding), **NVDA** (NVIDIA Corporation), **SMCI** (Super Micro Computer), **VRT** (Vertiv Holdings), **INTC** (Intel Corporation), **MRVL** (Marvell Technology), **AVGO** (Broadcom Inc.), **QCOM** (Qualcomm Inc.), **MU** (Micron Technology), **PSTG**(Pure Storage), **STX** (Seagate Technology), **BABA** (Alibaba Group), **TCEHY** (Tencent Holdings), **HPE** (Hewlett Packard Enterprise), **NBIS** (Nebius Group), **SKLZ** (Skillz Inc. / Fiery), **SOC** (Sable Offshore Corp.), **TLT** (iShares 20+ Year Treasury Bond ETF), **V** (Visa Inc.), **BE** (Bloom Energy Corporation), **DASH** (DoorDash Inc.), **HOOD**(Robinhood Markets), **TBF** (ProShares Short 20+ Year Treasury), **RWT** (Redwood Trust), **DX** (Dynex Capital)

Economic Calendar

Date of Event	Event	Summary of Commentary
Monday, August 3, 2026	US Manufacturing PMI (Final)	Key read on industrial activity baseline following quarterly tariff adjustments.
Monday, August 3, 2026	ISM Manufacturing Index & Prices Paid	Critical gauge for underlying inflationary pressures within manufacturing inputs.
Monday, August 3, 2026	Construction Spending & Factory Orders	Data points on real business investment and broad capital spending velocity.
Monday, August 3, 2026	Earnings Releases	Pre-market: Marriott International (MAR) , Sportradar Group (SRAD) , Avista Corp (AVA) . After-hours: Palantir Technologies (PLTR) , The Clorox Company (CLX) , BWX Technologies (BWXT) , Whirlpool Corporation(WHR) , Jazz Pharmaceuticals (JAZZ) , Snap Inc. (SNAP) , ON Semiconductor (ON) , TKO Group (TKO) .
Tuesday, August 4, 2026	JOLTS Job Openings	Key labor market indicator; monitoring for signs of labor demand cooling without rapid unemployment spikes.
Tuesday, August 4, 2026	US Durable Goods Orders	Measures business capital investment, aircraft, and heavy machinery purchase commitments.
Tuesday, August 4,	Earnings	Pre-market: Pfizer (PFE) , Caterpillar (CAT) , McDonald's (MCD) , Wayfair(W) , Hut 8 (HUT) , Wix.com (WIX) , Energy Transfer (ET) , Merck & Co.(MRK) . After-hours: Advanced Micro Devices (AMD) , SpaceX , Arista Networks (ADEA) , Zeta Global

2026	Releases	(ZETA), Opendoor Technologies (OPEN), Booking Holdings (BKNG), Hecla Mining (HL).
Wednesday, August 5, 2026	US Services PMI & ISM Services Index	Crucial read on core services inflation, labor demand, and super-core inflation drivers.
Wednesday, August 5, 2026	Earnings Releases	Pre-market: Eli Lilly (LLY), Shopify (SHOP), Uber Technologies (UBER), Walt Disney (DIS), Riot Platforms (RIOT), Circle (CRCL), Lumen Brands (LMN), Unity Software (U), Novo Nordisk (NVO). After-hours: SanDisk (SNDK), Western Digital (WDC), AppLovin (APP), e.l.f. Beauty(ELF), TTM Technologies (TTMI), MercadoLibre (MELI), Redwire(RDW), Beyond Meat (BYND), Albemarle (ALB).
Thursday, August 6, 2026	US Weekly Jobless Claims	Monitoring ongoing labor market cooling metrics and lay-off momentum (Visa 7% cut context).
Thursday, August 6, 2026	Earnings Releases	Pre-market: ConocoPhillips (COP), D-Wave Quantum (QBTS), DataDog(DDOG), Celsius Holdings (CELH), Dine Brands (DIN), Fiserv (FI), Cheniere Energy (LNG). After-hours: DraftKings (DKNG), Airbnb(ABNB), Rigetti Computing (RGTI), The Trade Desk (TTD), Red Cat Holdings (RCAT), MP Materials (MP).
Friday, August 7, 2026	US Non-Farm Payrolls (NFP) & Unemployment Rate	Pivotal macro employment release prior to the September FOMC meeting.
Friday, August 7, 2026	Earnings Releases	Pre-market: Oklo (OKLO), Vistra Energy (VST), The Wendy's Company(WEN), Under Armour (UAA), Canopy Growth (CGC).

Report Details

Introduction & Market Overview

The weekly financial strategy call opened with a focus on macro cross-currents following the peak week of corporate earnings season. Ahead of US equity futures opening, **Donald Trump** issued public statements asserting that Iran had requested a peace treaty to preempt US military strikes on its energy infrastructure. While Iranian authorities publicly denied these claims, financial markets responded immediately: WTI crude oil dropped over 4%, triggering a short-covering bounce in equity index futures. The **S&P 500** futures rallied 40 bps, **Nasdaq 100** futures rose 70 bps, and **Russell 2000** futures gained 50 bps, while the 10-year US Treasury yield pulled back 4 bps from 4.73% to 4.69%.

Despite the initial positive reaction, market participants are strongly cautioned against expanding risk allocations aggressively based solely on unconfirmed Middle East diplomatic headlines. Prior ceasefires and diplomatic proposals ahead of US midterm elections have proven fragile, and renewed military strikes remain a high probability.

Beyond Middle East geopolitics, global sovereign bond yields continue to represent the primary systemic threat to risk assets. The Japanese 30-year government bond yield crossed 4.0% for the first time in several decades, amplifying global term-premium expansion. Concurrently, market confidence in Federal Reserve Chair Kevin Warsh suffered a notable blow following the *July* FOMC meeting, where three members dissented in favor of an immediate rate hike.

To complement the core weekly call analysis, several external institutional research reports were uploaded for subscriber review:

- **HSBC Holdings (HSBC): "A Cruel Summer"** – Detailed macro breakdown of global growth drag and seasonal liquidity

tightness.

- **Standard Chartered (STAN):** *"Now for the Hard Part"* – 33-page analysis evaluating inflation persistence, bond market volatility, central bank policy constraints, and energy markets.
- **State Street (STT):** *"Q3 Investment Management Outlook"* – Comprehensive dataset covering global ETF flows and asset allocation trends.
- **Deutsche Bank (DB):** *"Japanese Fixed Income & Equity Dynamics"* – Deep dive into the BoJ yield curve control exit and domestic rate escalation.
- **Vanguard Group:** *"Fixed Income Perspective"* – Structural review of long-end real yields and corporate credit spreads.

Upcoming Economic Calendar & Earnings Schedule

The upcoming macro calendar is anchored by tier-one US economic releases. Key data releases to track include US Manufacturing PMI, ISM Manufacturing (focusing specifically on the Prices Paid sub-index), Construction Spending, Factory Orders, JOLTS Job Openings, Durable Goods Orders, US Services PMI, the ISM Services Index, and the *August* Non-Farm Payrolls report.

Corporate earnings releases remain dense across growth, industrial, consumer, and semiconductor sectors:

- *Monday, August 3:* Pre-market features **Marriott International (MAR)**, **Sportradar Group (SRAD)**, and **Avista Corp (AVA)**. After the close, **Palantir Technologies (PLTR)**, **The Clorox Company (CLX)**, **BWX Technologies (BWXT)**, **Whirlpool (WHR)**, **Jazz Pharmaceuticals (JAZZ)**, **Snap (SNAP)**, **ON Semiconductor(ON)**, and **TKO Group (TKO)** report.
- *Tuesday, August 4:* Pre-market listings include **Pfizer (PFE)**, **Caterpillar (CAT)**—noted as technically overextended—**McDonald's (MCD)**—facing ongoing headwind from GLP-1 adoption—**Wayfair (W)**, **Hut 8(HUT)**, **Wix.com (WIX)**—rebounding after software shorts covered—**Energy Transfer (ET)**, and **Merck & Co.(MRK)**. Post-close highlights include **Advanced Micro Devices (AMD)**, **SpaceX**, **Arista Networks (ADEA)**, **Zeta Global (ZETA)**, **Opendoor (OPEN)**, **Booking Holdings (BKNG)**, and **Hecla Mining (HL)**.
- *Wednesday, August 5:* Pre-market includes **Eli Lilly (LLY)**, **Shopify (SHOP)**, **Uber Technologies (UBER)**, **Walt Disney (DIS)**, **Riot Platforms (RIOT)**, **Circle (CRCL)**—which faces revenue pressure as commercial banks construct proprietary stablecoins—**Lumen Brands (LMN)**, **Unity Software (U)**, and **Novo Nordisk (NVO)**. Post-close sees critical semi releases from **SanDisk (SNDK)** and **Western Digital (WDC)**. Alongside **AppLovin(APP)**, **e.l.f. Beauty (ELF)**, **TTM Technologies (TTMI)**, **MercadoLibre (MELI)**, **Redwire (RDW)**, **Beyond Meat (BYND)**, and **Albemarle (ALB)**.
- *Thursday, August 6:* Pre-market features **ConocoPhillips (COP)**, **D-Wave Quantum (QBTS)**, **DataDog(DDOG)**—a top-performing cybersecurity hold—**Celsius Holdings (CELH)**, **Dine Brands (DIN)**, **Fiserv (FI)**, and **Cheniere Energy (LNG)**. After-hours entries include **DraftKings (DKNG)**, **Airbnb (ABNB)**, **Rigetti Computing (RGTI)**, **The Trade Desk (TTD)**, **Red Cat (RCAT)**, and **MP Materials (MP)**.
- *Friday, August 7:* Pre-market concludes with **Oklo (OKLO)**, **Vistra Corp (VST)**, **The Wendy's Company(WEN)**, **Under Armour (UAA)**, and **Canopy Growth (CGC)**.

10-Year Rate Risk & US Treasury Market Dynamics

The 10-year US Treasury yield continues to dictate broader asset pricing. While the yield eased back under 4.70% on diplomatic headlines, a move past 4.90%–5.00% would trigger a major risk-off unwinding across global equities. Quantitative modeling indicates that for every 10 bps increase in the 10-year yield above 5.00%, major equity indices should experience an accelerating ~2.0% valuation drawdown.

10-Year Yield Level	Market Impact / Risk-Off Mechanism
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< 4.50%	Stable Growth Environment / Multiple Expansion
4.50% – 4.89%	Contained Pressure / High Beta Volatility
4.90% – 5.00%	Critical Risk-Off Trigger Threshold
> 5.00%	Accelerated Sell-off: –2.0% Equities per +10 bps

Treasury Secretary Scott Bessent remains hyper-focused on long-end yield spikes. While a Federal Reserve "Operation Twist"—selling short-term Treasury bills to purchase long-dated Treasury bonds—represents a theoretical backstop, its implementation remains unlikely in the near term. The primary mechanism to relieve long-end yield pressures remains a structural decline in crude oil below \$70/barrel via geopolitical stabilization.

Special Situations & M&A Activity

Through *July 2026*, US public M&A transaction volume expanded 17% year-over-year despite elevated capital costs and geopolitical volatility. July recorded 11 transactions exceeding \$1 billion in enterprise value, totaling \$52 billion. Institutional arbitrage capital is heavily concentrated in high-conviction transactions:

- **Electronic Arts (EA):** Nearing final transaction closing.
- **Tesla (TSLA) / SpaceX Rumors:** **The Wall Street Journal** reported that **Tesla** is evaluating a corporate separation of its Chinese operations to clear regulatory hurdles ahead of a potential structural combination with **SpaceX**. Although Elon Musk publicly denied the report, strategic rationale exists given **SpaceX** secondary valuation pullbacks post-IPO.
- **TXNM Energy (TXNM) & AES Corporation (AES):** **TXNM** published solid Q2 operational metrics, while **AES** secured formal regulatory approval from Chinese antitrust authorities to proceed toward transaction closing.
- **Warner Bros. Discovery (WBD) / Peace Sky:** The merger arbitrage spread expanded to ~\$5.53 per share (~21% simple spread at \$26.00/share). Federal Communications Commission (FCC) Chairman Brendan Carr publicly expressed strong conviction that the merger will secure full regulatory approval. The transaction presents a symmetrical risk/reward profile (downside risk under \$20.00 vs. upside target above \$30.00 upon deal completion).

The FOMC "Fumble" & Fed Monetary Policy Outlook

The *July* Federal Open Market Committee meeting highlighted growing institutional friction within the US central bank. Heading into the decision, market-implied odds of a 25 bps rate hike stood at roughly 33%. While the Fed ultimately held rates unchanged at 3.50%–3.75%, three of the 12 voting FOMC members dissented, advocating for an immediate rate increase.

FOMC Policy Divergence (July 2026)	
=====	
[Majority: 9 Votes]	[Dissents: 3 Votes]
Maintain Funds Rate Hold	Immediate 25 bps Hike
(Citing Financial Tightening)	(Citing Core Inflation Risk)

In the subsequent press conference, Chair Kevin Warsh avoided detailing forward economic guidance, instead emphasizing that recent increases in long-dated real interest rates were accomplishing monetary tightening on the Fed's behalf. This posture resulted in a volatile market reaction: two-year Treasury yields fell on dovish short-end hopes while 30-year yields surged 10–12 bps to 5.21% (a "zoo steepening"), signaling market concern regarding the Fed's long-term inflation fighting credibility.

Core PCE inflation has remained continuously above the Fed's 2.0% target since *March 2021*. While energy supply disruptions have driven headline spikes, hawks point to sticky core services inflation (excluding housing) and structural AI supply-chain bottlenecks as rationale for policy tightening. Conversely, doves emphasize severe stresses in rate-sensitive sectors: commercial real estate remains impaired, mortgage rates reached one-year highs, and purchase mortgage applications sit at nearly half of late-2010s baseline levels.

Mortgage Purchase Applications (Relative to Historic Baselines)
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Late 2010s Baseline: [=====] 100%

Post-COVID Peak: [=====] 110%

Current Level: [=====] 52%

With real yields on long-dated Treasury Inflation-Protected Securities (TIPS) approaching 3.0% (the highest level since 2008), monetary policy is restricting home borrowing and corporate capital expenditure. If inflation prints fail to cool, a formal Fed rate hike at the *September* meeting remains a firm risk.

Capex Spenders vs. Beneficiaries: Index Weighting & Returns

A major structural driver of market divergence in 2026 is the aggressive capital expenditure executed by hyperscale technology firms. **Microsoft (MSFT)**, **Amazon (AMZN)**, **Alphabet (GOOGL)**, and **Meta Platforms (META)** are projected to spend over \$725 billion combined in 2026, with forward estimates rising to \$1.23 trillion in 2027 and \$1.40 trillion in 2028.

Year	Combined Hyperscaler Capex Forecast (MS Estimates)
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2026	\$779 Billion
2027	\$1,230 Billion (\$1.23 Trillion)
2028	\$1,400 Billion (\$1.40 Trillion)

This capex surge is eroding corporate free cash flow and lowering return metrics across mega-cap tech:

1. **ROIC and ROE Compression:** Capital-intensive infrastructure investments generate delayed revenue recognition relative to immediate balance sheet cash outlays. **Goldman Sachs** projects AI capex will compress mega-cap technology Return on Equity (ROE) by an average of 700 bps next year.

Using the standard Return on Invested Capital formulation:

$$ROIC = \frac{\text{NOPAT}}{\text{Invested Capital}}$$

If a firm initially earns \$80 billion on \$300 billion of invested capital:

$$ROIC_{\text{initial}} = \frac{80}{300} = 26.7\%$$

Deploying an additional \$200 billion in AI hardware that generates only \$10 billion in near-term incremental earnings yields:

$$ROIC_{\text{expanded}} = \frac{90}{500} = 18.0\%$$

2. **Reduction in Share Buybacks:** Capital allocated toward data centers and power generation directly reduces funds available for share repurchases, removing a vital support driver for EPS growth.
3. **Index Weight Disparity:** Because the **S&P 500** is market-cap weighted, underperformance among hyperscalers (which account for ~20% of index weight) creates a significant headwind for the broad market. Year-to-date, hyperscalers have subtracted 2.0% from **S&P 500** performance, while the remaining 494 stocks have returned +12.0% (+9.6% index contribution), resulting in a net index return of +7.6%.

Index Component	YTD Return	Index Contribution
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Top Hyperscalers (20% Weight)	-10.0%	-2.0%
Remaining SPX (80% Weight)	+12.0%	+9.6%
Total S&P 500 Net Return	N/A	+7.6%

Key corporate capex adjustments include:

- **Alphabet (GOOGL):** Raised 2026 capex guidance from \$180B-\$190B to \$195B-\$205B.
- **Taiwan Semiconductor (TSM):** Increased 2026 capex guidance from \$52B-\$56B to \$60B-\$64B; raised full-year

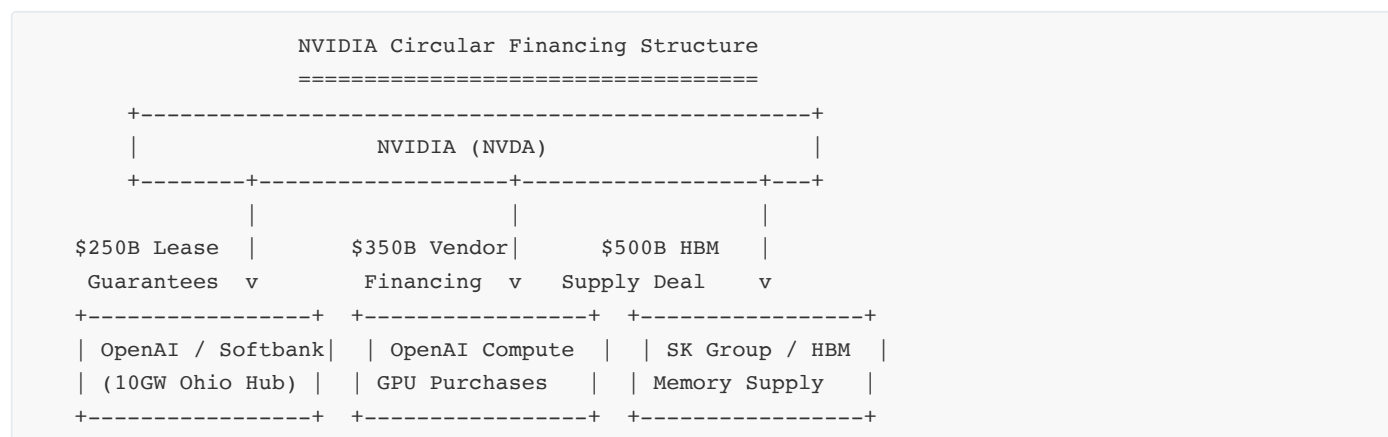
revenue growth target above 40%.

- **ASML Holding (ASML):** Lifted 2026 revenue target to €43B–€45B; expansion plans call for a 30% increase in low-NA EUV and DUV immersion capacity by 2027.
- **Meta Platforms (META):** Raised 2026 capex guidance to \$125B–\$145B.
- **OpenAI:** Raised projected compute spending through 2030 from \$600B to \$750B while shelving its \$60 billion direct IPO.

NVIDIA Circular Financing, Debt Risk & Supply Chain Heat Map

Concerns over circular financing mechanisms led to a widening in **NVIDIA (NVDA)** credit default swaps (CDS) from 40 bps in *June* to ~80 bps. **NVIDIA** is engaged in complex financing arrangements tied to compute build-outs:

- **OpenAI / Softbank Joint Venture:** **NVIDIA** provided up to \$250 billion in financial guarantees to back capacity leasing for **OpenAI**'s planned 10-gigawatt, \$500 billion data center hub in Ohio (managed via a **Softbank** subsidiary).
- **Vendor Financing Vehicles:** Discussions involve up to \$350 billion in direct financing structures allowing **OpenAI** to purchase **NVIDIA** GPUs.
- **SK Group Strategic Agreement:** Multi-year partnership valued at over \$500 billion involving joint procurement and High-Bandwidth Memory (HBM) supply commitments.



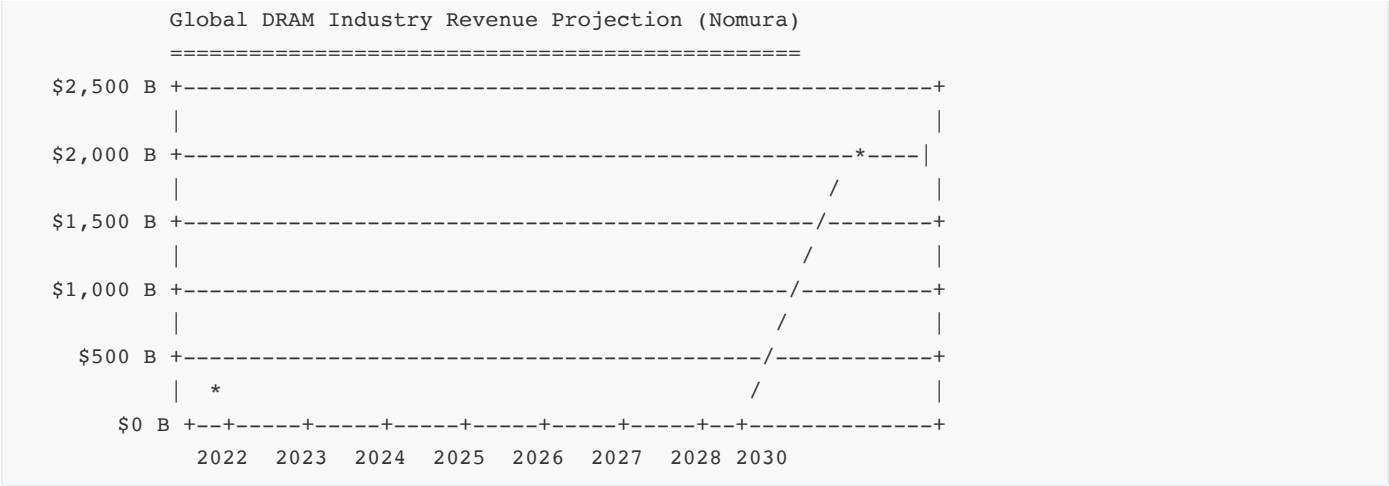
Despite debt concerns, institutional research from **Morgan Stanley** highlights the comprehensive strength of the AI infrastructure supply chain across key sub-sectors:

- **Owners & Hyperscalers:** Meta, Alphabet, Amazon, Microsoft, Alibaba, Tencent, SpaceX, Oracle.
- **DC REITs & Private Equity Operators:** Blackstone, Macquarie, Brookfield Asset Management.
- **Tier-2 & Neo-Clouds:** CoreWeave, Nebius, DigitalOcean, IBM, SAP, Salesforce.
- **Semiconductor & Component Designers:** NVIDIA, AMD, Broadcom, Marvell, Qualcomm, HPE.
- **Power & Thermal Management:** Vertiv, Bloom Energy, specialized liquid-cooling and grid infrastructure providers.

Nomura DRAM Forecast & High-Bandwidth Memory (HBM) Demand

Institutional research from **Nomura** presents a highly bullish long-term outlook for global memory semiconductors, forecasting total DRAM industry revenue to expand from ~\$80 billion in 2022 to over \$2.06 trillion by 2030.

Metric	2022 Baseline	2027 Peak	2030 Forecast
-----	-----	-----	-----
DRAM Industry Revenue	~\$80 Billion	N/A	>\$2.06 Trillion
Global Bit Production	29.3B GB	N/A	128.4B GB
Global Bit Shipments	24.7B GB	N/A	126.0B GB
DRAM Average Selling Price	\$1.90 / GB	\$18.60 / GB	\$16.00 - \$17.00 / GB



Key structural assumptions underlying **Nomura's** analysis include:

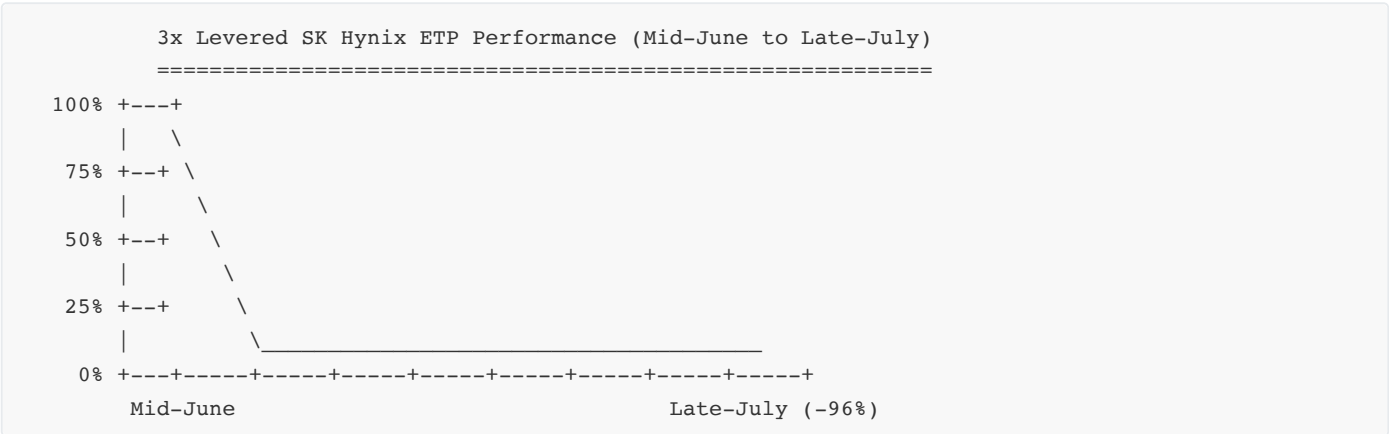
- **Severe Bit Deficits:** Bit demand is projected to scale from 29.3 billion GB in 2022 to 128.4 billion GB by 2030, with factory utilization rates exceeding 100% and absolute inventories trending negative.
- **Sustained ASP Expansion:** Following the 2023 trough (\$1.90/GB), DRAM ASPs are modeled to reach \$13.70/GB in 2026, peak at \$18.60/GB in 2027, and settle between \$16.00–\$17.00/GB through 2030.
- **HBM Market Dominance:** High-Bandwidth Memory (HBM4/HBM4E) requires higher production wafer area per bit relative to commodity DRAM, locking up global cleanroom wafer capacity among the oligopoly incumbent producers (**SK Hynix**, **Micron Technology**, and **Samsung Electronics**).

South Korean Market Crash, Single-Stock ETP Leverage & Memory Duopoly

South Korea's equity market experienced severe volatility, with the Kospi plunging up to 44% from peak levels before recovering 18%. The decline was exacerbated by extreme retail leverage unwinding:

Kospi Financial Crisis & Unwind Metrics (July 2026)	
Peak-to-Trough Kospi Decline:	-44.0%
Single-Day Drop (July 28):	-11.0% to -12.0% (Circuit Breakers Triggered)
Margin Accounts Liquidated:	320,000+ accounts (on July 13 alone)
Retail Leveraged ETF Losses:	2.15 Trillion Won (~\$14.5 Billion USD)
Demographic Concentration:	62% of liquidations occurred in accounts aged 20-30
3x Levered SK Hynix ETP Drawdown:	-96.0% (over 30-day period)

The severity of the retail leverage unwind compelled South Korean Finance Minister Ku Young-chil to issue a public apology for permitting single-stock 3x leveraged ETPs without adequate risk limits, prompting the establishment of a government financial emergency hotline (1375).



Fears surrounding the mainland Shanghai IPO of Chinese memory competitor **CXMT** proved misplaced:

- **CXMT** holds only 6%–9% of global DRAM supply (concentrated in low-end commodity DRAM), compared to **Samsung** (36%) and **SK Hynix** (29%).
- **CXMT** lacks technical capabilities to manufacture HBM required for AI compute servers.
- **CXMT** bit manufacturing costs remain >30% higher than incumbents.
- **CXMT** trades at ~30x forward P/E, whereas **SK Hynix** and **Samsung** trade at compressed multiples of 4x–6x forward P/E despite reporting record margins (**SK Hynix** Q2 operating margin hit 76%, gross margin 83%).

Company	Global DRAM Share	Bit Production Cost	Forward P/E Multiple
-----	-----	-----	-----
Samsung Electronics	36.0%	Baseline	4.0x – 6.0x
SK Hynix	29.0%	Baseline	3.0x – 5.0x
CXMT (China)	6.0% – 9.0%	+30.0% vs Incumbents	30.0x

Geopolitical Escalations: US-Iran Conflicts & Strait of Hormuz

Geopolitical developments in the Middle East directly impact global inflation and rate expectations. Key events over the preceding week included:

Date	Geopolitical Event & Market Transmission
----	-----
July 28, 2026	IRGC launches ballistic missile strikes against US forces at Jordan/Middle East bases; CENTCOM intercepts missiles. Oil jumps +5% after hours.
July 29, 2026	President Trump issues public warnings of strong military responses on Fox News; US considers strikes on Iranian power/energy facilities.
August 1, 2026	Trump issues statements on social media indicating US forces are "locked and loaded," but pauses strikes following requests from regional allies to evaluate deal terms.
August 2, 2026	Trump asserts Iran requested a peace treaty; Iran publicly denies. Oil drops -4%.

Compensating supply factors have prevented an immediate oil spike above \$100/barrel: China reduced crude imports by over 50% from *May* to *July* by drawing on its 1.0+ trillion barrel strategic reserve. Concurrently, emerging Asian nations (e.g., Vietnam) implemented industrial energy rationing and three-day workweeks to curb fuel consumption.

Chinese Lithography Progress & European/German Trade Vulnerabilities

The **Information** reported that a state-backed Shanghai enterprise initiated limited low-volume assembly of domestic deep-ultraviolet (DUV) immersion lithography systems.

Metric / Feature	ASML Holding (Netherlands)	Domestic Chinese DUV Program
-----	-----	-----
2026 Delivery Volume	131 Immersion DUV Systems	~5 Prototype Systems (~20 in 2027)
Global Market Share	>95% Advanced Lithography	<5% (Local SMIC/CXMT Testing)
Component Sourcing	Proprietary European/US Supply	Domestic / Legacy Japanese Imports
EUV Capability	Commercial Standard (2nm/3nm)	Prototype Phase (Years from HBM)

Bank of America Securities reiterated a Buy rating on **ASML Holding (ASML)**, noting that complete substitution of imported DUV tools by Chinese chipmakers would reduce **ASML**'s annual sales by only ~2.4%.

In Europe, German Chancellor Friedrich Merz initiated non-public strategic vulnerability mapping across national supply chains to counter China's \$1 billion per day trade surplus with the EU.

Critical German Strategic Suppliers Targeted for Export Control

- | | |
|------------------|---|
| 1. Trumpf SE | (Laser technology for ASML EUV systems) |
| 2. Carl Zeiss AG | (Advanced optics for semiconductor lithography) |
| 3. Siltronic AG | (Hyper-pure silicon wafers) |
| 4. Aixtron SE | (Compound semiconductor MOCVD deposition tools) |
| 5. Suss Microtec | (Advanced packaging and photomask equipment) |

AI Frontier Regulation & Government Frameworks

Ahead of an *August 1* executive policy deadline, leading frontier AI developers (**OpenAI** and **Anthropic**) submitted formal policy recommendations to the **Trump** administration requesting mandatory federal evaluations for advanced models 30 days prior to commercial deployment.

Proposed US AI Regulatory Evaluation Framework

- | | | |
|--------------------------------------|------|-------------------------------------|
| [Frontier Model Pre-Release] | ---> | [30-Day Mandatory Federal Review] |
| - Threshold: >10 ²⁶ FLOPs | | - Cybersecurity Audit |
| - Includes Meta & SpaceX AI | | - National Security Review |
| | | - IP Theft & Distillation Checks |

Key policy concerns include:

- Inclusion of Open-Source Models:** Proponents advocate requiring open-source weights (such as **Meta's** Llama series and **SpaceX** AI models) to undergo identical safety audits.
- Chinese Distillation & IP Theft:** **OpenAI** warned regulators that Chinese frontier models—such as **Moonshot AI's** Kimi K3/Kimi 4 (2.8+ trillion parameters) and **Alibaba's** Qwen 3.8 Max (2.4 trillion parameters)—were trained utilizing outputs distilled from US models and executed across clusters of **NVIDIA** Blackwell and H20 GPUs accessed through cloud channels.

Bloom Energy Q2 Earnings Beat & Guidance Raise

Bloom Energy (BE) reported strong Q2 financial results, driving a +30% post-earnings stock rally before pulling back:

Financial Metric	Q2 26 Actual	Q2 26 Consensus	YOY Growth
Total Revenue	\$1.07 Billion	\$826 Million	+166.0%
Adjusted EPS	\$0.78	\$0.41	+680.0%
Product Revenue	\$935 Million	N/A	+215.0%
Adjusted Gross Margin	34.3%	28.3%	+604 bps
Adjusted EBITDA	\$253 Million	\$152 Million	+66.4%
Full-Year 2026 Rev Guidance	\$3.9B – \$4.2B	\$3.73 Billion	Raised
Full-Year 2026 EPS Guidance	\$2.55 – \$2.85	\$2.16	Raised

Management confirmed that all major US hyperscalers, alongside over a dozen neo-cloud providers and data center developers, have formally qualified **Bloom Energy's** solid-oxide fuel cell generators for rapid on-site data center power generation.

Situational Awareness Liquidation & Citadel Portfolio Acquisition

The tech market experienced significant positioning volatility following the forced liquidation of **Situational Awareness**, a \$45 billion AI-focused hedge fund managed by 24-year-old former **OpenAI** researcher Leopold Ashenbrenner.

- **Revenue:** Q2 revenue of \$60.8 billion (+22% YOY) beat \$60.3 billion estimates, but Q3 guidance (\$61B–\$64B) fell below the \$63.2 billion consensus mid-point.
- **Free Cash Flow Collapse:** Q2 free cash flow dropped to \$784 million (down from \$13.2 billion in Q1), driven by a capex guidance increase to \$125B–\$145B.
- **Infrastructure Strategy:** Meta announced plans to enter the public cloud infrastructure market, aiming to rent excess GPU compute clusters to third-party developers at premium yields.
- **Litigation Exposure:** Meta faces potential liabilities ranging from \$165B–\$169B across multi-district litigation concerning youth social media addiction.

Amazon (AMZN)

Amazon posted positive earnings results led by accelerating cloud growth:

- **AWS Acceleration:** AWS revenue rose 37% YOY to \$42.4 billion, marking its fifth consecutive quarter of acceleration and contributing the majority of operating profit.
- **Capex Expansion:** Full-year 2026 capex guidance was raised from \$200 billion to \$220 billion, resulting in a trailing 12-month free cash outflow of -\$7.6 billion. However, strong operating profits offset cash drain concerns, sending shares up +15%.

Apple (AAPL)

Apple shares fell 8% following supply chain cost pressures detailed in its earnings report:

- **Revenue & EPS:** Q4 sales rose 16% to \$109.4 billion (beating \$105.8 billion estimates); EPS reached \$2.02 vs. \$1.89 estimated.
- **Memory Squeeze:** CEO Tim Cook characterized memory input cost spikes as a "100-year flood," noting that soaring DRAM/NAND costs severely compressed hardware gross margins.
- **Regional & Segment Weakness:** Greater China sales (\$18.8 billion) missed expectations (\$19.6 billion), while EU App Store regulatory adjustments weighed on forward services growth guidance.

Reddit (RDDT)

Reddit experienced a 23% earnings drop despite reporting strong top- and bottom-line expansion:

Reddit Financial Performance Summary (Q2 2026)	

Total Revenue:	\$501 Million (+68% YOY)
Q3 Revenue Guidance:	\$860M – \$870M vs. \$829M Consensus
Q3 Adjusted EBITDA Guid:	\$385M – \$395M vs. \$367M Consensus
Net Income:	\$252.8 Million vs. \$89.0 Million prior year
US Average Revenue/User:	\$11.85 (+51% YOY) vs. \$10.50 Consensus
Global DAUs:	130.3 Million (+18% YOY) vs. 130.07M Consensus
US DAUs (Soft Spot):	53.2 Million vs. 54.0 Million Consensus

The pull-back in **Reddit** shares was driven by slight softness in domestic US Daily Active Users (53.2M actual vs. 54.0M estimated). However, monetization metrics expanded significantly (US ARPU +51% to \$11.85). Additional capital was deployed to expand the portfolio's long position in the \$130s, targeting a long-term valuation above \$200 per share.

Hyperscaler Quarterly Cloud Revenue Run-Rates (Q2 2026)	
=====	
AWS (Amazon):	[=====] \$169 Billion
Azure (Microsoft):	[=====] \$124 Billion
Google Cloud:	[=====] \$99 Billion

Structural Breakdown of the Fed Transmission Mechanism

An analysis of income distribution reveals structural friction within standard Federal Reserve monetary policy:

US Consumer Spending Distribution by Income Cohort			
=====			
Top 10% Earners:	[=====]	50% of Spending	
Remaining 90%:	[=====]	50% of Spending	
Income Group	Share of Spending	Primary Wealth Driver	Interest Rate Sensitivity
-----	-----	-----	-----
Top 10% Earners	50.0%	Equities / Real Estate	Rate-Immune (Receives Yield)
Bottom 90%	50.0%	Wages / Consumer Debt	Highly Sensitive (Squeezed)

Because the top 10% of income earners generate 50% of aggregate US consumption, elevated policy rates fail to curb overall demand:

1. **Asset Yield Expansion:** High interest rates generate increased interest income for cash balances held by wealthy households.
2. **Fixed Low-Rate Debt:** Wealthy households locked in long-term primary mortgage rates during 2020–2021, insulating them from rising borrowing costs.
3. **Targeting the Wrong Segment:** Higher Fed funds rates restrict credit access for the bottom 90% of earners, without slowing aggregate spending driven by the top 10%. Consequently, interest rate hikes primarily impact capital-intensive sub-sectors rather than cooling top-line demand.

DoorDash Unit Economics Analysis

An analysis of **DoorDash (DASH)** operational economics illustrates expanding per-order profitability despite modest take-rates:

DoorDash \$100 Gross Order Value Breakdown	
=====	
\$100.00 Gross Order Value (GOV)	
-- \$87.00 Merchant / Merchant Pass-Through & Courier Pay	
`-- \$13.00 DoorDash Gross Revenue Intake (13.0% Take Rate)	
-- Marketing, Engineering, Refunds, Payment Processing	
`-- \$0.80 Adjusted EBITDA (Pre-SBC)	
`-- \$0.46 Net Cash Operating Profit (Post-SBC)	
DoorDash Per-Order Profitability Trajectory	

2022 Baseline:	-\$0.38 Net Loss per Order
Current Execution:	+\$0.46 to +\$0.50 EBITDA Net Profit per Order
2030 Long-Term Target:	+\$1.00 Net Operating Profit per Order (~\$7.0 Billion Operating Profit)

As aggregate order volumes double over the coming five years, incremental per-order margin expansion supports a projected operating profit trajectory of ~\$7.0 billion by 2030.

Interactive Q&A Session

1. Outlook for Robinhood Markets (HOOD)

- **Question:** What is the current assessment of **Robinhood Markets (HOOD)** following its sell-off from \$120 to \$85.56?
- **Answer: Robinhood** generates ~\$2.0 billion in operating income and benefits from expanding retail engagement. However, at \$85.56 per share, the stock is fairly valued (fair value target ~\$100.00). Investors should hold off on establishing new positions until a deeper pullback into the \$60.00–\$70.00 range occurs or crypto trading volumes

accelerate significantly.

2. Valuation Assessment of Business Development Companies (BDCs) & Energy Equities

- **Question:** Are BDCs or traditional energy equities attractive at current market prices?
- **Answer:** Neither sector presents an immediate buying opportunity. BDCs face headwinds from rising default rates within underlying private credit books. Energy equities remain hostage to unpredictable Middle East headlines; long allocations should be deferred until geopolitical risk premiums clarify.

3. Fixed Income Hedging: Shorting Treasuries vs. Buying Municipal Bonds

- **Question:** Should investors short US Treasuries while going long Municipal Bonds via inverse ETFs like **TBF**?
- **Answer:** Avoid leveraged ETP instruments due to volatility decay. If 10-year Treasury yields move toward 5.00%, short positions should be trimmed and long bond duration (e.g., **TLT**) established as a structural hedge.

4. Fundamental Evaluation of Qualcomm (QCOM)

- **Question:** Is **Qualcomm (QCOM)** attractive following recent semi pullbacks?
- **Answer:** **Qualcomm** appears technically oversold in the short term, but fundamental multiples are not deeply discounted relative to historical valuation ranges. Earnings growth metrics remain modest compared to pure-play memory and AI accelerator suppliers.

5. Impact of Fed Rate Hikes on Preferred Stocks

- **Question:** How would a potential 25 bps Fed rate hike in *September* affect preferred stock portfolios?
- **Answer:** A rate hike would create a attractive entry point into preferred shares and closed-end funds trading at discounts to par. Unless the market prices in a prolonged sequence of rate hikes, income yields in preferreds remain compelling.

6. Citadel's Strategy for the Acquired Situational Awareness Portfolio

- **Question:** How will **Citadel** handle the large, concentrated AI equity portfolio acquired from **Situational Awareness**?
- **Answer:** **Citadel** acquired the book at a negotiated discount to market value. Given that **Citadel's** internal TMT multi-strategy pods had previously reduced semiconductor exposure, the firm likely absorbed these positions to offset internal short hedges. **Citadel** can manage risk by holding high-conviction memory/GPU positions into Q3 earnings while hedging broad index exposure via options.

Portfolio Trade Activity Log (Current Week)

Date	Symbol	Action	Sizing / Execution Details
----	-----	-----	-----
July 28, 2026	SNDK	ADD	+10 bps allocation at \$10.60 per share
July 28, 2026	SNDK	EXIT	Fully closed position at weekly peak (+30% gain)
July 29, 2026	KOSPI	ADD	+20 bps allocation to South Korean equity index
July 29, 2026	RWT	ADD	+10 bps allocation to Redwood Trust
July 29, 2026	DX	ADD	+10 bps allocation to Dynex Capital
July 31, 2026	NBIS	TRIM	Trimmed 50% of allocation after +27% single-day pop
July 31, 2026	BE	TRIM	Trimmed allocation at \$207.00 per share post-earnings
July 31, 2026	NOW	TRIM	Trimmed allocation into software short squeeze
August 1, 2026	RDDT	ADD	+10 to +15 bps allocation in the \$130s post-earnings

Title: 2026-08-02 - SSN - FOMC Fumble, Capex Spenders Outside of MSFT Drag Indices Lower, Situational Awareness AI Blowup, RDDT Buy After Earnings, TSLA Merger with SpaceX Possible - (report)

Creation Date: 2026-08-02

Model (may not be accurate): gemini-1.5-pro-001

Prompt Name: ssn_report_v5 - 2025-12-07 - @DA