

2026-08-09 - SSN - SSR Macro Weak NonFarm Payrolls, Upcoming CPI and PPI, SHOP Earnings, T1 Energy, APP Earnings, TEAM Earnings, VISN Earnings, WBD Arb Update - (report)

Condensed Summary

- **Macro Strategy & Portfolio Positioning:** The host took profits and covered about 25% of the short hedge book following very weak non-farm payrolls data (-23k vs +80k expected; May and June revised down by a combined 103k jobs). Bad economic news is currently viewed as good news for equities because it suppresses Fed rate hike probabilities (September hike odds dropped from 60% on *August 1st* down to 40%). Long positions had been added during prior geopolitical fears, putting the portfolio in a solid posture. The overall equity market is expected to remain range-bound until after the November midterm elections, when 2027 corporate earnings growth concerns and tough comparisons will become a focal point.
- **Reading Material & Attachments Uploaded:** Ten financial PDFs were made available in the Q&A/SSR tab, including strategy updates, asset allocation guides from **Morgan Stanley**, **BlackRock** (*August* update), **Deutsche Bank** (geopolitics), **Apollo** (AI impact on labor market & Yen carry trade analysis), **Goldman Sachs** (weekly pulse), **Standard Chartered**, **HSBC**, and Michael Mauboussin's **Morgan Stanley** piece on prediction markets and equity decision-making.
- **Upcoming Economic Calendar & Inflation Focus:** Critical upcoming inflation data includes CPI on *August 12th* (Core CPI expected at 2.5% vs 2.6% in *July*) and PPI on *August 13th* (Core ex-food/energy PPI expected to drop from 4.7% to 4.1%). Retail sales and University of Michigan sentiment follow on *August 14th*. The market currently views inflation as manageable despite oil price swings.
- **Recent Portfolio Trades & Intra-Week Actions:**
 - *Long Additions:* **T1 Energy (TET)** added at \$4.70 (rallying near \$6.00); **Uber Technologies (UBER)** added at ~\$68.50 (targeting \$15B free cash flow by 2028); **AppLovin (APP)** added post-earnings dip; **Reddit (RDDT)** added at \$137 (rallying to \$160); **TLT** added near the peak in 10-year Treasury yields; **Redwood Trust (RWT)** added in the mid-\$4s (offering a 15% dividend yield at a discount to book); **Nokia (NOK)** added as an asymmetric AI option play; **CFTR Preferreds** added (>9% yield); **Datadog (DDOG)** repurchased after a 17% post-earnings dip; **Alphabet (GOOGL)** added after the departure of chief scientist Jeff Dean caused a \$250B market cap sell-off; **Vislink Technologies (VISN)** added modestly at \$10.35.
 - *Short Trades:* Executed a successful intraday pre-market short on **Doximity (DOCS)** following an 80%-240% short-squeeze spike, covering for a >20% gain as it fell back toward +50%. Covered 25% of total portfolio shorts/hedges on the weak jobs report.
- **Earnings Wrap-Up & Upcoming Earnings Schedule:**
 - *Recent Victories:* **Atlassian (TEAM)** spiked 32% (and up to 40% intraday) on earnings; **Shopify (SHOP)** reported a strong beat; **Caterpillar (CAT)** surged 13% on record power generation backlog for data centers; **Backblaze (BLZE)** surged 50% on earnings and a new \$335M **CoreWeave** contract; **Grab Holdings (GRAB)** delivered strong Q2 metrics and expanded buybacks.
 - *Upcoming Key Earnings:* **Barrick Gold (B)**, **monday.com (MNDY)**, **Perion (PERI)**, **Embraer (EMBJ)**, **AST SpaceMobile (ASTS)**, **Rocket Lab (RKLB)**, **Plug Power (PLUG)**, **Hims & Hers (HIMS)**, **Sea Limited (SE)**, **Cardinal Health (CAH)**, **Super Micro Computer (SMCI)**, **CoreWeave**, **Lumentum (LITE)**, **Cava Group (CAVA)**, **Franco-Nevada (FNV)**, **Nebius (NBIS)**, **Cisco (CSCO)**, **JD.com (JD)**, and **Applied Materials (AMAT)**.
- **Merger Arbitrage & Special Situations Update:**
 - **Warner Bros. Discovery (WBD):** Wider arb spread remains highly attractive (70% probability of close). Recent developments include UK CMA phase 1 clearance, UK Cultural Secretary non-intervention on public interest grounds, acceptable Q2 EBITDA via cost cuts, and formal backing of the merger by the CEOs of **Regal Cinemas** and **AMC Theatres** (representing ~40-50% of US theatrical box office).
 - **Other Corporate/Arb Deals:** **Apogee Therapeutics (APGE)** received HSR approval; **Electronic Arts (EA)**

completed its \$53B acquisition by **PIF**, **Silver Lake**, and **Affinity Partners**; **Dominion Energy (D)** / **NextEra Energy (NEE)** deal faces intervention from Virginia Governor Abigail Spanberger; **Brighthouse Financial (BHF)** seeking state regulatory insurance approvals; **DigitalBridge (DBRG)** requested FERC authorization by *August 12th*; **Shake Shack (SHAK)** jumped 12% after **Starboard Value** (Jeff Smith) announced a large activist stake; **Nano Dimension (NNDM)** presents a deep-value asset play trading at a negative enterprise value (-\$80M) with \$433M cash (\$2.10-\$2.25/share) vs a \$1.60 stock price.

- **Geopolitics & Oil Market Volatility:** Oil prices fluctuated between gains and losses (Brent settling above \$83/bbl) driven by headline noise regarding temporary ceasefires between the US and Iran drafted via **Qatar** and **Oman**. Iranian year-over-year inflation reached 77%. President Trump oscillated between threatening destructive strikes and taking a patient, "low-keying it" approach while waiting for economic pressure to force Tehran's hand. Iranian-backed Houthi rebels struck a Saudi **Aramco** refinery in Jizan.
- **FX Interventions & The Yen Carry Trade:** The US Treasury (Secretary Scott Bessent) intervened alongside Japan's Ministry of Finance (spending \$52.8B on *July 31st* alone) to support the Japanese Yen (USD/JPY dropping from >160 to sub-148/150). Unusually, the US sold Euros to buy Yen. The intervention aims to mitigate systemic risks associated with the unwinding of the multi-decade Yen carry trade (e.g., borrowing cheap Yen to buy Mexican Pesos). However, high Japanese public debt (>200% of GDP) caps yield increases, keeping long-term Yen risks tilted toward further weakness.
- **S&P 500 Q2 Earnings Deep Dive & Accounting Nuances:** S&P 500 Q2 headline EPS growth expanded 47.4% YoY (vs 23% expected) with an 88% beat rate across sectors, bolstered by 6.5% nominal GDP growth (8.1% annualized). However, two critical caveats exist:
 1. *Non-Operating Unrealized Paper Gains:* Unusually large mark-to-market revaluations of private holdings (**Anthropic** valuation surging to \$965B; **SpaceX** valuation reaching \$1.77T at its IPO before falling 40%) injected substantial non-operating paper gains into **Alphabet (GOOGL)** and **Amazon (AMZN)**. Stripping out these gains lowers S&P 500 Q2 earnings growth from 47% down to 28% YoY. Because these gains will not repeat in 2027, GAAP EPS comparisons for Q1/Q2 2027 face a severe hurdle.
 2. *Memory Concentration:* **Micron Technology (MU)** single-handedly generated \$25 of EPS contribution to the S&P 500 in Q2, accounting for ~25% of total index earnings growth amid an extreme, sold-out memory shortage across **Micron**, **Samsung**, and **SK Hynix** through 2027.
- **AI Infrastructure, Hyperscaler Capex & Circular Financing:** Cloud capex is projected by **Morgan Stanley** to reach \$1.2T-\$1.4T by 2027. All major hyperscalers except **Microsoft (MSFT)** are operating in net cash-burn mode and issuing record levels of debt/off-balance-sheet financing. A circular ecosystem dominates the industry: **Nvidia (NVDA)** considering a \$250B backstop for **OpenAI**; **OpenAI** accounting for 40% of **Microsoft**'s cloud backlog; **Microsoft** generating 22% of **Nvidia**'s revenue; and **Nvidia** accounting for 17% of **Micron**'s revenue. A potential risk factor is **Meta Platforms (META)** dumping ~400,000 excess GPUs onto the compute rental market, which could depress rental pricing for Neoclouds like **Nebius (NBIS)** and **CoreWeave**.
- **Biotech Shift & AI Productivity Disparities:** US biopharmaceutical leaders (**Bristol Myers Squibb**, **Pfizer**, **Regeneron**, **AbbVie**, **Merck**) are aggressively licensing pre-vetted, AI-designed molecules from Chinese biotechs rather than spending \$1B+ on decade-long in-house development. Chinese AI biology platforms have drastically shortened hit-to-lead times, resulting in China generating 34% of global clinical stage drugs and driving lab monkey prices to \$26,000 each. US lawmakers are expressing rising bipartisan security concerns over this dependency.

Actionable Items

- **Macro Trends to Be Aware Of:**
 - *Softening Labor & Fed Rate Expectations:* Weakening labor market metrics (negative NFP revisions) make a September Fed rate cut/pause more probable; closely track CPI (*August 12th*) and PPI (*August 13th*).
 - *Yen Carry Trade Vulnerabilities:* Joint US-Japan currency interventions temporarily support the Yen, but Japan's public debt caps interest rates, leaving the currency structurally weak. Be cautious of liquidity shocks caused by unwinding carry trades (e.g., Long Mexican Peso / Short Japanese Yen).
 - *2027 Corporate Earnings Cliff:* Recognize that 2026 S&P 500 earnings are artificially elevated by non-operating

unrealized paper gains in Big Tech (**GOOGL**, **AMZN**) and memory supply squeezes (**MU**). Prepare for tough comparisons and multi-quarter margin pressure starting in early 2027.

- *US Policy Bans on Chinese Hardware*: Monitor US FCC and administration rules drafting bans on Chinese data center components (e.g., **Zhongji Innolight**), which directly benefits US optical/hardware rivals like **Coherent** (**COHR**) and **Lumentum** (**LITE**).
- *Biotech Licensing Geopolitics*: Bipartisan Congressional scrutiny is increasing over US major pharma licensing early-stage AI-designed molecules from Chinese biotechs.

- **Potential Additions to the Portfolio:**

- **Uber Technologies (UBER)**: High-conviction long around \$68.50. Trades at ~12x forward earnings with a path to \$15B free cash flow by 2028 (~11% FCF yield), supported by a \$20B buyback program, >50M Uber One subscribers, and a \$2B advertising run rate.
- **Alphabet (GOOGL)**: Accumulate on unjustified dips (e.g., the \$250B market cap sell-off following executive departures); GCP revenue accelerated 82% YoY and the core consumer AI stack remains dominant.
- **Shopify (SHOP)**: Long-term compounder demonstrating impressive top-line acceleration (34% YoY growth) and expanding monthly recurring revenue (MRR).
- **T1 Energy (TET)**: Beneficiary of US solar supply chain localization (>60% domestic content by 2027) and pending Section 232 tariff decisions on foreign polysilicon.
- **Datadog (DDOG)**: Buy post-earnings sell-offs (e.g., 17% drop on positive beats); software security remains insulated from AI disintermediation.
- **Nokia (NOK)**: Asymmetric option play on an AI narrative pivot and strategic realignment, similar to prior low-valuation tech turnarounds.
- **Redwood Trust (RWT)**: High-yield (15% dividend yield) real estate asset play trading at a discount to book value in the mid-\$4 range.
- **Gold Miners (AGI, KGC)**: Maintain/add exposure as Chinese gold-backed ETFs resume multi-week inflows and central bank demand continues.
- **Grab Holdings (GRAB)**: Attractive growth play. \$11B market cap with \$4B net cash, generating \$700M EBITDA, 22% revenue growth, and expanding share buybacks (\$1.7B cumulative since 2024).

- **Potential Reductions in the Portfolio:**

- **Space Sector Equities / SATS**: Exercise caution when re-entering space stocks (**SATS**, **ASTS**, **RKLB**) until private/public unlock supply pressures settle following the >40% post-IPO correction in **SpaceX**.
- **Hims & Hers (HIMS)**: Reduce/avoid due to extreme volatility surrounding unregulated GLP-1 compounding drug sales, **Novo Nordisk** partnerships, and active litigation.
- **Life Insurers**: Lighten exposure due to ongoing credit rating investigations (e.g., SEC/FT probes into **Egan-Jones** conflict of interest in private credit/life insurance ratings).

- **Potential Additions to Shorts:**

- **AI Compute Rentals / Neocloud Beta Shorts**: Target names like **Nebius (NBIS)** or **CoreWeave** as beta shorts/hedges if **Meta** floods the rental market with 400,000 excess GPUs.
- **Tactical Short Squeezes**: Opportunistically short extreme pre-market short squeezes in low-conviction names (e.g., **Doximity** / **DOCS** intraday short strategy).

- **Ideas Worth Monitoring for Future Portfolio Actions:**

- **Warner Bros. Discovery (WBD)**: Monitor merger arbitrage spread convergence as regulatory clearances (UK CMA) and theater operator support (**Regal**, **AMC**) accumulate.
- **Nano Dimension (NNDM)**: Event-driven deep value asset play. Track Phase 3 strategic review for concrete capital returns (dividends/buybacks) or a total sale of the operating business.
- **Shake Shack (SHAK)**: Track **Starboard Value**'s activist campaign. Wait for initial announcement spikes

(+12%) to calm down and evaluate re-entry near the unaffected price level.

- **Chinese Internet/Tech (JD, SE):** Monitor for overdue Chinese fiscal/monetary stimulus announcements.

- **Ideas from the Q&A Section:**

- **SATS / SpaceX:** Re-evaluate the pair-trade or long entry into **SATS** once lockup expirations and sector-wide float digestion conclude.

Stock Symbols & Company Names List

ABBV (AbbVie Inc.), **AGI** (Alamos Gold Inc.), **ALLO** (Allogene Therapeutics, Inc.), **AMAT** (Applied Materials, Inc.), **AMCR** (Amcor plc), **AMD** (Advanced Micro Devices, Inc.), **AMZN** (Amazon.com, Inc.), **ANAB** (Annovis Bio, Inc.), **APGE** (Apogee Therapeutics, Inc.), **APP** (AppLovin Corporation), **ARAMCO** (Saudi Arabian Oil Company), **ASTS** (AST SpaceMobile, Inc.), **AVGO** (Broadcom Inc.), **B** (Barrick Gold Corporation), **BHF** (Brighthouse Financial, Inc.), **BLZE** (Backblaze, Inc.), **BMY** (Bristol-Myers Squibb Company), **BTBT** (Bit Digital, Inc.), **CAH** (Cardinal Health, Inc.), **CAT** (Caterpillar Inc.), **CAVA** (Cava Group, Inc.), **CFTR** (Consolidated Edison / Preferreds), **COHR** (Coherent Corp.), **CSCO** (Cisco Systems, Inc.), **D** (Dominion Energy, Inc.), **DBRG** (DigitalBridge Group, Inc.), **DDOG** (Datadog, Inc.), **DOCS** (Doximity, Inc.), **EA** (Electronic Arts Inc.), **EMBJ** (Embraer S.A.), **FNV** (Franco-Nevada Corporation), **FTNT** (Fortinet, Inc.), **GOOGL** (Alphabet Inc.), **GPRO** (GoPro, Inc.), **GRAB** (Grab Holdings Limited), **HIMS** (Hims & Hers Health, Inc.), **HPQ** (HP Inc.), **HRT** (HeartBeam, Inc.), **IBM** (International Business Machines Corp.), **INTC** (Intel Corporation), **JD** (JD.com, Inc.), **KGC** (Kinross Gold Corporation), **LITE** (Lumentum Holdings Inc.), **MCD** (McDonald's Corporation), **META** (Meta Platforms, Inc.), **MLCO** (Melco Resorts & Entertainment Limited), **MNDY** (monday.com Ltd.), **MRK** (Merck & Co., Inc.), **MSFT** (Microsoft Corporation), **MU** (Micron Technology, Inc.), **NBIS** (Nebius Group N.V.), **NEE** (NextEra Energy, Inc.), **NEGG** (Newegg Commerce, Inc.), **NNDM** (Nano Dimension Ltd.), **NOK** (Nokia Corporation), **NVDA** (Nvidia Corporation), **OKTA** (Okta, Inc.), **ORCL** (Oracle Corporation), **PANW** (Palo Alto Networks, Inc.), **PERI** (Perion Network Ltd.), **PETS** (PetMed Express, Inc.), **PFE** (Pfizer Inc.), **PLUG** (Plug Power Inc.), **PLTR** (Palantir Technologies Inc.), **RDDT** (Reddit, Inc.), **REGN** (Regeneron Pharmaceuticals, Inc.), **RKLB** (Rocket Lab USA, Inc.), **RWT** (Redwood Trust, Inc.), **SATS** (EchoStar Corporation), **SE** (Sea Limited), **SHAK** (Shake Shack Inc.), **SHOP** (Shopify Inc.), **SMCI** (Super Micro Computer, Inc.), **TEAM** (Atlassian Corporation), **TET** (T1 Energy), **TMC** (The Metals Company Inc.), **TPR** (Tapestry, Inc.), **TSLA** (Tesla, Inc.), **UBER** (Uber Technologies, Inc.), **VISN** (Vislink Technologies, Inc.), **WBD** (Warner Bros. Discovery, Inc.), **WKHS** (Workhorse Group Inc.), **ZETA** (Zeta Global Holdings Corp.)

Economic Calendar

Date of Event	Event	Summary of Commentary
August 11, 2026	Barrick Gold (B) Earnings	Pre-market earnings report. Core portfolio long position.
August 11, 2026	monday.com (MNDY) Earnings	Pre-market software earnings release.
August 11, 2026	Perion (PERI) Earnings	Pre-market digital advertising earnings release.
August 11, 2026	Embraer (EMBJ) Earnings	Pre-market aerospace company earnings release ("mini Boeing/Airbus").
August 11, 2026	AST SpaceMobile (ASTS) Earnings	After-close space sector earnings report.
August 11, 2026	Rocket Lab (RKLB) Earnings	After-close space sector earnings report; monitoring sector float unlocks.
August 11, 2026	Plug Power (PLUG) Earnings	After-close clean hydrogen earnings report.

August 11, 2026	Hims & Hers (HIMS) Earnings	After-close report; name volatile due to GLP-1 compounding and lawsuits.
August 11, 2026	USA Rare Earths Earnings	Reporting pre-revenue status; critical national security importance to the US.
August 12, 2026	US Core CPI Data Release	Market consensus expects Core CPI to tick down from 2.6% in <i>July</i> to 2.5% YoY. Major inflation test.
August 12, 2026	DigitalBridge FERC Decision Deadline	FERC regulatory decision deadline for DigitalBridge (DBRG) public utility asset acquisition.
August 12, 2026	Sea Limited (SE) Earnings	Pre-market earnings for major portfolio long position; internal financial model published.
August 12, 2026	Cardinal Health (CAH) Earnings	Healthcare distribution earnings report.
August 12, 2026	Super Micro Computer(SMCI) Earnings	After-close report; under scrutiny following accounting investigations.
August 12, 2026	CoreWeave Earnings	After-close AI Neocloud infrastructure report; completed two strategic deals.
August 12, 2026	Lumentum (LITE) Earnings	Optical component maker reporting after the close.
August 12, 2026	Cava Group (CAVA) Earnings	Fast-casual dining sector earnings report.
August 12, 2026	Franco-Nevada (FNV) Earnings	Precious metals royalty company reporting after the close.
August 13, 2026	US PPI Data Release	Core PPI (ex-food & energy) consensus expected to drop sharply from 4.7% to 4.1% YoY.
August 13, 2026	Nebius (NBIS) Earnings	AI infrastructure play; stock volatile due to Michael Burry short and compute resale concerns.
August 13, 2026	Brinker International Earnings	Pre-market casual dining earnings release.
August 13, 2026	Cisco Systems (CSCO) Earnings	Large-cap enterprise networking and tech infrastructure report after the close.
August 14, 2026	US Retail Sales Data	Crucial gauge of US consumer spending resilience amidst labor market slowing.
August 14, 2026	University of Michigan Consumer Sentiment	Key metric assessing consumer confidence and long-term inflation expectations.
August 14, 2026	JD.com (JD) Earnings	Major Chinese e-commerce player reporting pre-market; critical indicator for Chinese consumer health.
August 14, 2026	Tapestry (TPR) Earnings	Premium consumer/apparel earnings report.
August 14, 2026	Applied Materials(AMAT) Earnings	Semiconductor capital equipment giant reporting after the close.

Report Details

Introduction and Document Overview

Jay opened the weekly financial call on Sunday, *August 9, 2026*, welcoming subscribers and highlighting ten research PDFs uploaded to the Q&A tab. These documents form the quantitative and macro foundation for the week's strategic decisions:

1. **SSR Weekly Strategy Piece:** Detailed coverage of weak labor data, upcoming CPI/PPI, asset allocation positioning, US-Iran conflict developments, trade updates, and earnings reviews.
2. **Morgan Stanley 3Q Asset Allocation Guide:** Comprehensive multi-asset global strategy guide.
3. **Morgan Stanley Prediction Markets Piece (by Michael Mauboussin):** In-depth analysis on prediction markets, equity decision-making frameworks, and market probability assessment.
4. **BlackRock August View Update:** Multi-asset global investment outlook.
5. **Deutsche Bank Geopolitical Strategy Note:** Geopolitical risk analysis.
6. **Apollo Global Management (AI & Labor Market Impact):** Detailed study on how artificial intelligence is altering labor productivity and job creation dynamics.
7. **Apollo Global Management (Yen Carry Trade Chartbook):** Deep dive into structural risks associated with the Yen carry trade unwind.
8. **Goldman Sachs Weekly Market Pulse:** Institutional flow and positioning update.
9. **Standard Chartered Weekly Asset Allocation Update:** Multi-asset strategy.
10. **HSBC Weekly Global Asset Allocation Strategy:** Global macro perspective.

Subscribers were instructed to review the **Apollo** piece on AI's labor market impact and Michael Mauboussin's **Morgan Stanley** paper on prediction markets for institutional frameworks on probability management.

Economic Calendar and Market Expectations

The focal point of last week's macro news was the unexpectedly weak non-farm payrolls print, which triggered tactical trade executions, including covering ~25% of the portfolio's short hedges.

Upcoming US economic releases are critical given persistent inflation concerns driven by energy market fluctuations:

- *August 12, 2026:* US CPI release. Consensus expects Core CPI to cool to 2.5% YoY, down from 2.6% in *July*.
- *August 13, 2026:* US PPI release. Core PPI ex-food and energy is projected to drop significantly from 4.7% to 4.1% YoY.
- *August 14, 2026:* US Retail Sales and the University of Michigan Consumer Sentiment Index.

The broader market continues to price in a non-inflationary slowdown, treating soft macro data as a dovish driver for Fed policy.

Recent Earnings and Trading Updates

Jay detailed several trade executions and earnings reactions from the preceding week:

- **Atlassian (TEAM):** Portfolio long position surged 32% (and up to 40% intraday) following earnings beating consensus expectations (\$1.87 EPS vs. \$1.50 expected).
- **Shopify (SHOP):** Strong earnings beat across gross merchandise volume (GMV) and monthly recurring revenue (MRR), resulting in significant stock appreciation.
- **Doximity (DOCS):** Executed an opportunistic intraday short trade. Following a hedge fund liquidation, **DOCS** experienced an extreme short squeeze, spiking 240% pre-market and opening up 80% around \$37.00. A short

position was initiated in the educational Discord, and as the stock collapsed to \$31.00–\$32.00 (closing up only ~50%), the position was covered for a >20% gain in two hours.

- **Vislink Technologies (VISN)**: Small long position added at \$10.35. The stock fell from \$12.00 to \$10.30 following Q2 earnings due to margin compression from memory chip inflation, despite confirming a \$5.00 special cash dividend.
- **Alphabet (GOOGL)**: Added to long holdings after the announced departure of Chief Scientist Jeff Dean caused a \$250B market cap decline. Jay noted that losing a single scientist did not justify a quarter-trillion-dollar cap destruction.
- **T1 Energy (TET)**: Added to long holdings at \$4.70. The stock rallied strongly to close near \$6.00 following a major domestic solar supply contract.

Upcoming Earnings Schedule

The final stretch of the earnings season features several portfolio-relevant holdings and broader market bellwethers:

- *Monday, August 11 (Pre-Market / After-Close)*: **Barrick Gold (B)** (core portfolio long position), **monday.com(MNDY)**, **Perion (PERI)**, **Embraer (EMBJ)**, **AST SpaceMobile (ASTS)**, **Rocket Lab (RKLB)**, **Plug Power(PLUG)**, **Hims & Hers (HIMS)**, **GoPro (GPRO)**, **USA Rare Earths**, and **Newegg (NEGG)**.
 - *Space Sector Context*: Space equities (**ASTS**, **RKLB**, **SATS**) have faced downward pressure as **SpaceX** post-IPO shares declined ~50% from peak valuations. Having previously taken a 20% profit on **EchoStar(SATS)** while shorting **SpaceX** into unlocks via covered calls, the portfolio remains sidelined on **SATS** until float unlocks are fully absorbed.
- *Tuesday, August 12*: **Sea Limited (SE)** (portfolio long; proprietary financial model published), **Cardinal Health(CAH)**, **Rackspace Technology**, **Super Micro Computer (SMCI)** (under accounting investigation), **CoreWeave** (recently completed major infrastructure deals with **Backblaze** and Solidigm), **Lumentum (LITE)**, **Cava Group(CAVA)**, and **Franco-Nevada (FNV)**.
- *Wednesday, August 13*: **Nebius (NBIS)** (AI Neocloud play; faced selling pressure after insider notes warned that **Meta** selling excess compute could depress GPU rental yields, and Michael Burry targeted **NBIS** as an AI beta short), **Brinker International**, **Amcor (AMCR)**, **Bit Digital (BTBT)** (speculative AI exposure via **Wi-Fi**), **Cisco Systems (CSCO)**, **Block / Cash App**, **Annovis Bio (ANAB)**, **Allogene Therapeutics (ALLO)**, and **Harmonic(GHM)**.
- *Thursday, August 14*: **Melco Resorts (MLCO)**, **Applied Industrial Technologies**, **JD.com (JD)** (critical check on Chinese consumer demand; China seen as overdue for stimulus), **Tapestry (TPR)**, **Applied Materials(AMAT)**, **HeartBeam (HRT)**, **PetMed Express (PETS)**, **Workhorse Group (WKHS)**, and **The Metals Company (TMC)**.

Special Situations and Merger Arbitrage Update

Warner Bros. Discovery (WBD)

Warner Bros. Discovery (WBD) represents one of the widest large-cap merger arbitrage spreads available. Jay assigns a 70% probability of deal close based on several key developments on *August 6th*:

1. *UK Regulatory Clearances*: The UK Competition and Markets Authority (CMA) cleared the transaction under Phase 1 review, finding sufficient studio market competition from Universal, Disney, and Sony. Furthermore, the UK Cultural Secretary explicitly decided not to intervene on public interest grounds—eliminating a major left-leaning political regulatory barrier.
2. *Earnings & Profitability*: Q2 top-line sales missed consensus by ~5% (driven by studio segment softness), but EBITDA met expectations due to aggressive cost-cutting measures.
3. *Exhibitor Support*: The CEO of **Regal Cinemas** (the second-largest US movie chain) issued a formal letter backing the merger, citing **Paramount's** commitments to theatrical release windows and highlighting the commercial harm of prolonged deal limbo. This follows an earlier supportive op-ed from the CEO of **AMC Theatres** (the largest chain). Combined, **AMC** and **Regal** represent ~40% of total US theatrical box office viewership and nearly 50% for blockbuster films.

WBD Merger Arbitrage Key Catalysts	
Event / Regulatory	Impact / Significance
UK CMA Decision	Phase 1 clearance granted; no competition issues found
UK Cultural Secretary	Official decision NOT to intervene on public interest
Exhibitor Support	AMC & Regal CEOs (~40-50% US box office) back deal
Q2 EBITDA	Met consensus guidelines via operational cost reductions
Closing Probability	Estimated at 70%; wide spread offers asymmetric return

Other Corporate Actions & Arb Deals

- **Dominion Energy (D) / NextEra Energy (NEE)**: Virginia Governor Abigail Spanberger announced formal intervention in the proposed transaction, raising deal completion uncertainty.
- **Apogee Therapeutics (APGE)**: Received HSR clearance, eliminating antitrust regulatory hurdles.
- **Brighthouse Financial (BHF)**: Reported earnings and continues to seek primary regulatory insurance approvals from New York, Massachusetts, and Delaware.
- **DigitalBridge (DBRG)**: Requested FERC authorization no later than *August 12th* to secure remaining public utility approvals.
- **Electronic Arts (EA)**: Going-private acquisition by **PIF**, **Silver Lake**, and **Affinity Partners** formally closed at a \$53B market cap. The buy-side consortium acquired **EA** at a modest premium (10-15% above unaffected prices), acquiring \$3B in projected two-year forward EBITDA alongside a net cash balance sheet.
- **Shake Shack (SHAK)**: Shares jumped 12% after **Starboard Value** CEO Jeff Smith announced on Bloomberg TV that the activist fund built a multi-hundred-million-dollar stake. Jay advised against chasing initial announcement spikes, preferring to wait for price consolidation back toward unaffected levels before establishing positions ahead of potential board seats, buybacks, or capital structure realignments.

Activist Investing and Portfolio Adjustments

Jay summarized recent portfolio additions, trade adjustments, and underlying investment logic:

- **T1 Energy (TET)**: Added at ~\$4.70 (closed near \$6.00). Spurred by a 641 MW solar module contract with Clearway Energy Group and domestic content sourcing insulation ahead of Section 232 tariff decisions.
- **Uber Technologies (UBER)**: Added at ~\$68.50. Trades at 12x forward earnings with a clear fundamental path to expand levered free cash flow from \$10B to \$15B by 2028, backed by a \$20B share buyback program.
- **AppLovin (APP)**: Added post-earnings sell-off. Believed to offer a durable on-app advertising model insulated from AI search disintermediation.
- **Reddit (RDDT)**: Added at \$137 (quickly advanced to \$160).
- **TLT**: Added duration to capture interest rate cuts, timing the peak in 10-year Treasury yields effectively.
- **Redwood Trust (RWT)**: Added in the mid-\$4 range (closing near \$5.00). Trades at a deep discount to book value with a 15% dividend yield.
- **Nokia (NOK)**: Added as an asymmetric AI option play, similar to Intel's prior low-valuation repositioning toward AI silicon and CPUs.
- **CFTR Preferreds**: Added to secure a stable >9% yield.
- **Datadog (DDOG)**: Repurchased after a 17% post-earnings dip. Having doubled initial holdings in the spring before taking profits, Jay noted that cybersecurity software remains durable against AI disruption.
- **Alphabet (GOOGL)**: Added following a 5% sell-off triggered by Jeff Dean's departure.

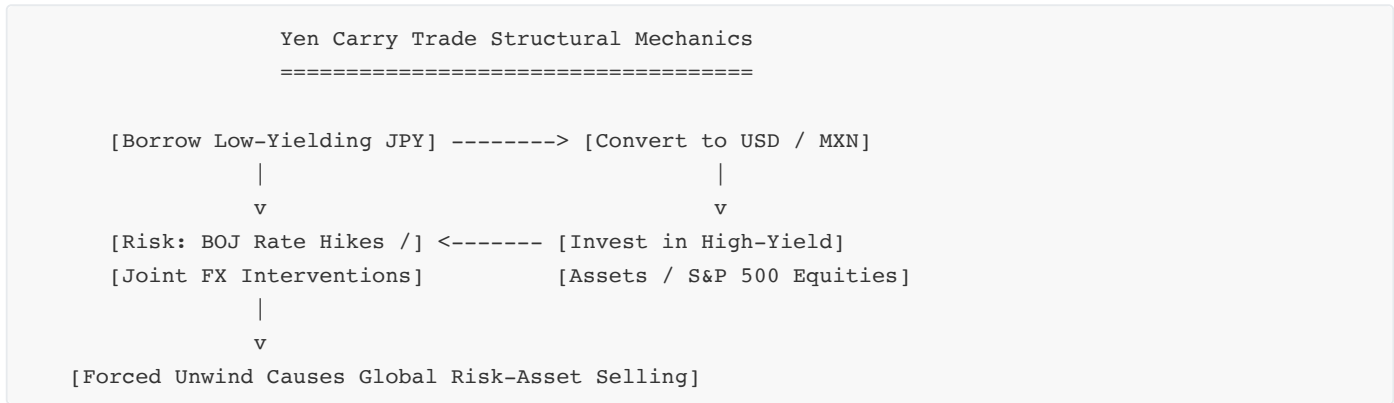
- **Doximity (DOCS):** Executed a short-term intraday short, capturing a >20% gain as an extreme short squeeze unwound.
- **Short Book Hedges:** Covered 25% of total hedge positions following weak payrolls data.

US-Japan Economic Relations and the Yen Carry Trade

The US Treasury Department executed an unexpected joint currency operation alongside Japan's Ministry of Finance to halt the rapid depreciation of the Japanese Yen.

Key aspects of the Yen carry trade and joint intervention include:

- *Mechanics:* For decades, global institutional investors have borrowed heavily in low-interest Japanese Yen to acquire higher-yielding international assets, such as the Mexican Peso.
- *Intervention Strategy:* To prevent a chaotic unwind of this carry trade, US Treasury Secretary Scott Bessent directed actions that included selling Euros to buy Yen, helping push USD/JPY down from above 160 toward sub-148/150 levels.
- *Apollo Research Findings:* According to **Apollo Global Management**, USD/JPY detached from simple US-Japan interest rate differentials after the initiation of global trade disputes in *April 2025*, shifting toward fiscal deficit concerns.
- *Japanese Equities & Structural Shifts:* Despite currency fluctuations, Japanese corporate profits across medium-sized enterprises have expanded, accompanied by rising domestic inflation (2%+) and increased shareholder activism. However, Japan's high public debt-to-GDP ratio (>200%) severely limits the BOJ's ability to raise interest rates aggressively without risking systemic banking issues.



Iran War and Geopolitical Update

The ongoing US-Israel conflict with Iran and its impact on the Strait of Hormuz continues to generate significant financial market volatility.

Jay outlined the strategic timeline and geopolitical dynamics:

- *Political Constraints:* The US administration faces pressure to avoid crude oil price spikes ahead of the November midterm elections, prompting intermittent shifts between aggressive rhetoric and diplomatic pauses.
- *Headline Volatility:* On *August 4th*, reports surfaced via **Qatar** suggesting drafted language for a temporary US-Iran ceasefire, causing Brent crude to drop below \$80/bbl. However, Tehran consistently denied direct engagement with Washington, citing ongoing US strikes and naval blockades.
- *Economic Pressure:* Iranian year-over-year inflation has reached 77%. President Trump noted that the US is "low-keying it," allowing severe economic strain inside Tehran to weaken its stance.
- *Strait of Hormuz Disruptions:* Through which one-fifth of global oil and gas transit, traffic remains severely restricted. Houthi rebels recently claimed a strike on Saudi **Aramco's** Jizan refinery. Brent crude subsequently recovered to trade back above \$83/bbl.

S&P 500 Second Quarter Earnings Review

S&P 500 Q2 earnings season delivered extraordinary headline metrics:

- **Aggregate Growth:** EPS growth is tracking at 47.4% YoY compared to 23.0% expected at the start of reporting season—the highest growth rate since Q2 2021.
- **Breadth:** The beat rate reached 88% across all major sectors, supported by nominal US GDP growth of 6.5% YoY (8.1% annualized). Because corporate earnings are calculated in nominal terms, inflation directly inflates top-line growth and EPS metrics.

The Role of One-Time Gains in Earnings Growth

A key technical detail in the Q2 earnings surge is the impact of non-operating unrealized paper gains recorded by **Alphabet (GOOGL)** and **Amazon (AMZN)**:

- **Venture Revaluations:** **Alphabet** and **Amazon** hold significant equity stakes in **Anthropic** (revalued from \$183B to \$380B in Q1, and \$965B in Q2) and **SpaceX** (revalued to \$1.77T at its Q2 IPO before declining 40%+ post-IPO).
- **Earnings Impact:** **Alphabet** reported Q2 EPS of \$9.11 (+300% YoY), but \$6.23 of that total stemmed from non-operating investment gains in **Anthropic** and **SpaceX**. Core operational EPS was \$2.88 (+30% YoY).
- **Index Distortion:** Removing these paper gains lowers aggregate S&P 500 Q2 YoY EPS growth from 47.4% to 28.0%.

Because these mark-to-market adjustments are non-cash and subject to post-IPO declines, GAAP earnings comparisons for **GOOGL** and **AMZN** face potential headwinds in Q1 and Q2 2027, setting a high baseline for full-year 2027 S&P consensus EPS estimates (\$405/share, implying 13% growth over 2026).

Memory Sector's Impact and Circular Financing

The semiconductor memory sector represents a major fundamental driver of 2026 S&P 500 earnings growth:

- **Micron's Impact:** **Micron Technology (MU)** contributed \$25 of EPS to the S&P 500 in Q2, accounting for ~25% of total index earnings growth. **Micron** is projected to deliver 850% YoY EPS growth in 2026.
- **Supply Squeeze:** **Micron**, **Samsung**, and **SK Hynix** have fully sold out their DRAM and NAND capacity through 2027. Customers are currently receiving allocations of only 60-70% of requested volumes.
- **Circular Financing Dependencies:** Hyperscaler capital expenditures are heavily interconnected:
 - **Nvidia (NVDA)** considering a \$250B backstop for **OpenAI** infrastructure.
 - **OpenAI** making up 40% of **Microsoft's (MSFT)** cloud backlog and 70% of its direct AI revenue.
 - **Microsoft** generating 22% of **Nvidia's** revenue.
 - **Nvidia** accounting for 17% of **Micron's** revenue.

Any deceleration in hyperscaler capex would reverberate quickly through this circular value chain.

VISN Update and Special Dividend

Vislink Technologies (VISN) reported Q2 results and announced corporate capital returns:

- **Financial Results:** Net sales reached \$319.6M (down 1.4% YoY). Operating performance shifted to a GAAP loss of \$8.9M due to memory component price inflation and coaxial upgrade box supply constraints.
- **Asset Sale & Special Dividend:** **VISN** completed the sale of Ruckus for \$1.85B cash on *July 1, 2026*. Management declared a new \$5.00 per share special cash dividend payable in *August 2026* (following an earlier \$10.00 distribution), bringing total shareholder capital returns to \$3.4B (\$15.00/share cumulative).
- **Balance Sheet:** All long-term debt and Series A preferred shares were fully redeemed, leaving **VISN** completely debt-free with >\$2.5B in book equity.
- **Guidance:** Full-year 2026 adjusted EBITDA guidance for the core Aurora unit was reduced by \$25M (to \$200M–

\$225M) due to memory chip costs, contributing to recent stock weakness alongside Russell index rebalancing outflows.

Japanese Yen Intervention and Market Implications

A detailed breakdown of foreign exchange intervention mechanics highlights ongoing risks:

- *Historical Scope:* Over four years, Japan's Ministry of Finance spent >\$250B trying to defend the Yen without lasting success.
- *US Participation:* US Treasury Secretary Scott Bessent's decision to sell Euros to buy Yen on *July 31st* (\$52.8B single-day intervention) signaled concern over Japanese bond volatility spilling into US Treasuries.
- *Structural Headwinds:* Analysts Robin Brooks (Brookings Institution) and Jasper Cole (Japan Optimist) note that currency interventions cannot overcome fundamental policy contradictions: Prime Minister Takaichi's expansionary fiscal growth agenda combined with high public debt prevents yields from rising freely, leaving the Yen structurally prone to long-term weakness.

Citadel on Retail Excess Unwind and Market Outlook

Scott Rubner of **Citadel** noted that the leverage unwind across retail margin accounts and leveraged ETFs largely concluded by early August:

- *Technical Reset:* S&P 500 Information Technology forward P/E ratios compressed from 31x to 20x during July, clearing technical overhangs.
- *Market Structure:* Positioning normalized, positioning risks faded, and market breadth improved, laying the groundwork for a lower-volatility grind higher rather than a sharp V-shaped recovery.

Morgan Stanley on Cloud Spending Surge

Morgan Stanley revised its global cloud capex forecast upward, projecting spending across the four major US hyperscalers (**GOOGL**, **AMZN**, **META**, **MSFT**) to reach \$1.2T by 2027 (+30% YoY, \$170B above pre-Q2 consensus), with potential upside toward \$1.4T. All four hyperscalers remain capacity-constrained relative to enterprise AI compute demand.

Cost of Intelligence and LLM Token Costs

According to the Silicon Valley Data LLM Token Cost Index, artificial intelligence token pricing has declined rapidly:

- *Price Compression:* Token costs have fallen back to early-2026 levels, driven by competitive releases from China (e.g., **Alibaba's** Qwen 3.8 Max priced at \$2 per million input tokens and \$6 per million output tokens—roughly 1/10th the cost of Anthropic's Claude).
- *Economic Impact:* Falling token costs lower the cost of intelligence, accelerating enterprise deployment of agentic compute workflows.

Hedge Fund Tech Buying and Dan Niles on Earnings

Dan Niles reviewed key drivers of recent technology earnings and market moves:

- *Hedge Fund Liquidation Impact:* Forced liquidations and margin calls at hedge fund **Situational Awareness** (and two other levered funds) drove severe selling in tech favorites from *June 22nd* to *July 29th*. The subsequent liquidation of its liquid portfolio to **Citadel** triggered a sharp short-covering rally.
- *Company Nuances:*
 - **Microsoft (MSFT):** Copilot adoption reached 30M of 450M paid M365 seats (~7%). Azure growth accelerated to 43% YoY (guiding to 45% for Q3), driving a 16% single-day stock surge.
 - **Meta Platforms (META):** Guided Q3 revenue and operating income below consensus while raising capex, causing an 8% drop.

- **Amazon (AMZN)**: AWS revenue growth accelerated from 28% to 37% YoY (a 900 bps improvement), driving a 15% rally despite lower corporate Q3 margin guidance.
- **Alphabet (GOOGL)**: GCP revenue growth accelerated from 63% to 82% YoY with 3% sequential margin expansion.
- **Apple (AAPL)**: Fell 7% post-earnings due to revenue and gross margin guidance missing consensus, constrained by memory chip shortages across iPhones and MacBooks.

Market Drawdown and Company Specifics

- **Nano Dimension (NNDM)**: Deep-value special situation. Trades at \$1.60 per share against \$2.10–\$2.25 in net cash per share (\$433M cash, zero debt, \$340M market cap), yielding an Enterprise Value of -\$80M. Management sold non-core divisions (**MarketAxess**, **Fabrica**) for \$55M cash, terminated leases to save \$38M, and initiated a Phase 3 review evaluating buybacks, dividends, or a full company sale.
- **Caterpillar (CAT)**: Surged 13% after beating Q2 expectations (\$20.5B revenue vs. \$19B expected) and raising full-year growth guidance to mid-to-high teens, driven by record backlog for data center power generation equipment.
- **Backblaze (BLZE)**: Surged 50% following Q2 earnings beats (\$42.7M revenue, \$12.8M EBITDA) and announcing a \$335M 5-year strategic cloud storage agreement with **CoreWeave**.

BTIG on SPX Rally and Daily Market Recaps

BTIG strategist Brian Krinsky noted that the **S&P 500**'s 6% surge over four trading days matched rare historic momentum events seen only in 1999, 2000, and November 2020.

Daily market catalysts included:

- **August 3, 2026**: **Palantir (PLTR)** surged 40% on Q2 revenue growth (+93% YoY to \$1.94B) and \$1.22B in free cash flow (63% margin). **Microsoft** added \$450B in market cap in a single session.
- **August 4, 2026**: **SpaceX** missed Q2 expectations (\$7.8B revenue, EPS -\$0.09), but Starlink subscribers doubled to 12M. Elon Musk announced **SpaceX** would build compute infrastructure exclusively on **Nvidia** chips, targeting 10 GW of capacity by 2027. **Anthropic** signed a \$10B compute agreement with **Volta Infrastructure**.
- **August 6, 2026**: **SanDisk** reported Q2 revenue of \$8.97B (+372% YoY) and guided Q1 2027 revenue to \$10.3B–\$10.8B, alongside a \$14B buyback expansion. US job openings fell by 178,000 to 7.36M. **Shopify (SHOP)** reported Q2 revenue of \$3.58B (+34% YoY) and operating income of \$488M (+68% YoY).

Selected Daily Highlights (Aug 3 – Aug 6)	
Date	Key Event / Catalyst
August 3, 2026	PLTR surges 40% on Q2 report; MSFT adds \$450B market cap
August 4, 2026	SpaceX commits to NVDA compute; Anthropic signs \$10B deal
August 6, 2026	SHOP beats on 34% rev growth; SanDisk expands buyback \$14B
August 6, 2026	US JOLTS job openings drop to 7.36M (lowest since March)

Company Earnings and Market Analysis

Additional single-stock developments and structural dynamics:

- **Zeta Global (ZETA)**: Rose 12% to 52-week highs following strong adoption of its Athena enterprise marketing platform among \$1M+ ARPU clients. KeyBank raised its price target to \$27.
- **S&P Option Speculation**: On *August 4th*, over 4 million **S&P 500** call options were purchased in a single day—a record high highlighting elevated retail and institutional leverage.

- **Margin Debt:** Total margin debt relative to S&P market cap spiked toward historic correction triggers. Japanese stock margin leverage reached its highest level since 1990.

Uber Analysis and Other Market Moves

A detailed breakdown of **Uber Technologies (UBER)** highlights its long thesis:

- **Cash Flow Power:** Trades at a \$139B market cap while generating \$10B in annual levered free cash flow, with consensus projecting \$15B by 2028 (~11% FCF yield).
- **Balance Sheet & Buybacks:** Credit rating upgraded to BBB+; executing a \$20B buyback authorization (\$3B completed in Q1).
- **Operational Engines:** Uber One loyalty program surpassed 50M members; advertising network reached a \$2B annual run rate with 14.6% operating margins.
- **AV Bear Thesis:** Bear concerns regarding autonomous vehicle disintermediation (**Waymo, Tesla, Zoox**) are viewed as premature, with driver networks remaining essential over the medium term.

Uber Technologies (UBER) Free Cash Flow Expansion

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2026 Levered FCF: [\$\$\$\$\$\$\$\$] \$10.0 Billion (~7.2% FCF Yield)
 2028 Target FCF: [\$\$\$\$\$\$\$\$\$\$\$\$] \$15.0 Billion (~10.8% FCF Yield)
 Market Cap: \$139.0 Billion | \$20B Share Buyback Authorized

AppLovin Analysis, Alphabet Debt, and TEAM Beat

- **AppLovin (APP):** Shares dropped double digits despite meeting revenue expectations due to a timing-related 27% free cash flow miss caused by international tax schedules and a temporary pause in AI model optimization. Core mobile advertising monetization remains intact.
- **Alphabet (GOOGL):** Announced plans to issue \$25B in corporate debt to fund data center infrastructure expansion.
- **Citadel Equities:** Reported a 14% year-to-date return after absorbing liquidations from **Situational Awareness**.
- **Atlassian (TEAM):** Spiked 32–40% after reporting Q2 EPS of \$1.87 versus \$1.50 consensus estimates.

Q&A Section

During the interactive session, Jay addressed specific subscriber questions:

- **Question on Space Equities (SPCX, SATS, ASTS, RKLK):**
 - **Subscriber Query:** Yojo requested a re-evaluation of space sector holdings (**SATS, SPCX**).
 - **Jay's Response:** Space equities faced valuation compression following **SpaceX**'s post-IPO decline (~50% off peaks). Having taken a 20% gain on **SATS** while shorting **SpaceX** into unlocks, the portfolio remains sidelined on **SATS** until private and public unlock shares are fully digested. The space ecosystem remains on the watchlist for re-entry once float supply stabilizes.
- **Question on August Asset Allocation Spreadsheet:**
 - **Subscriber Query:** EJW noted difficulty reading PDF tables and requested the raw spreadsheet.
 - **Jay's Response:** Confirmed the full August Asset Allocation Excel workbook was uploaded directly to the Discord Q&A tab for subscriber download.

Jay concluded the call by advising subscribers to review the ten uploaded research reports, wish everyone a successful trading week, and noting that the call recording would be published shortly.

Footer

- Title: 2026-08-09 - SSN - SSR Macro Weak NonFarm Payrolls, Upcoming CPI and PPI, SHOP Earnings, T1 Energy, APP Earnings, TEAM Earnings, VISN Earnings, WBD Arb Update - (report)
- Creation Date: 2026-08-09
- Model (may not be accurate): Gemini 1.5 Pro
- Prompt Name: Weekly Financial Call Comprehensive Deep-Dive Report