Hawkish Jackson Hole, Sunday Iran Escalation, NVDA Earnings
PayPal Deal Unravels as Stripe Abandons Bid
PRTH Special Situation Revisited; Arbutus (ABUS) Odd Lot Tender Situation
Special Situations Update (WBD, NVTS, BSX, CZR, ABUS, TWO)

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Earnings Calendar (Light Week): Most important earnings next week are Dell, Palo Alto, Gitlab, Broadcom, Campbells, Docusign, and Asana

Economic Calendar: the most important econ events next week are S&P US Manufacturing PMI, ISM Manufacturing, Construction Spending, JOLTS Job Openings, ADP Employment, Factory Orders, Durable Goods, S&P US Service PMI, and Change in Nonfarm Payrolls

United States | Browse | 13:57:03 | 08/30/26 - 09/06/26

Economic Releases | All Economic Releases | View Agenda Weekly

	Date Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/31 15:30				Dallas Fed Manf. Activity	Aug	1.6	--	1.3	--
22)	09/01 14:45				S&P Global US Manufacturing PMI	Aug F	53.3	--	53.2	--
23)	09/01 15:00				ISM Manufacturing	Aug	55.2	--	55.6	--
24)	09/01 15:00				ISM Prices Paid	Aug	70.8	--	71.1	--
25)	09/01 15:00				ISM New Orders	Aug	57.0	--	56.7	--
26)	09/01 15:00				ISM Employment	Aug	52.5	--	52.8	--
27)	09/01 15:00				Construction Spending MoM	Jul	0.0%	--	-0.1%	--
28)	09/01 15:00				JOLTS Job Openings	Jul	7313k	--	7359k	--
29)	09/01 15:00				JOLTS Job Openings Rate	Jul	--	--	4.4%	--
30)	09/01 15:00				JOLTS Quits Level	Jul	3208k	--	3232k	--
31)	09/01 15:00				JOLTS Quits Rate	Jul	2.0%	--	2.0%	--
32)	09/01 15:00				JOLTS Layoffs Level	Jul	1768k	--	1766k	--
33)	09/01 15:00				JOLTS Layoffs Rate	Jul	1.1%	--	1.1%	--
34)	09/01 15:30				Dallas Fed Services Activity	Aug	--	--	6.6	--
35)	09/01				Omdia Total Vehicle Sales	Aug	16.30m	--	16.33m	--
36)	09/02 12:00				MBA Mortgage Applications	Aug 28	--	--	-1.0%	--
37)	09/02 13:15				ADP Employment Change	Aug	47k	--	44k	--
38)	09/02 15:00				Factory Orders	Jul	0.6%	--	-0.3%	--
39)	09/02 15:00				Factory Orders Ex Trans	Jul	0.4%	--	-0.4%	--
40)	09/02 15:00				Durable Goods Orders	Jul F	1.1%	--	1.1%	--
41)	09/02 15:00				Durables Ex Transportation	Jul F	0.4%	--	0.4%	--
42)	09/02 15:00				Cap Goods Orders Nondef Ex Air	Jul F	0.2%	--	0.2%	--
43)	09/02 15:00				Cap Goods Ship Nondef Ex Air	Jul F	1.4%	--	1.4%	--
44)	09/03 10:30				Challenger Job Cuts YoY	Aug	--	--	-46.1%	--
45)	09/03 10:30				Challenger Job Cuts Total	Aug	--	--	33429	--
46)	09/03 13:30				Trade Balance	Jul	-$90.0b	--	-$73.3b	--
47)	09/03 13:30				Imports MoM	Jul	1.4%	--	-1.8%	--
48)	09/03 13:30				Exports MoM	Jul	-0.8%	--	-0.9%	--
49)	09/03 13:30				Nonfarm Productivity	2Q F	1.4%	--	1.4%	--
50)	09/03 13:30				Unit Labor Costs	2Q F	1.3%	--	1.3%	--
51)	09/03 13:30				Initial Jobless Claims	Aug 29	205k	--	203k	--
52)	09/03 13:30				Initial Claims 4-Wk Moving Avg	Aug 29	--	--	205.50k	--
53)	09/03 13:30				Continuing Claims	Aug 22	1787k	--	1778k	--
54)	09/03 14:45				S&P Global US Services PMI	Aug F	56.8	--	56.8	--
55)	09/03 14:45				S&P Global US Composite PMI	Aug F	--	--	56.0	--
56)	09/03 15:00				ISM Services Index	Aug	54.1	--	54.1	--
57)	09/03 15:00				ISM Services Prices Paid	Aug	70.0	--	70.3	--
58)	09/03 15:00				ISM Services New Orders	Aug	56.5	--	57.2	--
59)	09/03 15:00				ISM Services Employment	Aug	49.5	--	47.4	--
60)	09/04 13:30				Change in Nonfarm Payrolls	Aug	55k	--	-23k	--
61)	09/04 13:30				Two-Month Payroll Net Revision	Aug	--	--	-103k	--
62)	09/04 13:30				Change in Private Payrolls	Aug	53k	--	30k	--
63)	09/04 13:30				Change in Manufact. Payrolls	Aug	5k	--	5k	--
64)	09/04 13:30				Nonfarm Payrolls 3-Mo Avg Chg	Aug	--	--	20k	--
65)	09/04 13:30				Average Hourly Earnings MoM	Aug	0.3%	--	0.1%	--
66)	09/04 13:30				Average Hourly Earnings YoY	Aug	3.0%	--	3.2%	--
67)	09/04 13:30				Average Weekly Hours All Employees	Aug	34.3	--	34.3	--
68)	09/04 13:30				Unemployment Rate	Aug	4.1%	--	4.1%	--
69)	09/04 13:30				Labor Force Participation Rate	Aug	61.4%	--	61.4%	--
70)	09/04 13:30				Underemployment Rate	Aug	--	--	7.9%	--

Weekly Summary (More Detailed Daily Market Moving Events Later in Piece)

Equity performance split across factor lines this week following Fed Chair Kevin Warsh's hawkish Jackson Hole address. Large-cap value led the tape, with the Dow advancing ~50 bps, while the S&P 500 finished essentially flat-to-firm, edging up ~50 bps (+0.5%). Conversely, small caps lagged significantly, shedding ~140 bps as duration- and rate-sensitive names sold off.

1. AI Infrastructure & Semiconductor Ecosystem

- **Nvidia's Epochal Quarter & Ecosystem Footprint:** Nvidia ($NVDA) delivered massive Q2 results ($96.2B revenue, +106% YoY), driven by $89.0B in Data Center revenue and a surge in backlog commitments to $279B (up from $119B QoQ). CFO Kress projected ~70% revenue growth through FY28, noting full-scale production of Vera Rubin and Vera CPUs. Following the print, NVDA added ~$453B in market cap in a single session—the largest one-day market-cap gain in U.S. history.
- **Expanded Alliances & Ecosystem Reach:**
  - **AWS ($AMZN):** Announced a major multi-year expansion to deploy 2M additional Nvidia GPUs across global infrastructure in 2027–2028.
  - **Hugging Face:** Nvidia reportedly agreed to acquire Hugging Face for $12.9B, consolidating its moat across developer distribution, software tooling, and inference deployment.
  - **SpaceXAI ($SPCX):** Outlined plans to deploy Nvidia-powered Vera Rubin NVL72 architectures in orbit via its first-generation Starmind AI satellite.
- **Custom Chips & Supply Chain Realignment:**
  - **OpenAI:** Internal testing showed its Broadcom-built "Jalapeno" inference chip outperforming Nvidia's GB300 in throughput per watt and latency at ~700W, with deployment targeted for later this year.
  - **Marvell ($MRVL):** Upgraded its long-term outlook, projecting FY28 revenue to reach ~$18B (+50% YoY), driven by custom silicon demand doubling.
  - **Apple ($AAPL) & Memory Dynamics:** Apple is evaluating DRAM from CXMT and NAND from YMTC for China-bound devices, pressuring traditional memory players ($SNDK -6%,$MU -5%). Separately, TrendForce reported severe memory tightness, with server DRAM prices up 270% YoY.

2. Software, AI Services & Neo-Cloud Dynamics

- **Software Disruption vs. Resilience:** Post-Nvidia earnings, quality software names rallied sharply (Okta +19.1%, Salesforce +11.9%, CrowdStrike +9.6% on record $333M net new ARR), demonstrating that core security and enterprise workflows remain resilient. Conversely, Intuit ($INTU) fell ~3.2% after guiding FY27 EPS significantly below consensus, highlighting real disruption risk in specialized SaaS segments.
- **Frontier Model & Platform Shifts:**
  - **Anthropic:** Preparing for a public listing that could target a $2T valuation and seek up to $100B in capital, pitching a $30T+ total addressable market. Meta ($META) is reportedly spending up to $10B annually on Anthropic models to power its internal and external agents.
  - **Data & Observability:** ClickHouse crossed $350M in ARR (+40% since May), driven by massive AI agent data loads (including OpenAI scaling to >30 petabytes/day).
  - **Data Center Compute & Conversion:** IREN ($IREN) detailed a pivot from Bitcoin mining to AI compute, reporting $1B in operating ARR and securing $2.8B in GPU debt financing.

3. Macro, Monetary Policy & Fiscal Dynamics

- **Fed Tightening Risk Back on the Table:** In-line U.S. Core PCE (3.3% YoY) alongside firm consumer spending pushed short-dated yields higher, with money markets fully pricing in a December rate hike. Second-quarter U.S. GDP matched expectations at 1.5% annualized, while corporate profits surged 22.8% YoY to a record $4.8T (14.9% of GDP).
- **Bond Market Structure & Duration Debates:** Treasury Secretary Scott Bessent raised the minimum long-end bond buybacks from $2B to $4B per operation, with officials indicating the ~$950B Treasury General Account (TGA) could be tapped for additional firepower. Investor Stanley Druckenmiller publicly criticized the plan in a *WSJ* op-ed, arguing that suppressing long-term yields removes duration risk and mimics quantitative easing by the Treasury rather than the Fed.
- **Global Central Bank Hawkishness:** The Bank of Korea raised rates 25 bps to 3.00% (its second consecutive hike), while European Central Bank (ECB) sources signaled potential September tightening amid strengthening German export confidence.

4. Energy, Geopolitics & Policy Risk

- **Iran Sanctions & Strait of Hormuz Standoff:** Treasury Secretary Bessent announced a "zero leakage" enforcement campaign targeting Iranian digital assets, gold, aviation, and shipping. Geopolitical volatility flared as Iran's IRGC conditioned the reopening of the Strait of Hormuz on foreign warships remaining 400 km away, offsetting lower risk premiums from reported U.S.–Iran diplomatic channels.
- **Hedge Fund Energy Positioning:** Hedge funds executed their largest weekly purchase of global energy equities in nearly four years, shifting to their most overweight positioning relative to global equities since June 2024.
- **Trade Policy & Tariff Escalations:** Canada announced retaliatory tariffs on U.S. goods (raising steel duties to 50%), while the White House evaluates new semiconductor duties that could extend to downstream hardware like servers and laptops.

5. Institutional Flows, Regulatory Action & Crypto Treasuries

- **Equity De-Grossing & Gold Inflows:** Hedge funds registered their largest weekly net sale of U.S. equities since April 2025, heavily selling single stocks in Tech, Industrials, and Utilities. Conversely, physical gold ETFs ($GLD) saw $6.4B in weekly inflows—their third-largest weekly intake on record—driving total gold ETF AUM to $615B.
- **SEC Scrutiny on Leveraged AI Bets:** The SEC issued subpoenas to major prime brokers ($GS,$JPM, $C,$BAC) regarding margin calls and risk management surrounding hedge fund Situational Awareness, which suffered a 67% portfolio drawdown in July following concentrated, leveraged tech losses.
- **Corporate Treasury Bitcoin Holdings:** Strategy ($MSTR) expanded its capital framework, establishing $1.59B in new USD cash reserves while increasing its total treasury holdings to roughly 4% of the circulating Bitcoin supply at near-zero net leverage.

Dan Niles Weekly Commentary

Last wk, SPX/Nas/R2K +0.5%/+0.8%/-1.5% w/ oil -4%. But a hawkish Warsh on Friday led to a bear flattening of the yield curve. Despite $NVDA guide of 70% CY27 rev growth vs consensus of 47%, SOX Index -2.3% while software $IGV +5.9% on solid earnings.

In general, many AI investors have been bullish on semiconductors and bearish on software on the belief that AI will displace many point solution software companies. This is why the SOX index is up 62% YTD and IGV is still only up 4% YTD versus the S&P +13%. Situational Awareness was the poster child for this type of positioning.

But since the unwinding of the Momentum trade which started on 6/22 (I wrote about these concerns on 6/20), IGV has rallied 25% while the SOX Index has declined 22% through 8/28. For perspective, the Morgan Stanley Momentum index (momentum long performance minus momentum short performance) from 6/22-8/28 is down 36% while their more concentrated TMT index is down 54%. But a bullish twist on AI for the software sector introduced recently is that AI agents will access software tools ~10-100x more often than humans.

On 8/6, $TEAM, which was in the bucket of software names widely considered at risk of being replaced by AI, rallied 35% the next day in reaction to solid earnings & outlook.

Then on 8/13, $WDAY rallied 18% on the news that private equity firm Silverlake might be pursuing an acquisition which I wrote probably put a floor underneath software. Workday was also supposed to be in the AI crosshairs and private equity has higher bars to clear given their use of leverage and holding period than a typical investor.

Then on 8/26, $CRM reported solid results, guidance and a deal with Anthropic (in which they also first invested in May of 2023.) The stock was up 23% in reaction the next day. This seemed to be a strong counterpoint to the SaaS-pocalypse worries. This strategic alliance allows users to execute actions natively inside Claude without needing to open traditional software screens. Salesforce also seems to be changing how they charge customers with fees more related to customer use and benefits to their business.

Then on 8/27, Workday reported results which were good enough but arguably acquisition prospects drove more of the stock reaction of +6% the next day from the slightly down opening price.

Historically, system of record, security and gaming software have been the only three areas I have liked within software. I now wonder whether the fundamental implications of Atlassian, Workday and Salesforce are supportive of the technical reactions in the software stocks as a group as agentic AI continues to ramp.

So how do I square this with my concerns that the rapidly escalating amounts spent on AI by corporations has to come from somewhere? Annualized revenue run-rates for Anthropic and OpenAI have ramped from $29B to start the year to $105B just 7 months later. Software spending globally excluding AI was roughly $1 trillion in 2025. But IT services at $1.7 trillion is a bigger category which I believe still has risk. And finally, knowledge worker compensation is an even bigger category where disruption would be even less noticeable at an estimated $35-50 trillion in 2025 or roughly 30% of the global workforce.

Looking forward, the deal on Friday for Venezuelan oil fields that hold the largest crude reserves in the world at 17-18% should get us off to a positive start to the week with declining oil prices. But a bit further out: 1) "Don't Fight the Fed" given I believe a hike is likely on 9/16 because the 10/28 mtg is right before mid-terms, 2) September has the poorest seasonality of all months, 3) there is even worse seasonality than normal during mid-term election years (see prior posts for more detail) and 4) recent bipartisan pushback against datacenter expansion (one of the few things both sides seem to agree on though I believe this is wrong and hope it will change with more education) puts pressure on the AI infrastructure names.

As Warren Buffett says, the market has to keep pitching but you do not need to swing.

Special Situations Update

Shares of Boston Scientific (BSX) were trading down 3% in the premarket on Wednesday after the company disclosed a cybersecurity incident affecting certain of its information technology systems that has resulted in a global disruption to the Company's operations. Warner Bros Discovery (WBD) traded firm in Tuesday's session after several media outlets reported that Paramount has been considering structural remedies including negotiating separate distribution agreements with cable operators. There is not set date as of now for when the State AGs and PSKY will set down for settlement talks again. In other news, the EC has commenced its review of the KVUE/KMB transaction with the Phase I deadline set for September 29th, CZR will host its shareholder vote on September 22nd, and VCTR announced it has entered into a definitive agreement to acquire First Eagle for total consideration of approximately $7.0 billion, comprising approximately $4.4 billion in cash and $2.0 billion in newly issued Victory Capital equity.

Shares of Warner Bros Discovery (WBD) rose to their highest level since February on Monday after several reports over the weekend indicated that the California State AG & Paramount (PSKY) were set to hold settlement talks Monday. California Attorney General Rob Bonta called off the scheduled meeting with Paramount executives this morning, citing allegations that the company's leadership had leaked information and negotiated in bad faith, amid ongoing discussions over a potential settlement. "Not only did Paramount leak the alleged substance of settlement discussions, but they misrepresented these discussions, demonstrating a lack of good faith," Bonta said in the statement. "As soon as Paramount stops playing games and engages sincerely, my office is happy to meet again." According to the WSJ, State AGs were preparing to ask PSKY to divest some cable channels as well as commit to keeping its movie studio separate from Warner Bros.

In other news, TWO announced it has received its final regulatory approval and the merger is scheduled to close on August 25th. TWO stockholders of record at the close of business on August 24, 2026 will be entitled to receive a stub period dividend in an amount equal to $0.20326 per share of TWO common stock. The stub period dividend will be paid with the merger consideration and will not reduce or otherwise affect the merger consideration. RMAX anticipates the merger to close on August 24th, KVUE/KMB received approval from the NZ Commerce Commission subject to divesting the Kenvue feminine hygiene business, and lastly ATKR filed its transaction with the Austria Competition Authority.

Largest US Transactions:

	Target	Buyer	Tgt Mkt Cap	Consid	8/25/2026 Last Spread ($)	Spread (%)	8/24/2026 1D Chg Spread ($)	Spread (%)	8/18/2026 1 Wk Chg Spread ($)	Spread (%)	7/27/2026 1 Month Chg Spread ($)	Spread (%)
1	NSC	UNP	$79,282	Cash/Stock	$47.17	13.4%	$1.47	0.5%	($1.48)	(0.9%)	$2.40	0.4%
2	WBD	PSKY	$72,057	Cash	$2.10	7.3%	($0.20)	(0.7%)	($0.42)	(1.6%)	($3.62)	(15.4%)
3	D	NEE	$58,585	Stock	$1.61	2.4%	($0.22)	(0.3%)	$0.05	0.1%	($0.41)	(0.5%)
4	KVUE	KMB	$37,321	Cash + Stock	$0.41	2.1%	$0.05	0.3%	($0.05)	(0.3%)	$0.09	0.5%
5	ROKU	FOXA	$23,498	Cash & Stock	$4.41	2.8%	($0.49)	(0.3%)	($0.72)	(0.5%)	($3.57)	(2.8%)
6	PEN	BSX	$12,752	Cash or Stock	$1.25	0.4%	$0.26	0.1%	($0.25)	(0.1%)	($0.38)	(0.1%)
7	WTRG	AWK	$11,731	Stock	$1.21	3.0%	($0.12)	(0.3%)	($0.00)	(0.0%)	($0.29)	(0.8%)
8	TECH	Merck KGaA	$11,352	Cash	$0.67	0.9%	$0.06	0.1%	($0.11)	(0.2%)	($0.71)	(1.0%)
9	GSAT	AMZN	$10,638	Cash or Stock	$4.25	5.2%	($0.11)	(0.1%)	$1.17	1.5%	$2.71	3.2%
10	AES	GIP & EQT	$10,523	Cash	$0.27	1.8%	$0.02	0.1%	$0.01	0.1%	$0.10	0.7%
11	APGE	ABBV	$10,202	Cash	$0.26	0.2%	($0.06)	(0.0%)	($0.28)	(0.2%)	($0.57)	(0.4%)
12	CRNX	VRTX	$8,995	Cash	$0.14	0.2%	($0.08)	(0.1%)	($0.14)	(0.2%)	($1.01)	(1.2%)
13	ESI	SOLS	$8,524	Stock	$2.27	6.4%	($0.43)	(1.3%)	($0.49)	(1.0%)	($0.19)	(0.1%)
14	ACA	CRH	$7,134	Cash	$4.75	3.3%	$0.02	0.0%	$0.10	0.1%	$0.06	0.0%
15	CZR	Fertitta Entertainment	$6,042	Cash	$1.34	4.5%	$0.00	0.0%	($0.03)	(0.1%)	$0.31	1.1%
16	VAL	RIG	$5,958	Stock	$1.88	2.2%	($0.21)	(0.2%)	($0.42)	(0.5%)	($0.09)	(0.3%)
17	LNTH	Curium	$6,579	Cash	$1.63	1.6%	($0.07)	(0.1%)	($0.61)	(0.6%)		
18	UNF	CTAS	$5,276	Cash + Stock	$25.01	8.7%	$1.65	0.7%	$2.54	0.8%	$4.60	1.8%
19	GBTG	Long Lake	$4,952	Cash	$0.03	0.3%	$0.01	0.1%	($0.02)	(0.2%)	($0.06)	(0.6%)
20	NWE	BKH	$4,285	Stock	$0.68	1.0%	($0.25)	(0.4%)	($0.40)	(0.6%)	($0.29)	(0.4%)
						Average		(0.1%)		(0.2%)		(0.8%)
						Average (mkt cap)		(0.1%)		(0.5%)		(2.9%)

Recent transactions

Date	Target	Buyer	Tgt Mkt Cap	Consid	Spread ($)	Spread (%)	Spread ($)	Spread (%)	Spread ($)	Spread (%)	Spread ($)	Spread (%)
8/13	ARX	Thoma Bravo	$4,270	Cash	$ 0.58	2.9%	($0.01)	(0.1%)	($0.11)	(0.6%)		
8/10	HZO	Safe Harbor	$1,151	Cash	$ 0.82	1.6%	($0.05)	(0.1%)	$0.00	0.0%		
8/10	BWMN	Benhard Capital Partners	$737	Cash	$ 0.47	1.1%	$0.00	0.0%	$0.00	0.0%		
8/10	VREX	TDY	$780	Cash	$ 0.40	2.2%	$0.02	0.1%	($0.04)	(0.2%)		
8/7	DV	Nielsen Holdings	$2,061	Cash	$ 0.28	2.1%	($0.02)	(0.2%)	($0.05)	(0.4%)		
8/7	BZH	DFH	$883	Cash	$ 0.31	0.9%	($0.08)	(0.2%)	($0.08)	(0.2%)		
8/3	LNTH	Curium	$6,579	Cash	$ 1.63	1.6%	($0.07)	(0.1%)	($0.61)	(0.6%)		
8/3	SUPN	INDV	$2,622	Stock	$ (2.59)	(5.7%)	($0.57)	(1.2%)	($1.66)	(3.8%)		
8/3	ATKR	PRY IM	$3,157	Cash	$ 1.38	1.5%	($0.13)	(0.1%)	($0.18)	(0.2%)		
8/3	ITGR	KKR	$4,251	Cash	$ 1.61	1.3%	($0.32)	(0.3%)	($0.30)	(0.2%)		

- **WBD - Paramount Weighs Structural Changes to Settle Warner Deal Suit** (link). According to a Bloomberg report Paramount weighed selling Warner Bros. channels such as HGTV and the Food Network in an effort to settle the lawsuit led by California. The company calculated the financial implications of divesting the channels in recent weeks, but decided more recently that it wouldn't have to sell those specific assets, Bloomberg sources said. Paramount is considering offering to negotiate separate distribution agreements with cable operators for different parts of its TV empire as one way to settle the litigation.
- **BSX – Company Discloses Cybersecurity Incident** (link). On August 25, 2026, Boston Scientific Corporation (the "Company") identified a cybersecurity incident affecting certain of its information technology systems that has resulted in a global disruption to the Company's operations. Upon detection, the Company activated its incident response protocols and began an investigation with the assistance of third-party cybersecurity experts to assess and to contain the threat. The incident has caused, and is expected to continue to cause, disruptions and limitations of access to certain of the Company's information systems and business applications that support aspects of the Company's operations, including the ability to process and ship customer orders. While the Company is working diligently to restore affected functions and systems access, the timeline for a full restoration is not yet known. The Company's investigation of the cybersecurity incident is ongoing, and the full scope, nature and impacts, including operational and financial impacts, of the incident are not yet known. Accordingly, the Company has not yet determined whether the incident is reasonably likely to have a material impact on the Company.
- **KVUE/KMB – EC Commences Review of Transaction** (link). The EC has begun its formal review of the transaction and the Phase I deadline is set for September 29th.
- **CZR – Definitive Proxy Filed** (link). The company filed its definitive proxy overnight and will host its shareholder vote on September 22nd. The HSR waiting period is set to expire on September 14th.
- **VCTR – Victory Capital To Buy First Eagle Investments for Roughly $7bn** (link). Victory Capital will acquire First Eagle for total consideration of approximately $7.0 billion, comprising approximately $4.4 billion in cash and $2.0 billion in newly issued Victory Capital equity. In addition, Victory Capital will assume $575 million of First Eagle's existing 7.25% senior secured notes due 2032. Following the transaction, Genstar is expected to own approximately 14.6% of Victory Capital on a fully diluted, as-converted basis, with its voting interest limited to 4.9%. The balance of its economic interest will be held in Non-Voting Convertible Preferred stock. Genstar's entire position will be subject to a three-year lock-up period. The transaction remains subject to customary closing conditions, including certain regulatory approvals and client consents, and is expected to close by the end of the first quarter of 2027.
- **LEG/SGI – Receives All Regulatory Approvals & Will Close On August 26th** (link). As of August 25, 2026, Somnigroup has received all requisite regulatory approvals for the closing of the Merger. Accordingly, Somnigroup anticipates closing the transactions contemplated under the Merger Agreement as early as August 26, 2026.
- **D/NEE – FERC Deadline Extended Until September 29th** (link). A broad coalition of state attorneys general, consumer advocate offices, and environmental groups requested a 60-day extension to review the complex and voluminous application for the proposed transaction—a motion supported by Eversource Energy Service Company but opposed by NextEra Energy, Inc. and Dominion Energy, Inc. In response, the regulatory authority granted the request in part, extending the official deadline for filing comments, protests, and interventions to September 29, 2026.
- **WBD – California Cancels Talks With Paramount Over Warner Bros. Merger (link).** California Attorney General Rob Bonta called off a scheduled Monday meeting with Paramount executives, citing allegations that the company's leadership had leaked information and negotiated in bad faith, amid ongoing discussions over a potential settlement in the state's antitrust lawsuit aimed at blocking Paramount's proposed acquisition of Warner Bros. Discovery. "Not only did Paramount leak the alleged substance of settlement discussions, but they

misrepresented these discussions, demonstrating a lack of good faith," Bonta said in the statement. "As soon as Paramount stops playing games and engages sincerely, my office is happy to meet again."

    - **California Expected to Seek TV Channel Sales From Paramount-Warner** (link). California Attorney General Rob Bonta is expected to ask Paramount PSKY to divest some cable channels and commit to keeping its movie studio separate from Warner Bros. before he signs off on the $81 billion merger, people familiar with the matter said.

- **TWO - TWO Announces Receipt of Final Regulatory Approval for Merger with CrossCountry Mortgage** (link). TWO (Two Harbors Investment Corp., NYSE: TWO), an MSR-focused REIT, today announced that it has received the final regulatory approval for its previously announced merger with CrossCountry Mortgage, LLC ("CCM"). The merger is expected to close prior to market open on August 25, 2026. In addition, TWO stockholders of record at the close of business on August 24, 2026 will be entitled to receive a stub period dividend in an amount equal to $0.20326 per share of TWO common stock. The stub period dividend will be paid with the merger consideration and will not reduce or otherwise affect the merger consideration.
- Two Harbors Investment Corp. (TWO) completed its merger with CrossCountry Intermediate Holdco, LLC (CCM) and CrossCountry Merger Corp., with TWO becoming a wholly owned subsidiary of CCM. Each share of TWO common stock was converted into $12.00 in cash, and TWO notified the NYSE of its intent to delist and deregister its common stock. TWO also plans to redeem all outstanding preferred stock at $25.00/share (aggregate ~$622M) and repurchase its $115M 9.375% Senior Notes due 2030 at 104% of principal (~$120M), after which those securities will also be delisted.
- **RMAX - Real and RE/MAX Holdings Announce Real's Receipt of Court Approval of Proposed Arrangement in Connection with Proposed Combination** (link). Real's proposed acquisition of RE/MAX Holdings was approved by Real's securityholders and RE/MAX Holdings' stockholders at their respective special meetings held on August 14, 2026. The arrangement is one component of the transaction contemplated by the Merger Agreement. Subject to the satisfaction or waiver of any remaining closing conditions, the parties expect the transaction to close on August 24, 2026.
- **KVUE/KMB – New Zealand Commerce Commission Clears Transaction** (link). The Commerce Commission has granted clearance to Kimberly-Clark Corporation (or a wholly-owned subsidiary) to acquire 100% of the shares in Kenvue Inc. subject to an undertaking to divest the Kenvue feminine hygiene business.
- **ATKR – Transaction Filed With Austria Competition Authority** (link).

Navitas Semiconductor Corp.'s shares rose more than 6% in early trading Tuesday after the company announced a major deal aimed at expanding its capabilities in the fast-growing data center equipment market.

- Navitas has agreed to acquire power management technology firm Claros in a deal valued at up to about $232.8 million. The consideration includes $216 million in cash and stock at closing, while the remainder will be paid in stock based on the achievement of certain milestones.
- Founded in February last year, Claros develops vertical power delivery (VPD) and integrated voltage regulator (IVR) technology for next-generation AI data centers. The acquisition would expand the company's AI infrastructure offerings from the power grid to AI processors by adding technology that can directly power high-performance chips.
- Navitas said it would more than double its 2030 serviceable addressable market to over $8 billion and accelerate revenue growth and margin expansion. The deal is expected to close before year-end, subject to customary closing conditions.

Deal Rationale

- The company said the technology addresses a growing challenge for AI infrastructure: delivering thousands of amps to increasingly power-hungry processors at extremely high speeds.
- Traditional voltage regulators distribute power across circuit boards, creating losses and limiting how much power can reach advanced AI chips. Claros' technology moves power conversion closer to the processor, reducing the distance power needs to travel and potentially improving efficiency and power density.
- "This acquisition ... significantly expands our addressable market," Navitas CEO Chris Allexandre said, adding that the combination would help the company "break the AI infrastructure power wall."

Arbutus (ABUS) Special Situation

Trade Thesis: Up to 12.9% Return (Pre-Costs) via Small-Holder Buyback

- **Offer Structure:** Arbutus (ABUS) launched a modified Dutch auction self-tender to buy back up to $230M of common stock at a clearing price between $5.00 and $5.75 per share. The repurchase is funded in part by $178M in net proceeds from its recent Moderna patent settlement.
- **Odd-Lot Priority Mechanism:** The trade leverages odd-lot priority provisions. Shareholders owning 99 shares or fewer who tender their entire position are exempt from proration. They will have all shares purchased ahead of larger institutional tenders.
- **Return Profile:** Based on the August 25, 2026 closing price of $5.20 per share (total outlay of ~$514.80 for 99 shares):
    - **Low-End clearing ($5.00):** -1.8% loss (before commissions/taxes).
    - **High-End clearing ($5.75):** +12.9% gain (before commissions/taxes).
- **Timeline:**
    - **Offer Expiration:** September 29, 2026 at 5:00 p.m. ET
    - **Expected Settlement/Payment:** ~October 2, 2026
- **Key Downside/Risks:** Final clearing price is unfixed, leaving exposure to a clearing price below the entry purchase cost if the auction clears at the lower bound.

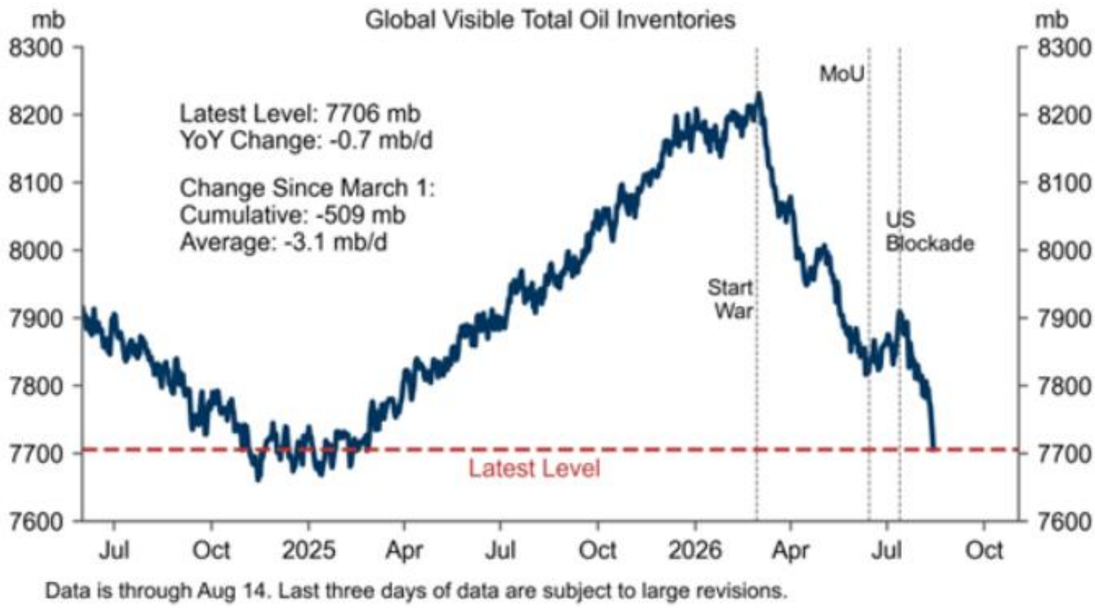
Iran War Update (Escalation on Sunday)

Monday (8-24-26): Scott Bessent issued explicit warnings as part of what he called an "economic D-Day" against Tehran.

He also launched "Operation Economic Outcast" against Iran. He announced that the U.S. is sanctioning more than 60 entities, individuals and vessels across the globe that enable Iran to procure technology, earn oil revenue and carry out cyber operations. The slew of new measures is an effort to isolate Iran economically. Bessent warned that any country or business engaging with Tehran would face the wrath of the Trump administration. Stocks and oil prices were more or less unchanged.

- "No One Is Above the Reach": During a press conference unveiling expanded secondary sanctions against Iran, Bessent explicitly warned foreign companies and financial institutions. When asked directly if Chinese banks dealing with Iran could face U.S. sanctions, he stated that "no one is above the reach of U.S. sanctions."
- Targeting "Gray Spaces": Bessent emphasized that the U.S. would no longer tolerate entities operating in the "gray spaces" of the conflict, cautioning that any economic engagement with Iran's regime would expose third-party entities to the "full reach of American power" and potential exclusion from the U.S. dollar system.
- Presidential Pressure Campaign: President Donald Trump has actively made direct calls to foreign world leaders with specific requests to cease trading and sever economic interactions with Iran.
- Impact on China and Other Major Partners: Because China is the largest buyer of Iranian crude oil (alongside major trade partners like Turkey and the UAE), Bessent's warnings effectively put Chinese energy and banking entities under elevated risk of U.S. secondary sanctions.

Exhibit 8: Global Oil Inventories Still Set to Reach Historic Lows If the Strait Doesn't Reopen Soon

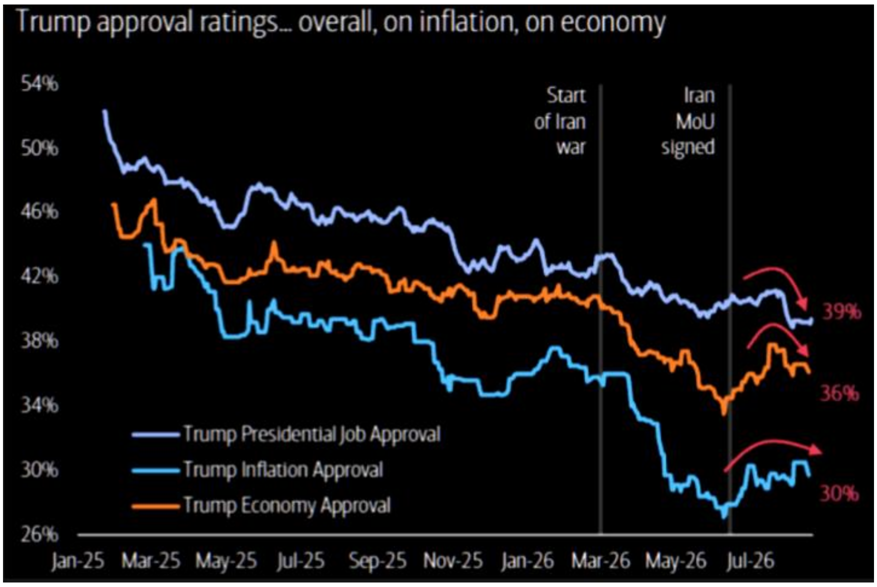


US officials say Iran has launched ballistic missiles at a US airbase in Jordan in retaliation for US attacks on Iran near the Strait of Hormuz just hours ago.

- This was the first known US strike in Iran since late-July and the IRGC has vowed to retaliate.
- US oil prices are extending gains on the news.

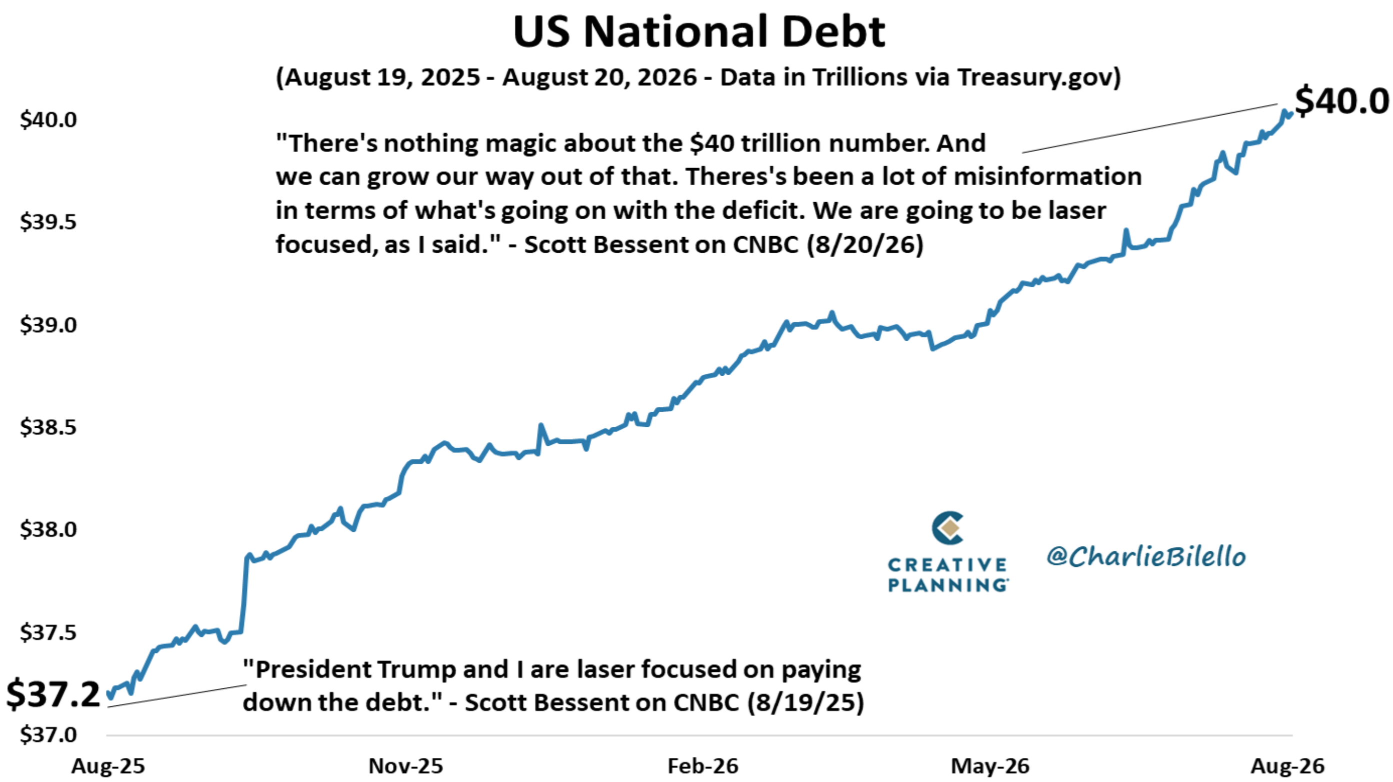
Trade War Continues Against Canada

Trump threatened more tariffs against Canada. He said the U.S. would place 50% tariffs on Canadian automobiles, trucks and automotive parts starting in January. The threat came after Canadian Prime Minister Mark Carney vowed to hit the U.S. with retaliatory levies following the collapse of trade talks over the weekend. This is the latest escalation in a tit-for-tat trade conflict that could disrupt supply chains and threaten the future of the USMCA.



Earnings have been tremendous this year. So what can derail? Everyone is focused on Jackson Hole this Friday, but the real risk is geopolitical escalation after November elections.

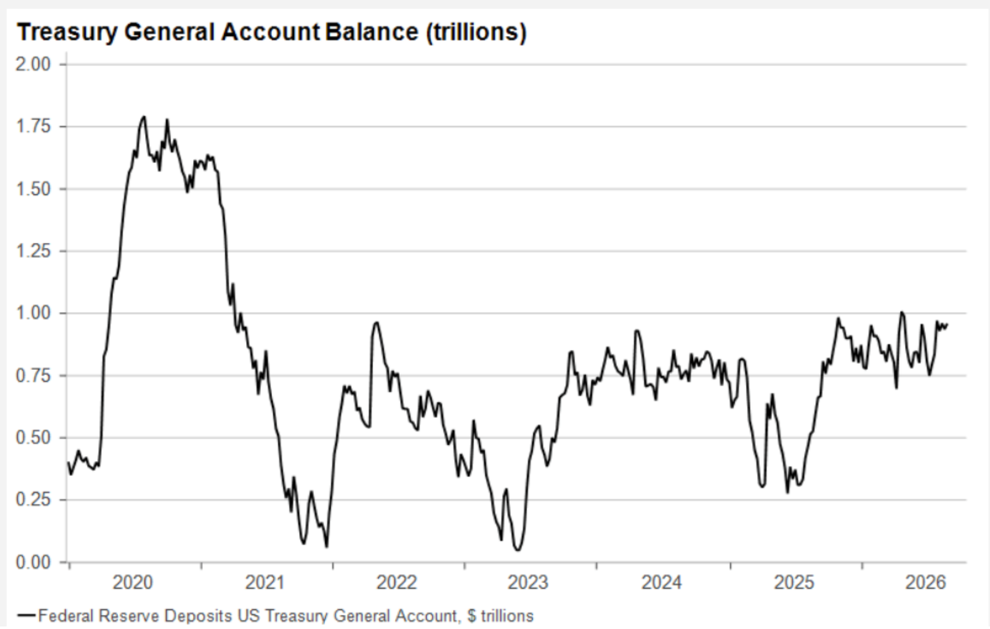
Trump can't contain himself already with Canada, Iran, etc. Imagine what comes after November...



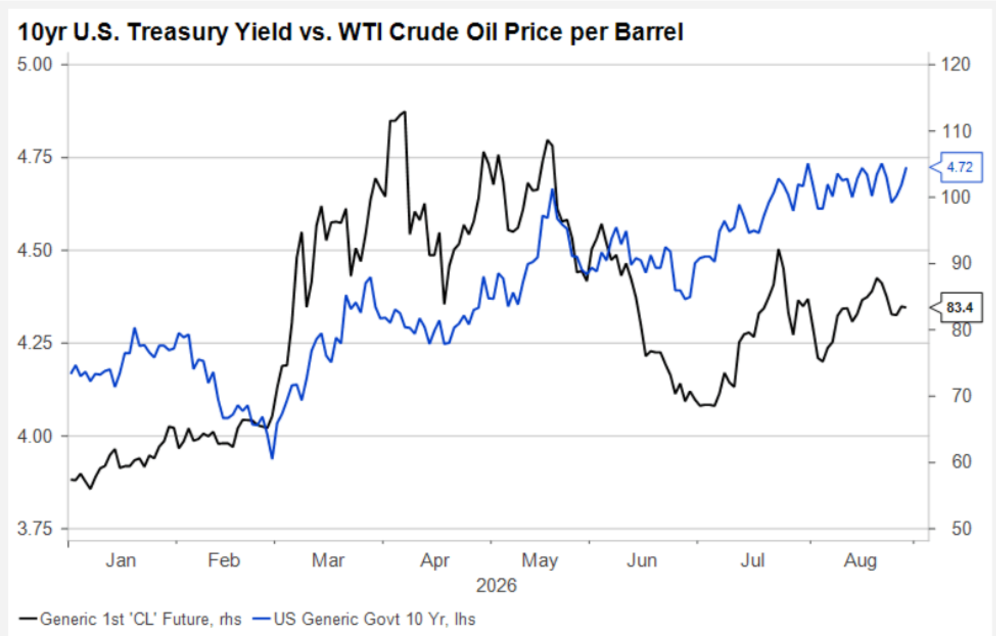
Bessent Can't Bring Long-Term Rates Much Lower in Short Term

Treasury Secretary Bessent sent the bond market reeling, albeit temporarily, with his plan to increase so-called buyback operations, whereby the Treasury uses cash on hand to "buy back" some of its longer-term notes and bonds from willing sellers. While the practice is intended to ensure ample market liquidity, especially in older "off-the-run" issues, the line between ensuring liquidity and influencing prices can blur easily.

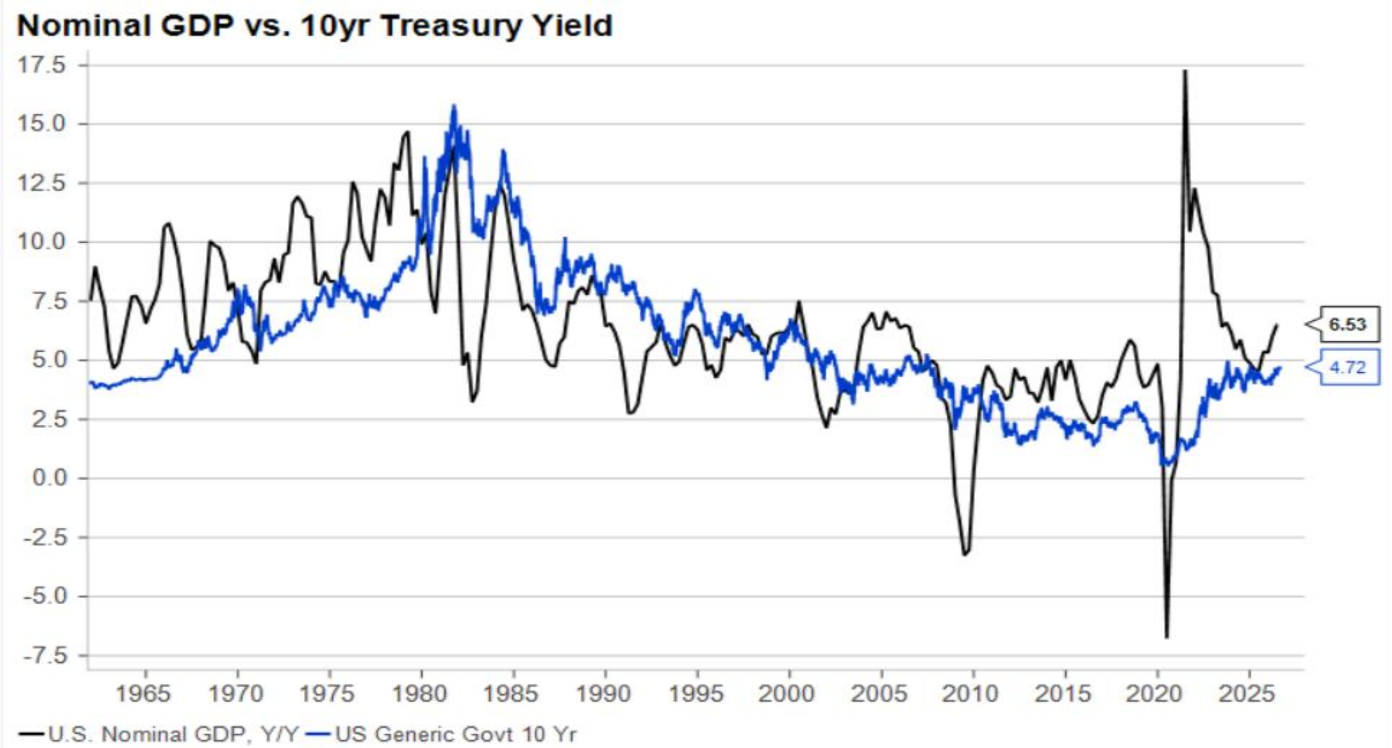
These operations, even if scaled up as Bessent described, are quite small relative to the size of the Treasury market. A few billion dollars of purchases cannot meaningfully move bond prices unless they signal a credible commitment to bring down long-term rates. To that end, there were reports in the financial press that the Treasury could use its nearly $1 trillion account held at the Fed, termed the Treasury General Account or "TGA", to add more oomph to its expanded buyback operations. The TGA is intended to be used to make payments in an emergency like a disaster or an impending debt ceiling breach, and its use to buy back outstanding securities would be contested in court.



With the benefit of a few days of reflection, the bond market was not impressed by any of this, as it correctly (in our view) deemed these actions either ineffectual in the case of the expanded buybacks or unlikely in the case of the TGA drawdown. Yields remain in the same range they've been in for the past month, although the drop in the WTI crude oil price last week may have helped the 10-year yield come down slightly from its recent high:



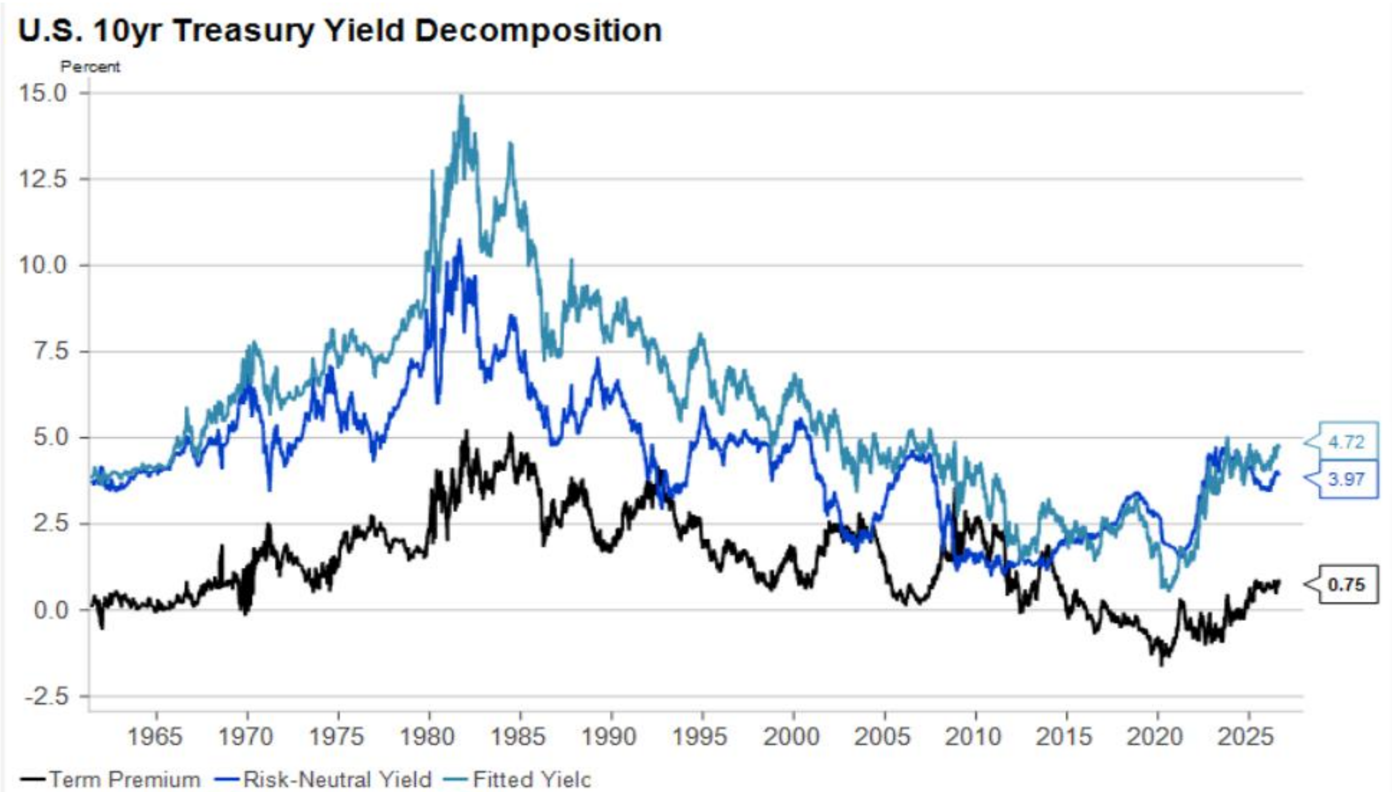
Higher oil prices in 2026 have meant higher inflation, which has translated into higher interest rates. But even geopolitics' impact on rates tends to be limited and short-term in nature. The true driver of rates over the long term is the performance of the economy, as we'll describe in the next section.



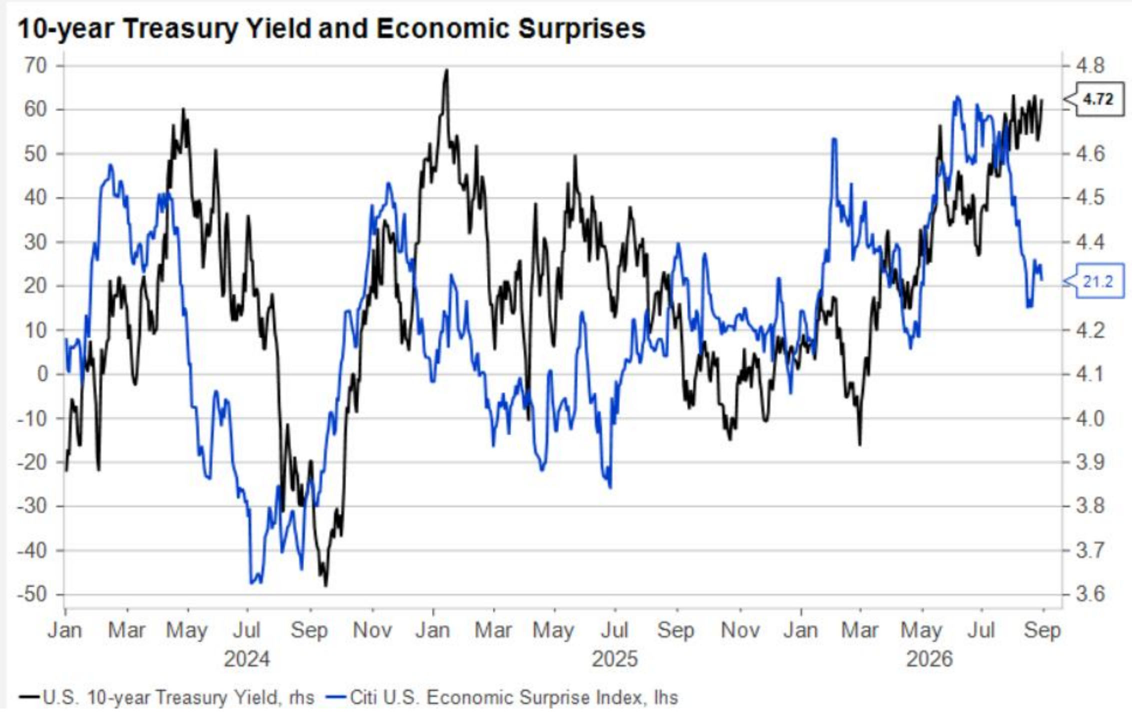
It turns out that nominal growth (which includes both real output and inflation) and nominal interest rates are closely related. Excluding the period surrounding the pandemic, nominal GDP growth has not been this high since the mid-2000s, which is also the last time the 10-year Treasury yield was this high. We do not view this as a coincidence.

The chart above also shows clearly that 10-year rates have generally been lower than nominal GDP growth for most of the past twenty years. One reason for this could be that the Fed has, for much of this period, been an "uneconomic buyer" of government debt as it expanded it balance sheet to suppress yields. Another could be investors' collective belief until 2022 that short-term interest rates would remain close to zero in perpetuity and that high inflation would no longer be a problem.

This next chart suggests that both explanations are valid. Expectations of lower short-term rates fell after the 2008 financial crisis as did the term premium, which is the extra yield investors demand to hold long-term securities:

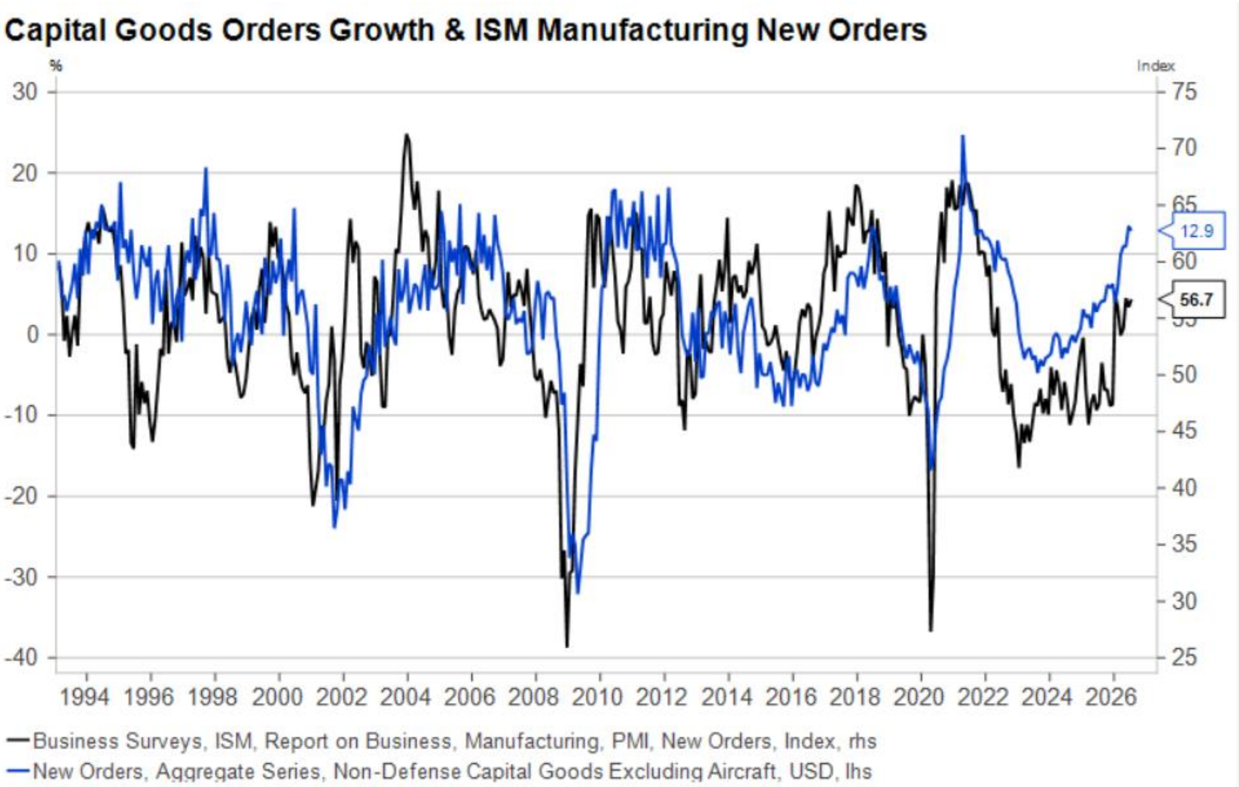


The Fed's post-GFC strategy was to buy bonds to bring down the term premium while also keeping short-term rates fixed at zero, made possible by the low growth and low inflation economic backdrop. But in today's period of high fiscal deficits and above-target inflation, easy monetary policy is likelier to push the 10-year yield higher than lower. Indeed, even the recent run of negative data surprises (shown by the recent drop in the blue line on the chart below) has failed to push it down:



We think we know why. Most of the bad data has been limited to the housing and employment areas. With housing, the causal relationship with rates tends to point in the opposite direction: higher rates lead to poor construction and sales. And weaker hiring, while potentially a sign of an economic slowdown, may also signal that firms are able to produce more without needing more workers. In other words, their profit margins have widened.

The broad softness in the data has not stopped analysts from revising corporate earnings estimates higher or stirred a "flight to safety" out of equities and into cash or bonds. That may be because categories of economic data that are more closely correlated with financial market behavior, including business surveys and capital goods orders, have been hot lately:

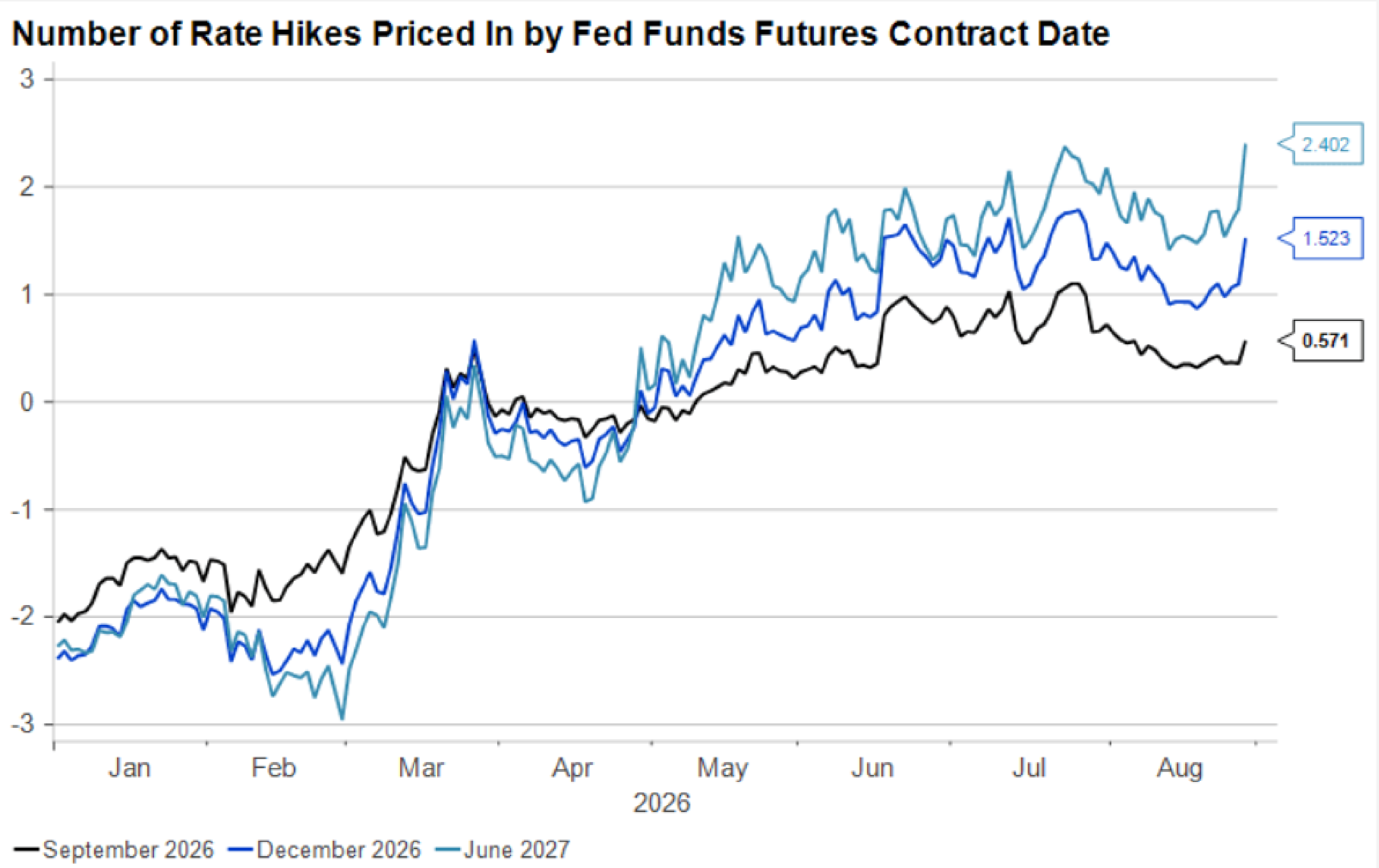


The White House and Treasury do not want these leading indicators to turn lower, but a Federal Reserve facing persistently high inflation and few acute concerns about a dramatically slowing labor market may feel different. In our next section, we'll consider Fed Chair Warsh's public remarks this week on monetary policy and the role of the Fed.

The Treasury and (of course) the White House have delivered most of the market-moving policy news over the past few weeks. But this week, investors' calendars were blocked off (as they always are in late August) for the Fed Chair's remarks at the annual Jackson Hole Economic Symposium. This year, the presence of a new Fed Chair made the event even more anticipated than usual.

Jackson Hole: Chair Warsh's public approach in the opening months of his tenure has been to do little and say even less. In keeping with this practice, he provided characteristically few thoughts on how monetary policy might need to evolve in the near term to deal with above-target inflation. But he did close the speech with a frank assessment of inflation (too high and not improving meaningfully) and vaguely acknowledge the Fed might need to react to it: "We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do."

Prior to Warsh's Jackson Hole speech, the market-implied probability of a rate hike at the Fed's September 16th meeting has fallen to its lowest level of the summer. His speech took those odds up a little, but as this graph shows, the decision remains close to a coin toss in the eyes of investors:

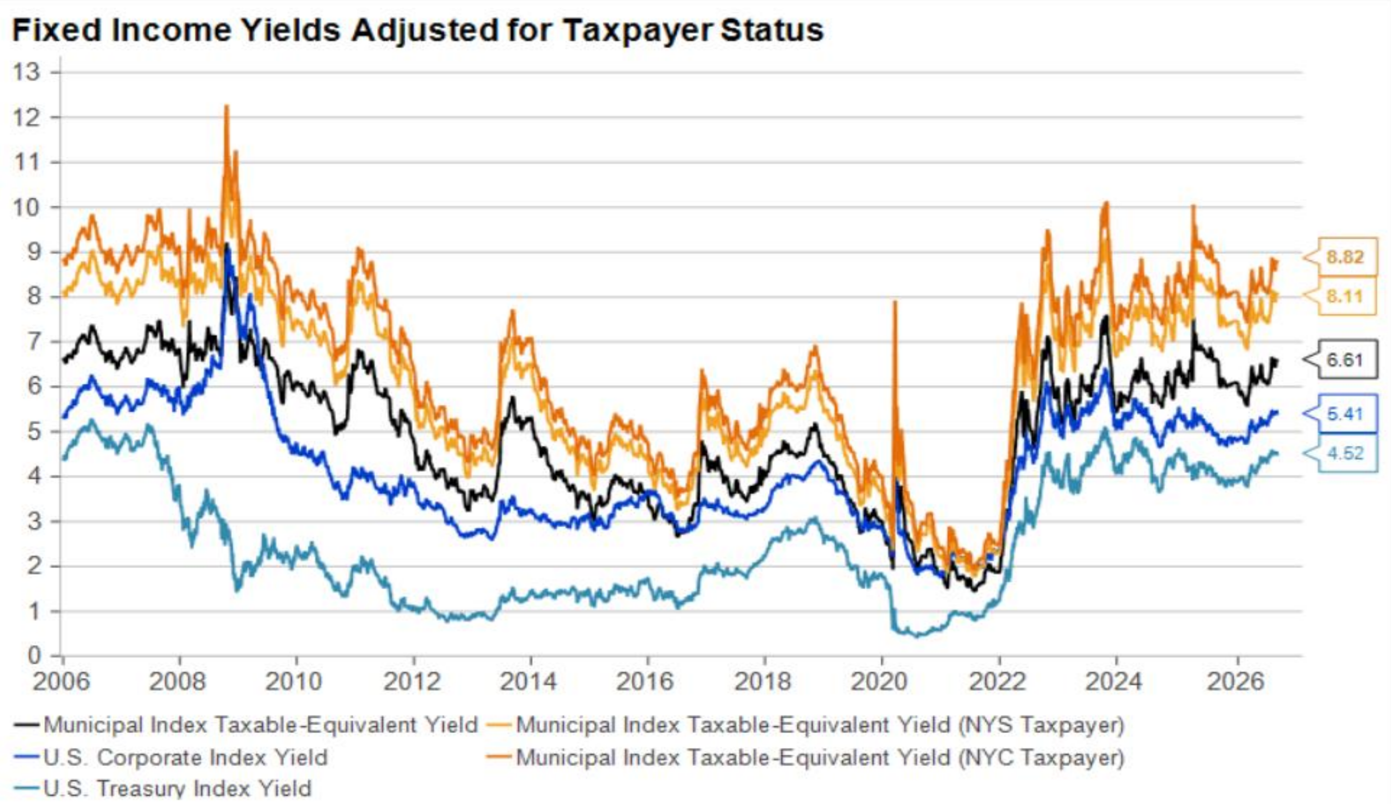


Employment and inflation data both came in softer in July, which may be sufficient to delay a rate hike for now. In addition, the rise in long-term interest rates, which Warsh has hinted he sees as the market doing the Fed's tightening work for it, have held at high levels, as we pointed out above.

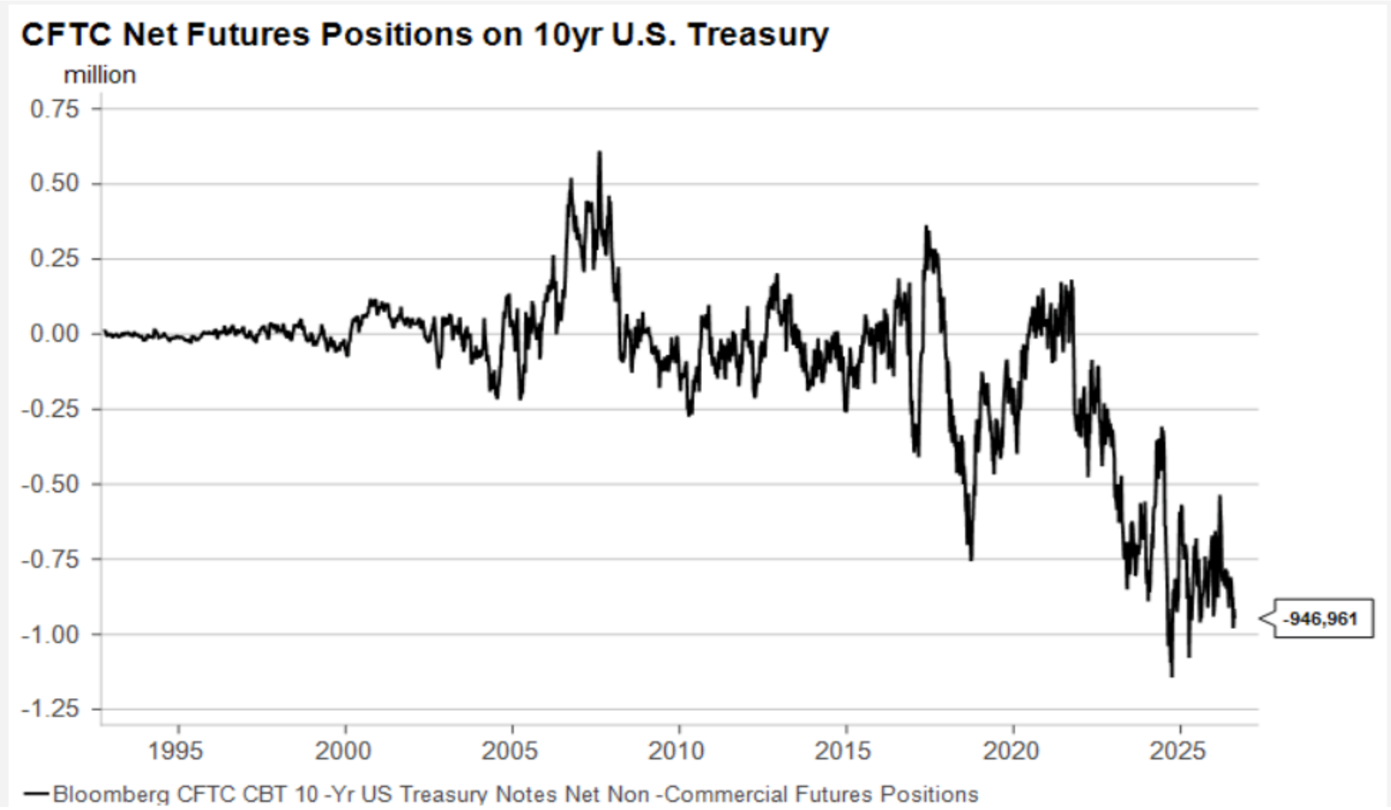
The one area of the economy that looks set to weaken is consumer spending, which we covered a few weeks ago. But tighter policy to bring inflation down could arguably be seen as helping address cost of living concerns. Even after Warsh's remarks, saying what the Fed will do or should do in September remains as difficult a call as it was a month ago.

In our description of what has brought interest rates back to cycle highs and what might be done to bring them back down, we've conspicuously avoided mentioning the federal debt or deficit. This is not because we're ignoring the effect fiscal profligacy is having on the bond market. It's simply an acknowledgment that there is currently no political will to tighten fiscal policy via tax increases or spending cuts. Monetary policy and incoming economic data are likely to be the only two durable influences on the bond market for the time being, perhaps with the occasional geopolitical shock thrown in.

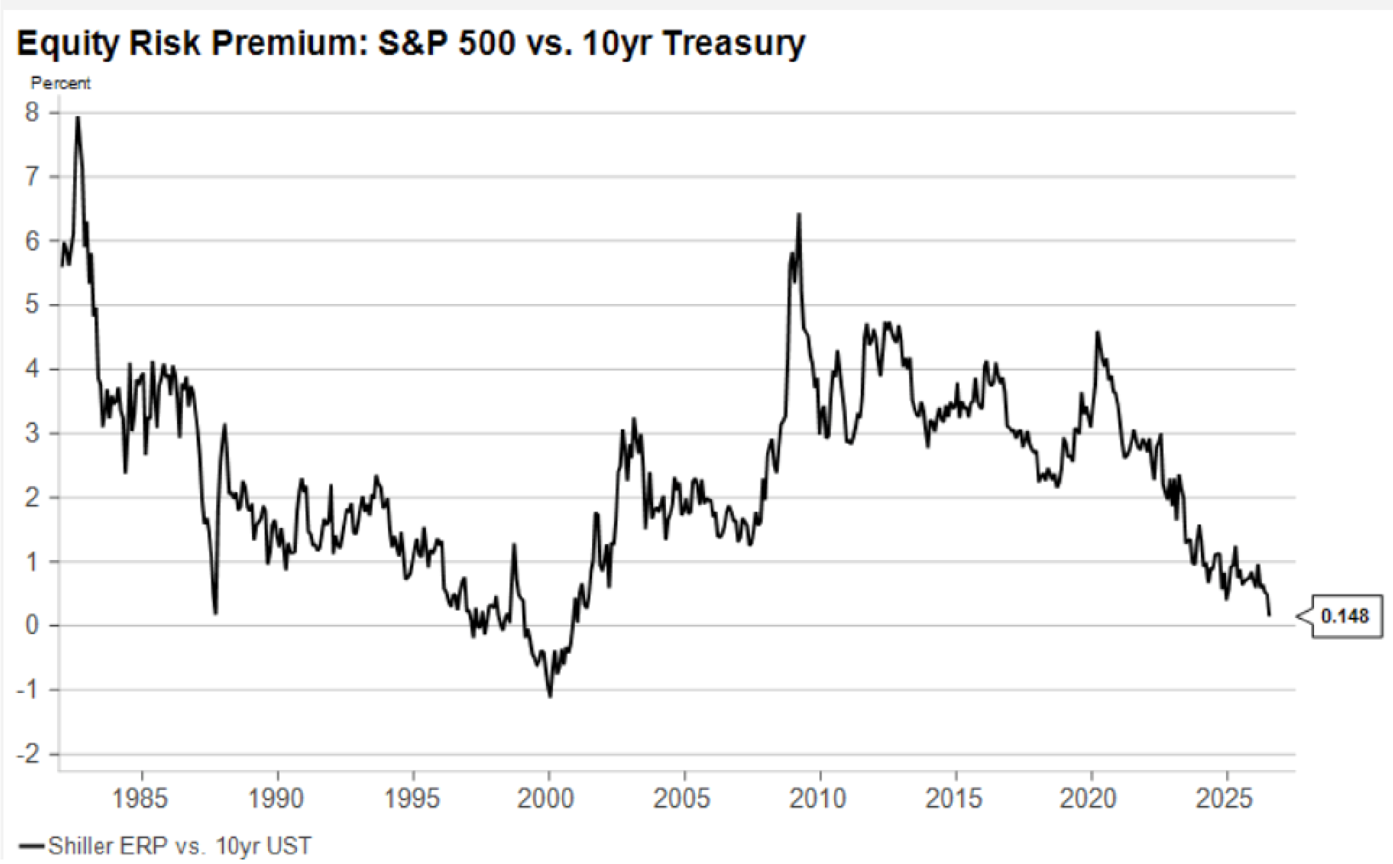
Short of an economic collapse, we do not expect bond yields to move dramatically lower in the near term, which offers investors a window of opportunity to access some of the highest yields in a generation. Those who live in high-tax areas should pay particular attention to this chart, which shows the benefit of moving from taxable to municipal bonds using an apples-to-apples taxable-equivalent comparison:



Yields on longer-dated municipal bonds in the 10- to 20-year range look even more attractive, but these bonds carry significant risk of a market loss (though not a default) should rates move higher from here. One thing that ironically makes us comfortable with accepting more duration in portfolios is that everyone seems to think it's a terrible idea. Investors who stake out futures positions on the 10-year Treasury Note are about as net short as they've ever been:



Longer-term investors who rely less on positioning data to make investment decisions can rest easy that relative valuations also point to the best entry point for longer-duration bonds vs. stocks in a generation:



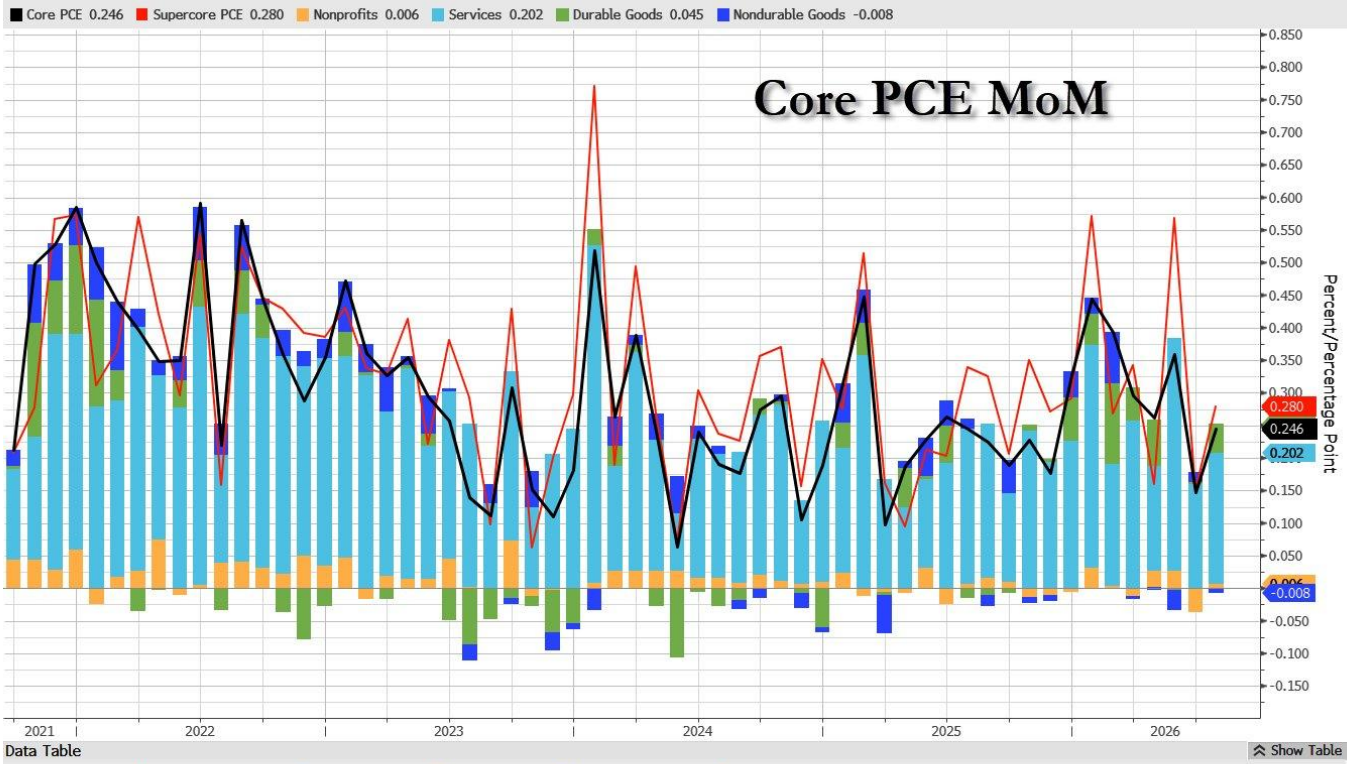
Our enthusiasm for bonds is by no means unbridled. Another string of hot inflation data – more likely given the rise in gasoline and diesel prices in August – could send rates even higher, particularly if the Fed is slow to react to it. And as we wrote above, none of the Treasury's gambits to influence the yield curve are likely to work even if they pass legal muster.

Economic Update:

- **Trade:** the breakdown of Canada-US trade talks triggered 50% US tariffs and Canadian retaliation threats — trade protectionism is looking structural rather than temporary.
- **Bonds & debt:** Treasury yields whipsawed as heavier public and private borrowing pushed rates up, even as the Treasury tried to counter it with a doubled buyback of longer-dated bonds, a move widely read as a band-aid. The bigger headline: US national debt crossed $40 trillion, having doubled in just a decade, with debt-servicing costs up 15% this year and now consuming roughly 20% of tax revenue.
- **Oil:** stayed elevated on stalled US-Iran talks, continued Israeli strikes on Lebanon, and Strait of Hormuz disruptions.
- **Labor & consumer:** US labor data held solid (initial claims at 208K, beating consensus), and retail earnings gave a mixed read on the consumer, a more cautious Lowe's against a more upbeat Target, with Walmart missing SSS estimates by the most in years (despite keeping its outlook).

PCE Inflation

- July PCE inflation, the Fed's preferred inflation metric, hits 3.7%, above expectations of 3.6%. MoM was 0.2% vs est 0.1%.
- Core PCE inflation was 3.3%, vs eexpectations of 3.3% (in line), but the second highest reading since October 2024. MoM was 0.2% vs est 0.2%.
- The Inflation Front is Calm: Core inflation came in exactly as experts predicted with no bad surprises, meaning the Fed doesn't need to panic or raise interest rates.
- Growth is Slowing: Economic growth cooled down as expected, and consumer spending flattened out while inflation remains above the Fed's 2.0% target (at 3.3%).
- Why Futures Dipped????: Even though inflation wasn't worse than expected, it is still "sticky." Because price pressures haven't gone away completely, traders realize the Fed isn't getting an immediate green light to aggressively slash interest rates, which led to some quick profit-taking in the futures market.


Core PCE 0.246 Supercore PCE 0.280 Nonprofits 0.006 Services 0.202 Durable Goods 0.045 Nondurable Goods -0.008
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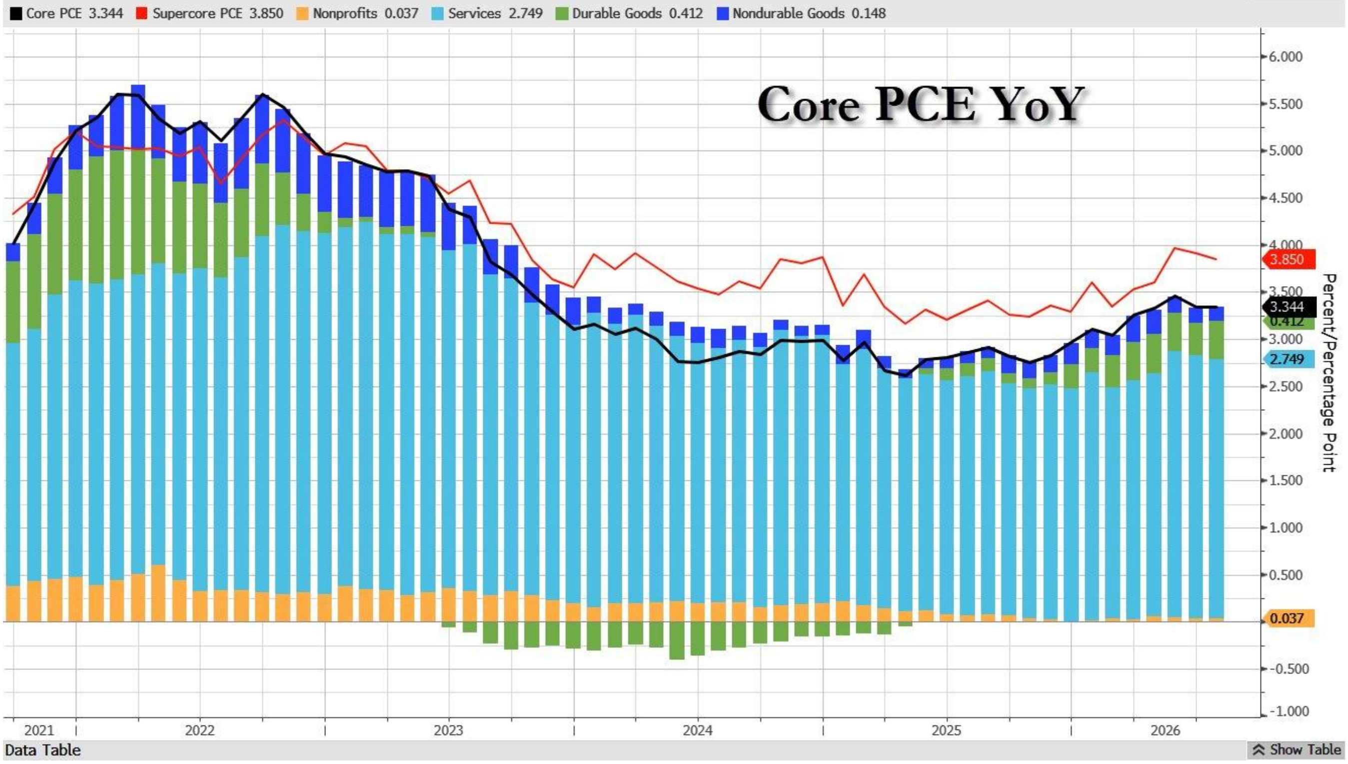
Core PCE 3.344 Supercore PCE 3.850 Nonprofits 0.037 Services 2.749 Durable Goods 0.412 Nondurable Goods 0.148
Core PCE YoY
Percent/Percentage Point
2021
2022
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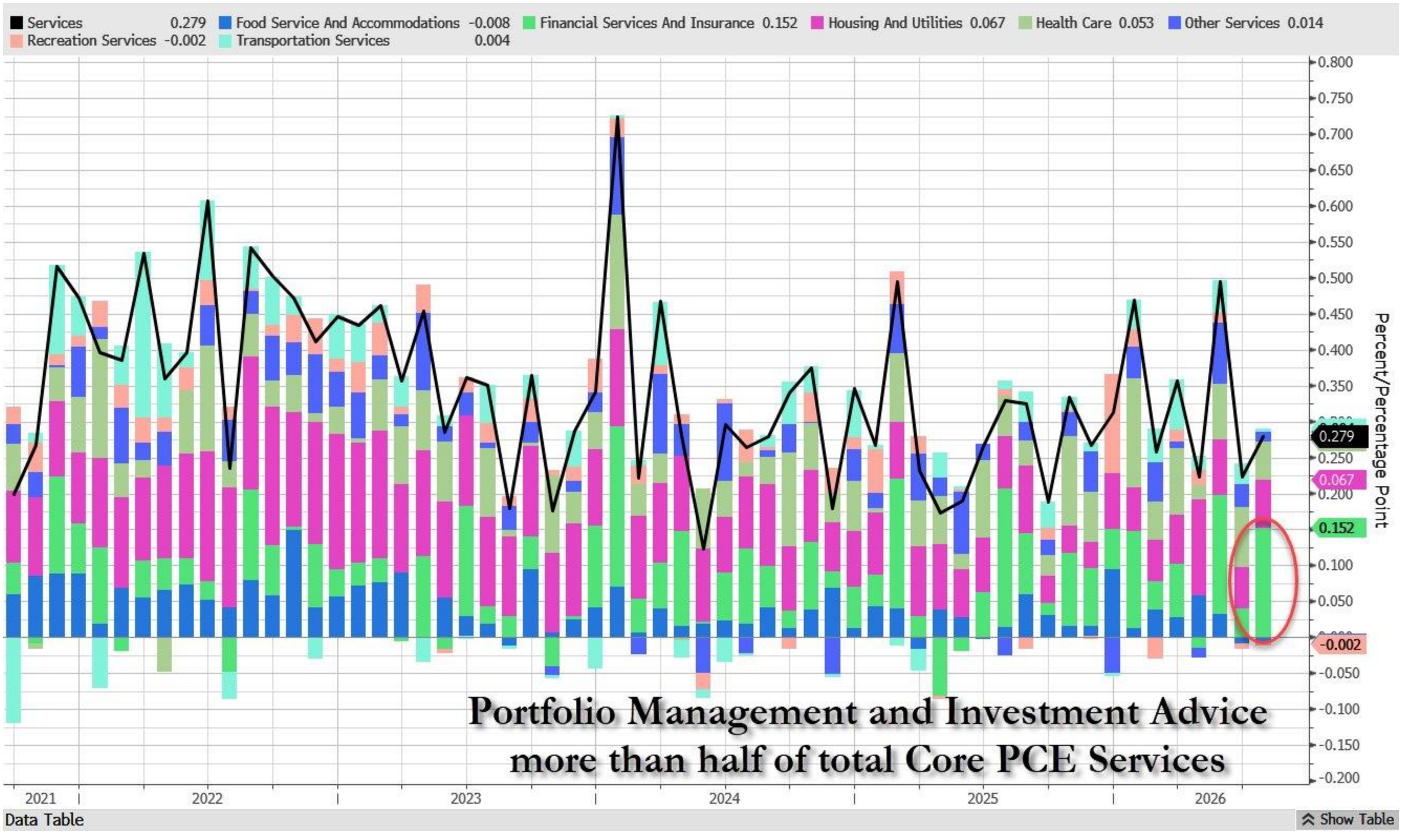
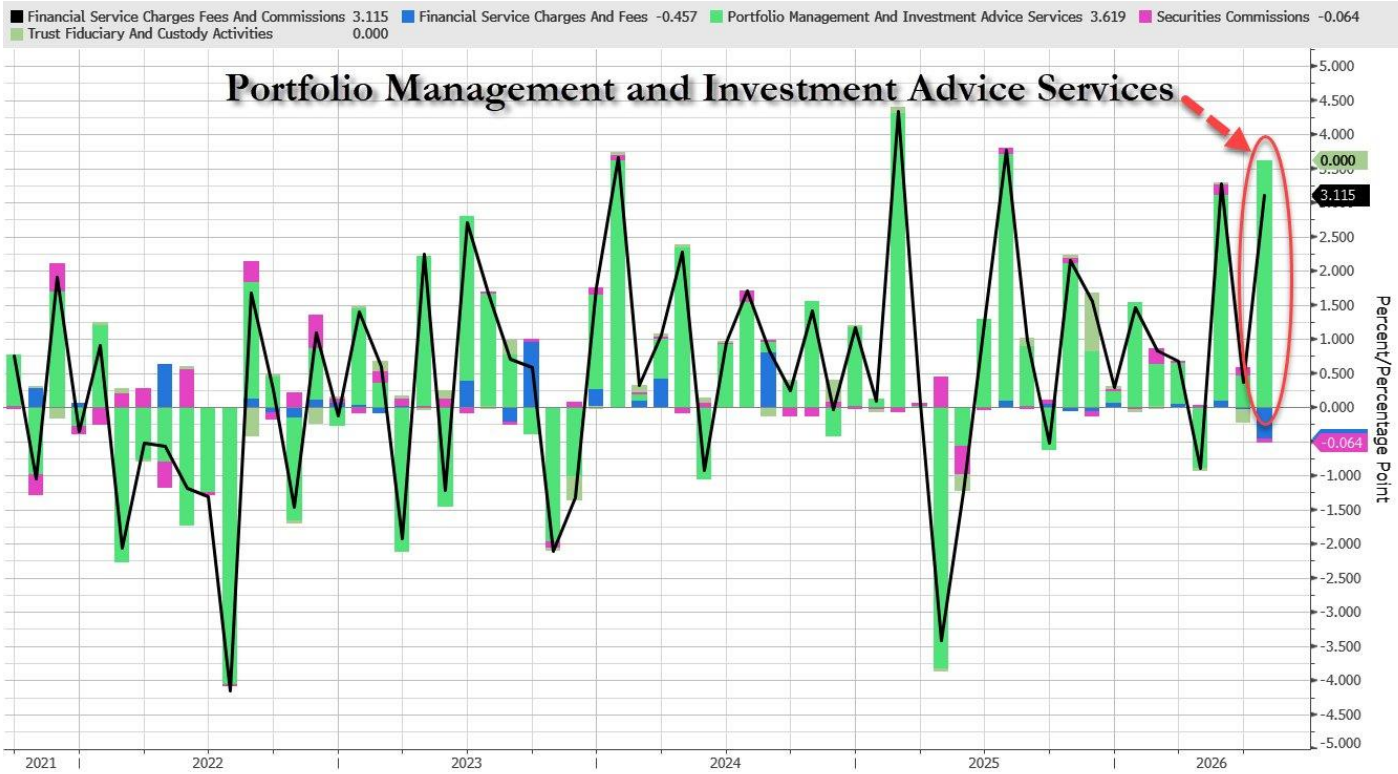
2026
Data Table
Show Table

Market meltup is... inflationary.

More than half of core PCE came from Portfolio Management and Investment Advice, "reflecting equity price gains"





Jackson Hole Discussion

Best thing Kevin Warsh could do to lower rates is to reaffirm Fed commitment to PCE until it hits 2%. Suggesting an index change last meeting was shocking and revealed low levels of competence. Note kevin is already famous for poor judgement by being hawkish into and even after the GFC

GOLD SPECULATORS GO ALL-IN: RECORD $22.2 BILLION SURGE IN NET FUTURES BETS, BIGGEST INCREASE IN OVER A DECADE

- Over a three-week stretch, speculative buyers poured more than $22 billion in net value into gold futures. This rapid accumulation is the largest single build-up in positioning on record in over a decade, which accelerated after Bessent increased long end bond purchases.
- Dual Engine of the Rally: The $22 billion shift was powered by both $13.6 billion in brand-new long positions and $8.6 billion in short-covering (traders closing out bets that gold would drop).
- Systematic & Momentum Buying: A significant portion of the surge was driven by Commodity Trading Advisors (CTAs) and automated trend-following funds executing high-volume technical buying as gold broke through resistance levels.
- Options Market Skew: Traders aggressively paid high premiums for call options to secure upside exposure, shifting open interest to the 93rd percentile of its two-year range.
- Weakening Dollar & Rates: The initial trade was fueled by falling real yields, expectations of dovish central bank policy, and concerns over currency debasement.
- Shift to Momentum: The driver of the trade transitioned from fundamental valuation to trend-chasing as systematic models took over.

Jackson Hole: September Hike Probability Now at 60%, Nasdaq at Lows of the Day as $NVDA Sells Off 3.5%

Wall Street traders sent short-dated notes lower after Federal Reserve Chair Kevin Warsh vowed to bring inflation to the 2% target, boosting wagers on an interest-rate hike this year.

In his first major speech since taking the helm of the world's top central bank, Warsh's remarks brought relief to investors urging a strong determination in dealing with price pressures and bolstering the long end of the Treasury market. His remarks drove yields on two-year notes up 10 basis points to 4.33%. Those on 30-year bonds were little changed. The S&P 500 wavered.

"Here is my standard: We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do. That's our job," Warsh said at the Fed's annual conference in Jackson Hole, Wyoming.

Warsh added that financial conditions are not currently restrictive and interest rates are the Fed's "predominant tool" for achieving its mandate, though he stopped short of signaling he would support an rate hike when officials gather in September.

"I would say Warsh was successful in reestablishing confidence," said Larry Holzenthaler at Catalyst Funds. "He came across as very focused on inflation and bringing it back in line with the Fed's 2% target. The market seems to be reacting exactly the way the Fed wants."

"I believe he did a very good job of laying out a pathway, a framework, a playbook and the rules of his road on what he's watching out for and what will guide him in terms of properly calibrating monetary policy as best he can," said Peter Boockvar, author of The Boock Report.

Warsh's speech delivered a far clearer – and hawkish – message than his last press conference, according to Capital Economics. Hikes are not guaranteed, but the Fed chief is now at least suggesting he's on board with them if economic growth remains strong and inflation stays a bit too firm, it added.

"Although we expect incoming data to improve, the risk of a September hike has increased," said Seema Shah at Principal Asset Management. "The positive market reaction highlights that investors place a premium on policy clarity, even when that clarity carries a more hawkish message."

After Warsh's remarks, traders boosted the odds of the Fed raising borrowing costs, with swaps showing traders see a more than 50% chance of a hike at the Sept. 16 meeting. At least one such move by the end of the year is seen as virtually assured.

Severe negative correlation between High Beta stocks and Low Volatility stocks. At -0.52, the 45-day correlation between these groups is the lowest on record.

Fed's warsh: must be confident underlying inflation is moving to objective, or 'we have work to do'

Warsh: 'hard-pressed' to describe financial conditions as restrictive

- Consumer spending healthy, labor markets stable

- Numbers 'more concerning' on price stability

- This summer's inflation data better than expected, but do not tell me underlying trends have meaningfully changed

- Fed's predominant focus right now should be on prices

- At July meeting 'good majority' felt wiser course was to wait

- Impressed by the overall performance of economy, appears to have strengthened

- Credit and loan markets showing few signs of policy restraint

- Wage growth moderate, but not a reliable indicator of future inflation

- Inflation expectations by and large look stable in medium term

- Market prices show confidence that we will deliver price stability

- Business investment climbing rapidly

- Important to gauge effects of high growth expectations for cap-ex, corporate earnings

- Inflation expectations tend to look durable until they don't; must be closely minded

- Fed's 2% PCE target is firm and fixed; it is fed's job to deliver stable prices

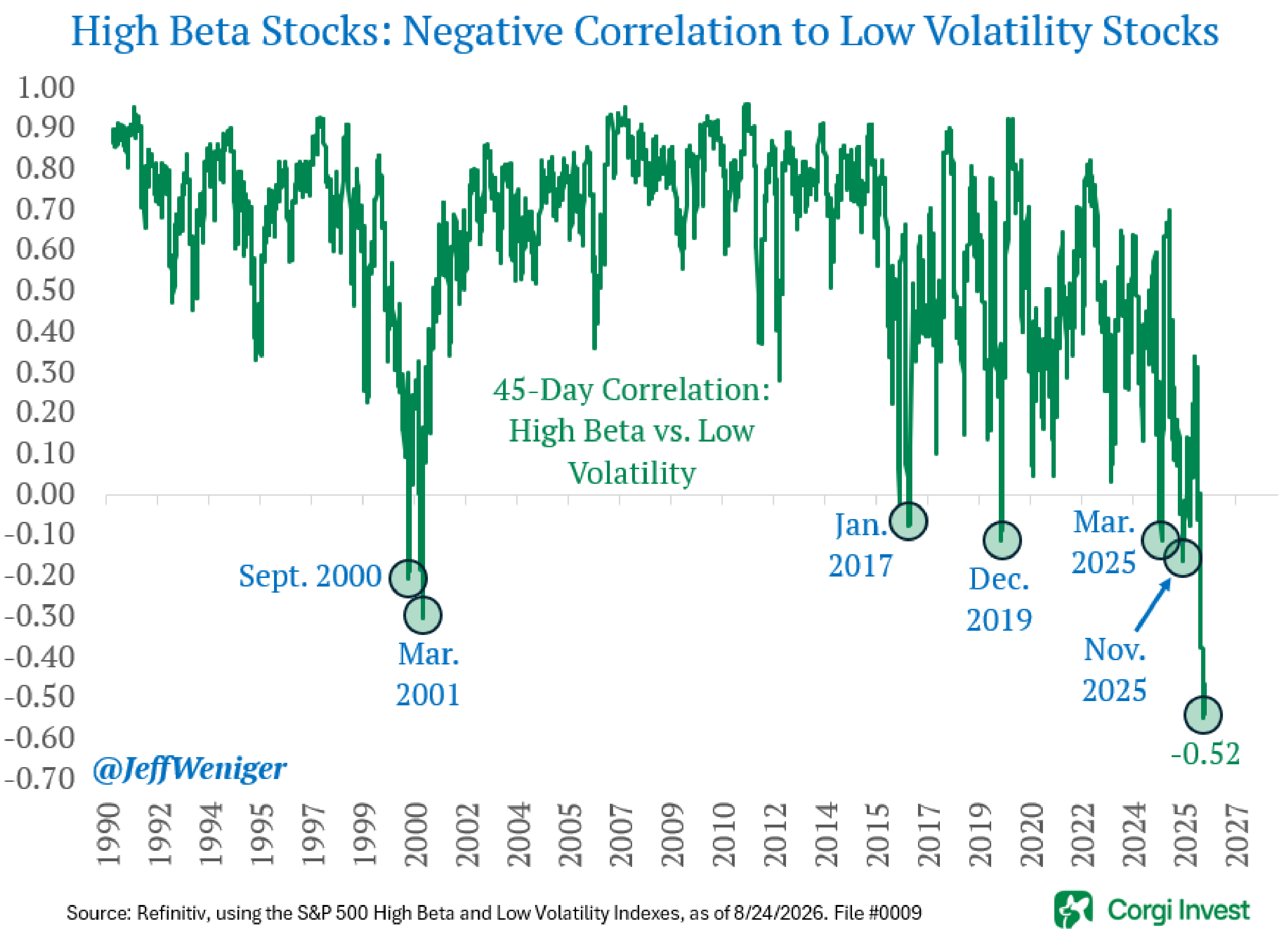
Reflections on Warsh

1) In July, Warsh kind of hinted that we were waiting for a new inflation measure. He took that off the table (for now) by being strict about the PCE. That was probably to satisfy the committee, and that is what the market takes as hawkish. Warsh famously doesn't give forward guidance, but if he did, he would have just signalled a September hike. (From Dario Perkins, my friend at TS Lombard.) I have to agree, even if I think we may be overreading it. The best guess is still that Warsh is trying to buy himself time until the committees / task forces are done.

2) The one part of the Trump mandate that he is very explicit about delivering on is trying to communicate that the market should trade everything BUT the Fed. Not sure it will be an easy task, but he is at least trying every single time. Trump has been very vocal about that as well: good data should be good news for equities, rather than "good data = rate hikes = sell everything."

3) He didn't really deliver the productivity speech I had hoped for, but I still hold on to the view that he has that whole mindset installed in him. So if we get a hike in September or October, I think it is to satisfy the "groupthink" at the Fed now, to be able to deliver on the productivity side later, once he has some committee's word for it. That is also what a blue chip CEO does: pay McKinsey to deliver a predecided conclusion, so he can use that "external input" as the reason to make a new strategy.

4) Warsh just made life worse for Bessent. One could argue that being hawkish brings long bond yields down, so it is not crystal clear that he makes it worse. But from a liquidity standpoint, Bessent needs to buy back more next week at the first opportunity. Would be fun if Bessent bought, say, 10bn worth of long bonds (he has stated at least 4bn), and I actually think he will do it. The TGA has plenty of firepower for that.



Earnings Season Update

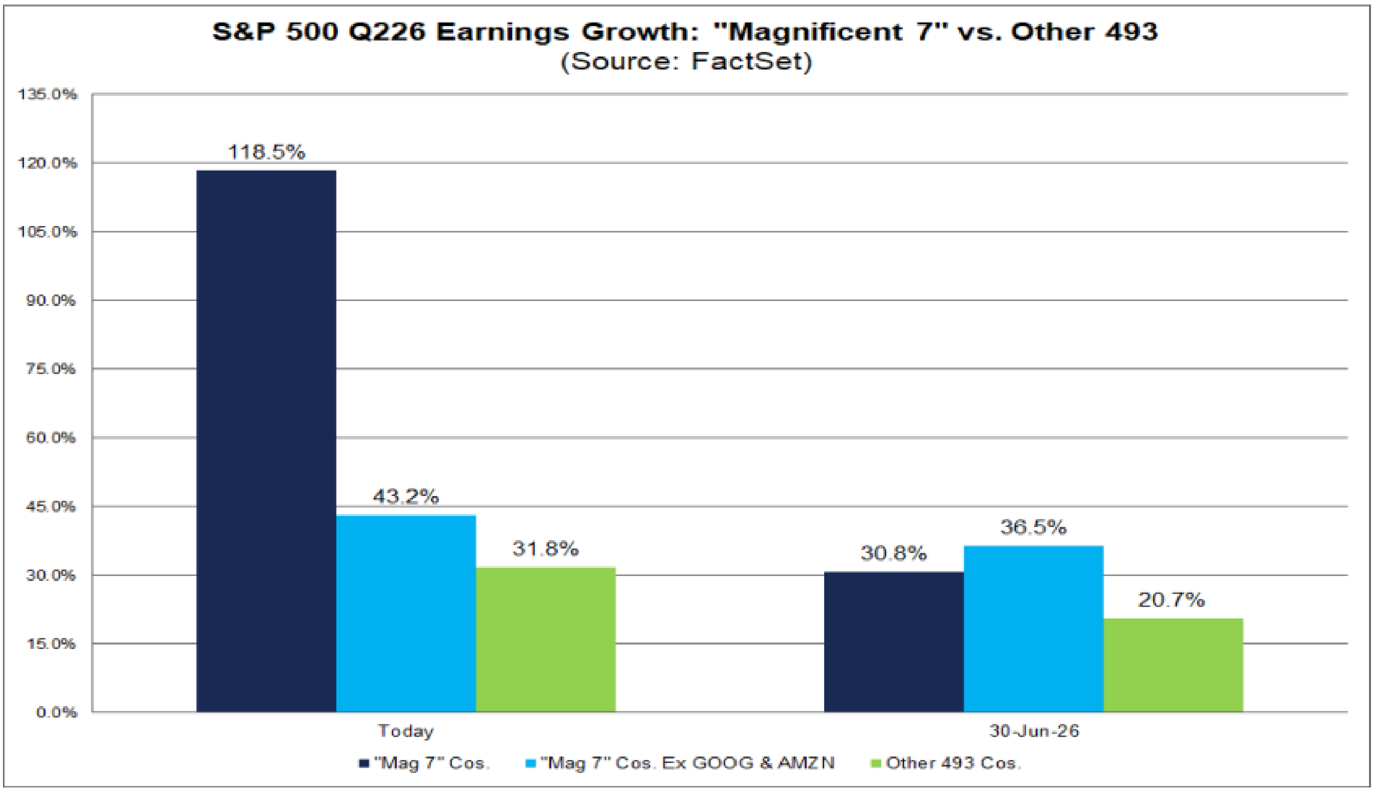
With over 90% of the S&P500 having reported thus far, the index is on pace for one of its best earnings seasons this century, as overall revenue growth is tracking at +15% YoY and adjusted EPS growth is tracking at +31% YoY (this adjusted measure excludes recent one-time gains on private investments for several large technology companies, gains which, when included, inflate GAAP EPS growth to over 118.5% YoY and need to be taken with a grain of salt (e.g. Anthropic mark-to-market for Amazon and Google).

This level of adjusted earnings growth, roughly 3x the long-term average for the S&P500, is typically only seen in post recessionary environments, which often coincide with easing policy and a recovery in economic activity, making these results even more impressive in the context of the second-quarter macro environment where rising interest rates and elevated geopolitical uncertainty were prevailing headwinds to consumption and profitability.

While index-level results were influenced by some of the largest constituents, trends under the surface confirm a healthy quarter of profitability as well. Ex-Mag-7 earnings on average is 20.7% for the quarter. The median S&P500 company is on pace to deliver 14% YoY EPS growth and 6% YoY revenue growth, both accelerating from last quarter and near the highest levels this decade.

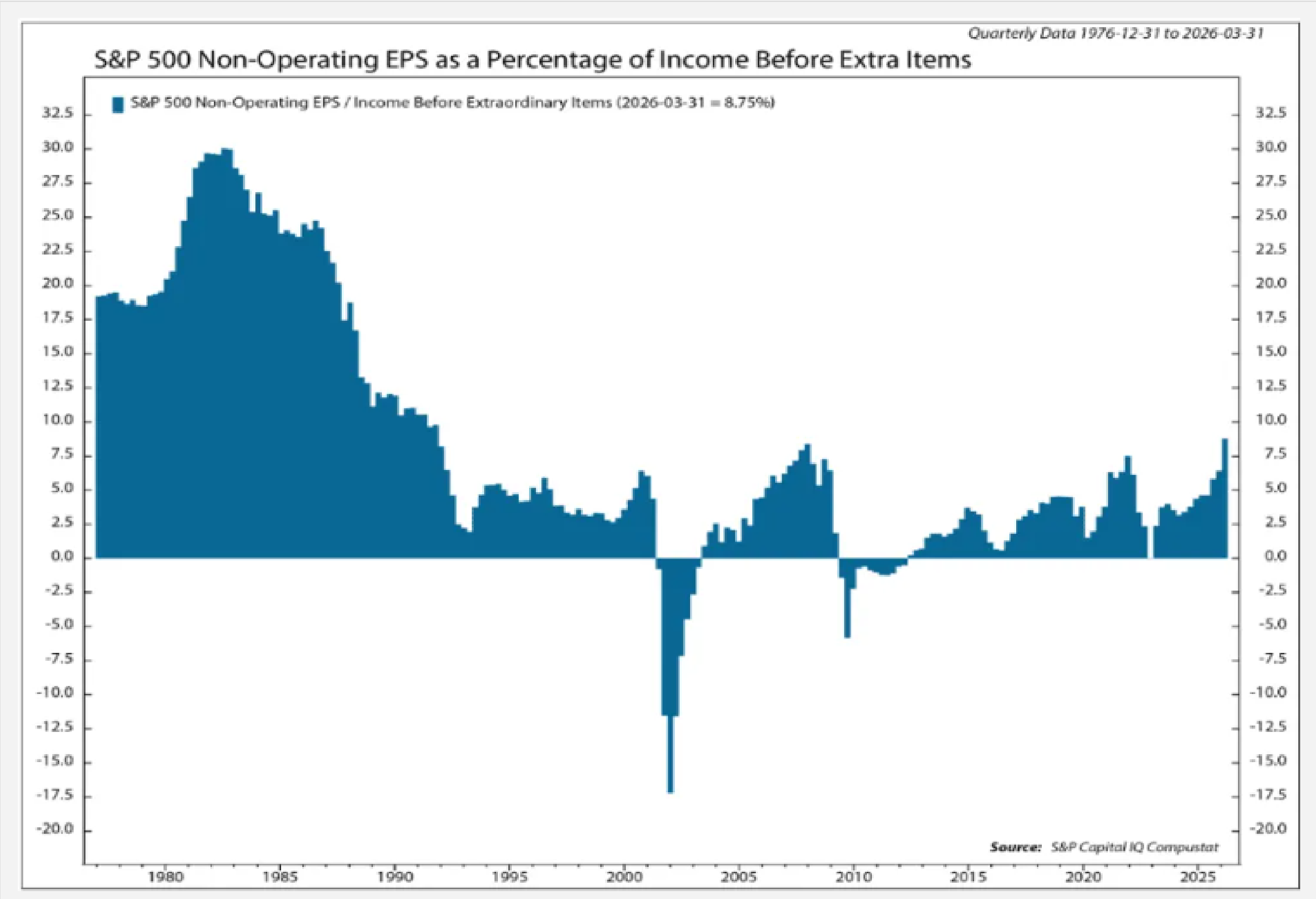
At the same time, earnings surprises remain above average as well; nearly 90% of companies have beaten bottom-line estimates by an average of 29% (a record quarterly EPS surprise), and 75% of companies have beaten top-line estimates by an average of 3% (nearly double the average revenue beat rate over the past 10 years). Lastly, at the sector level, we see healthy contribution as well, with 10 of 11 sectors on pace to post positive YoY EPS growth, and 8 of 11 are on pace to deliver double-digit YoY EPS growth, led by the Energy, Communications, and Consumer Discretionary sectors.

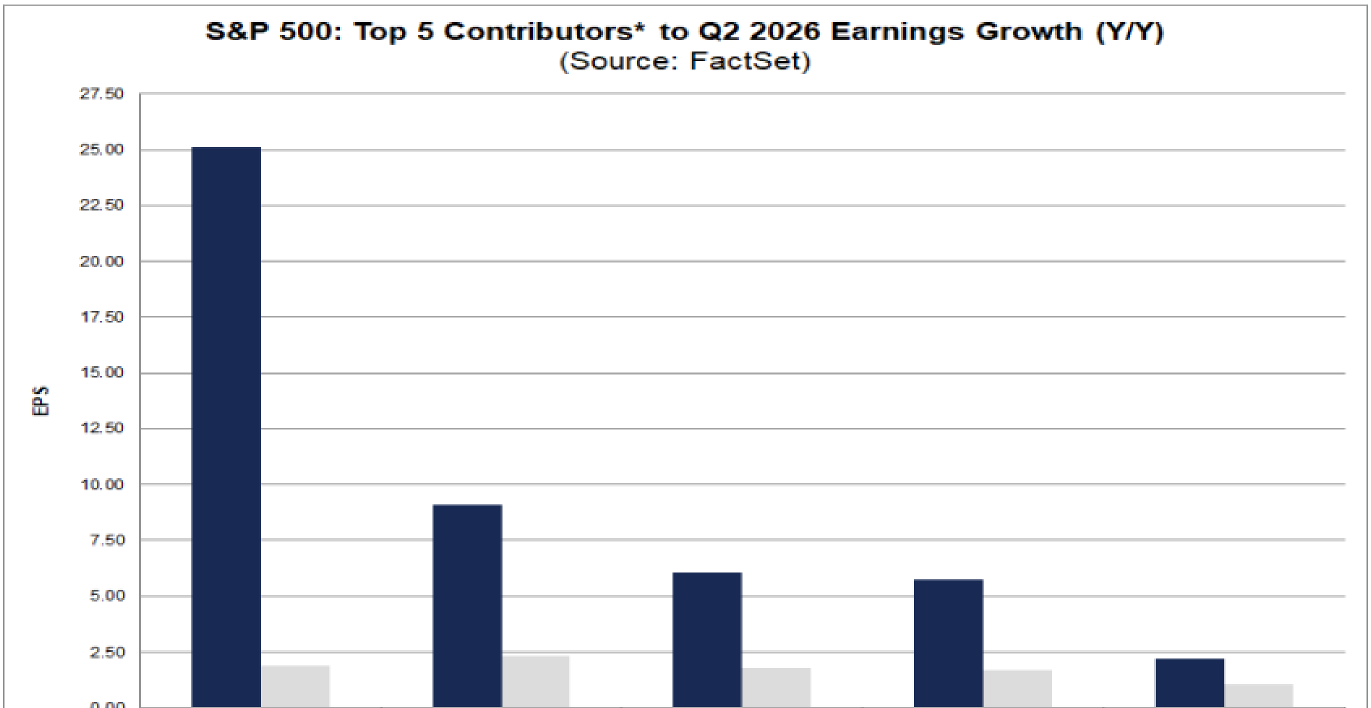
It is important to point out, however, that surging growth in some of the largest companies and segments is skewing index- and sector-level results this quarter. Excluding Amazon, for example, would reduce the Consumer Discretionary EPS growth rate from 92% to just 7% YoY. Excluding Amazon and Alphabet from the S&P500 index (two companies that have seen the largest EPS boost from markups on private investments) would reduce the overall earnings surprise rate from 29% to just 10%, a sizable haircut but still a healthy beat rate relative to history. Lastly, when excluding major market segments like semiconductors and the Magnificent Seven, we see underlying earnings growth for the rest of the market of 15% YoY, again healthy profit growth but a far cry from the 30% adjusted EPS growth reported for the broad S&P 500 Index. Overall, this confirms our view that corporate profitability and earnings momentum remain strong, but it is not as robust (or durable given the cyclical nature of some of the largest contributors) as headline measures suggest.



While recent revaluations on private investments for some of the largest tech companies have meaningfully boosted GAAP EPS, at this point the ratio of this non-operating income relative to core operating income is elevated but far from extreme levels (averaging around 9% at the end of Q1 and likely headed into the low double digits for Q2). In the 1980s, for example, non-operating income accounted for over 25% of corporate EPS (thanks to the healthy yields generated on cash at the time), and historically this non-operating income has risen alongside a pickup in IPO activity and private capital fundraising. This is a metric that bears watching, as it has historically risen in later-cycle environments, and while it does not suggest an imminent end to the earnings cycle, non-operating income growth as a percentage of total income can lead to more volatile earnings in future quarters.

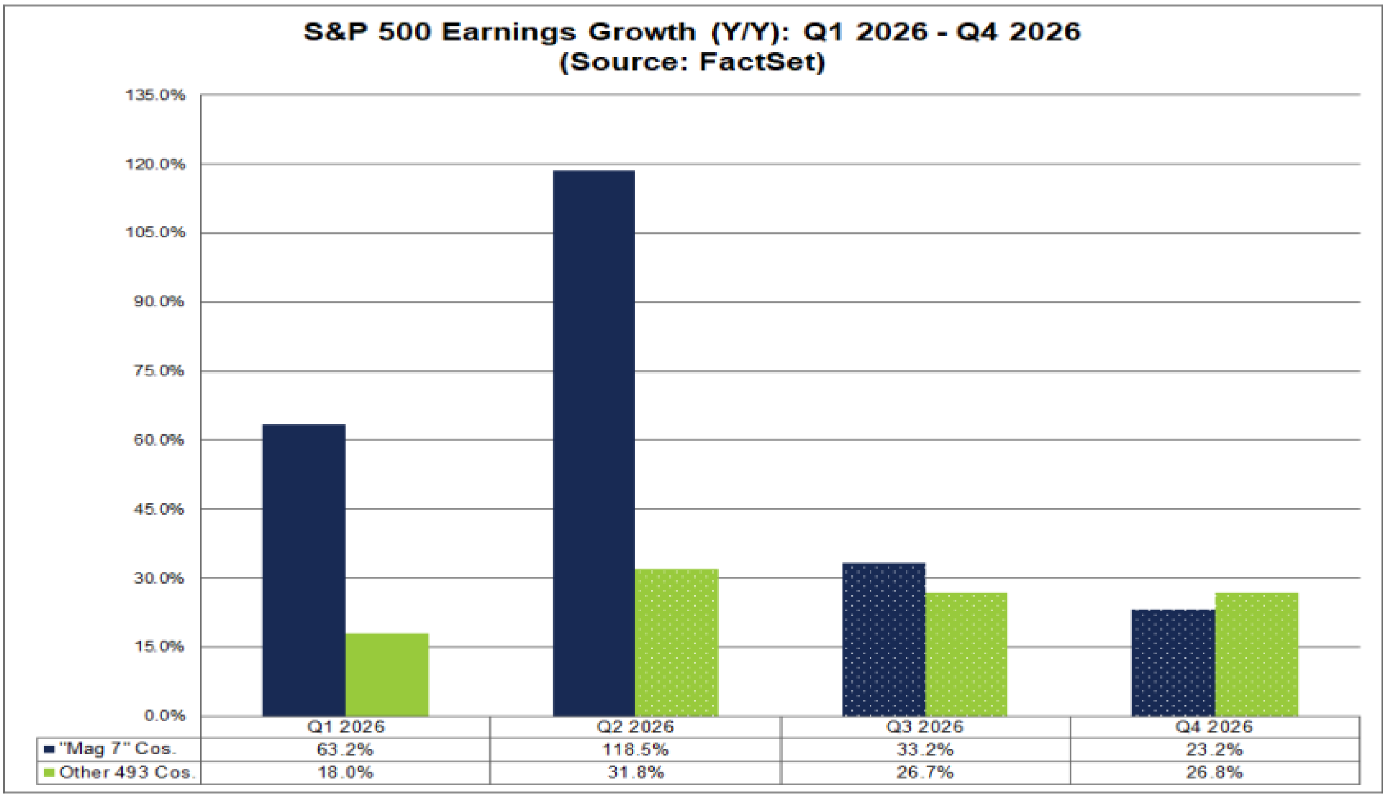
S&P500 Non-Operating EPS to Core Operating Income





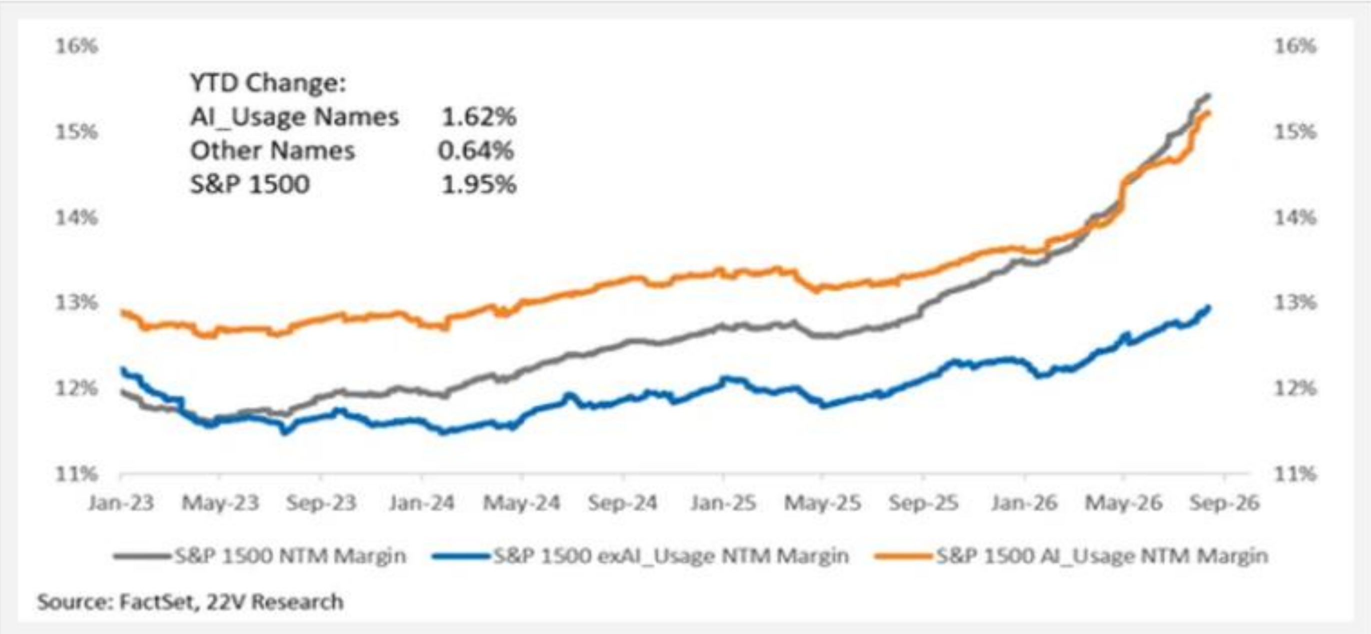
	Micron Technology	Alphabet	Chevron	Amazon.com	NVIDIA
Q2 2026	25.11	9.11	6.06	5.75	2.22
Q2 2025	1.91	2.31	1.77	1.68	1.05

*Not in order of contribution



Another positive data point this season has been overall profit margins, which surged once again in Q2 due to a combination of accelerating top-line growth, embedded operating leverage, and disciplined expense management at many companies. Overall net profit margins for the S&P500 are on pace to reach 16.9% this quarter, expanding by over 400bps over the past year to the highest level since 2009. While the majority of margin expansion has been concentrated among the largest companies in the technology, communications, and discretionary sectors (boosted by the one-time benefits of unrealized gains on private investments as well as surging semiconductor profitability), in aggregate, 8 of 11 sectors are seeing margin expansion and approximately 60% of companies within the S&P 500 have generated some level of margin expansion over the past year. These measures indicate that expanding profit margins are becoming more broad-based across the large-cap equity universe, a bullish signal as historically rising profitability has been supportive of a higher valuation multiple on the broader index.

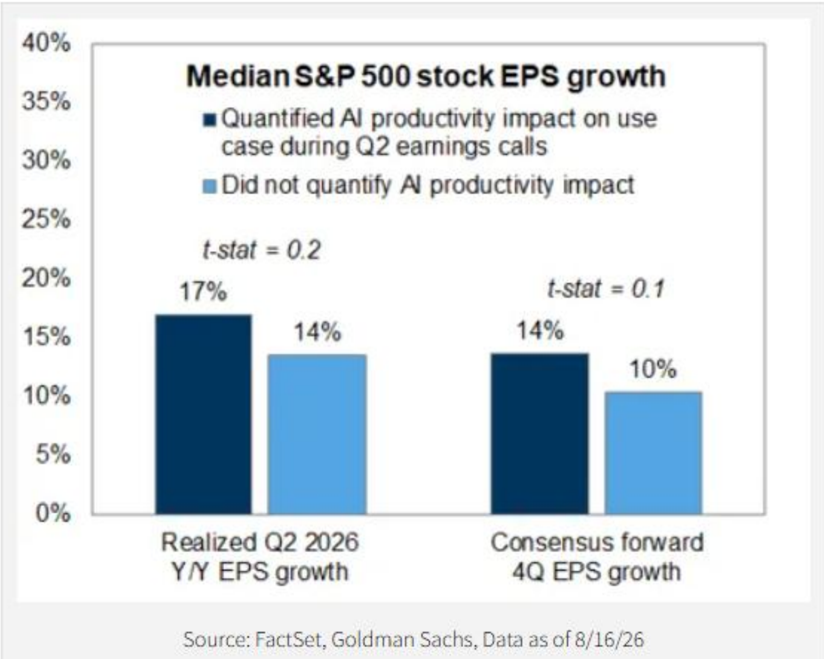
Change in NTM Profit Margins (S&P1500 AI Usage and ex AI Usage Baskets)



Source: FactSet, 22V Research. Data as of 8/16/26

In recent years, we have suggested that disciplined expense management would be a vital tool in allowing companies to deliver and exceed earnings growth expectations in a late-cycle economic environment. While corporate belt-tightening has certainly been a contributor to this season's remarkable earnings growth, we are seeing signs that AI integration is having a positive effect on corporate profitability as well. When bifurcating the large-cap U.S. equity universe into companies that have specified AI use cases in their businesses and those that have not, we can see that those using AI have garnered a greater share of earnings growth, positive revisions, and margin expansion.

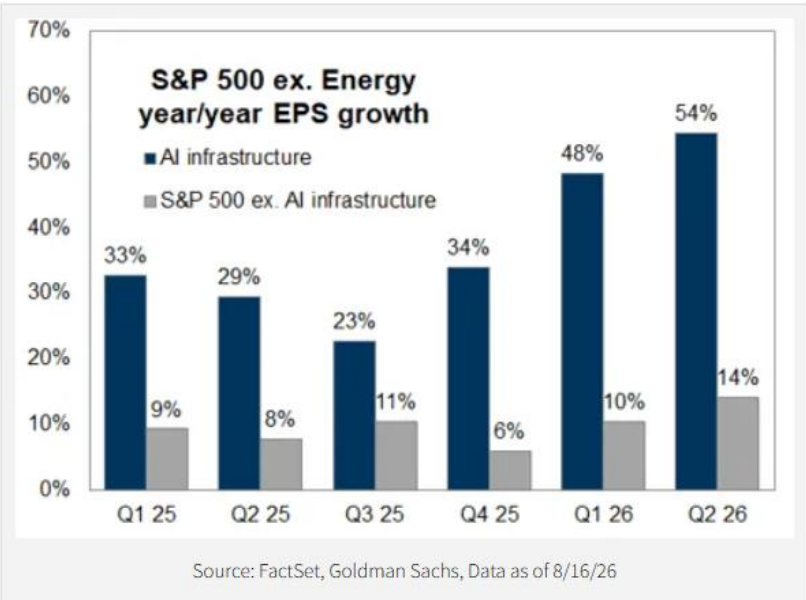
Change in YoY EPS Growth (median S&P500 Company)



The most substantial driver of S&P500 EPS growth over the past several years has been the remarkable growth in AI-related capex spending, investment that continues to exceed expectations in both magnitude and duration. Estimates from Empirical Research and JP Morgan as of April 2026 suggest AI capex has accounted for nearly 70% of the S&P500 earnings growth over the past three years, making the trend in capex growth and hyperscaler capex commentaries an essential watch item each quarter.

Once again in Q2, we saw hyperscaler capex estimates surpass expectations, topping already lofty estimates by an average of 13%, while forward guidance generally indicated AI-related capex will continue to increase in the coming quarters. The beneficiaries of this capex continue to garner the majority of EPS growth within the S&P500, and this quarter the spread in YoY EPS growth for the AI infrastructure segment relative to the non-AI infrastructure segment within the S&P500 hit a record 40%.

Relative EPS Growth Rates (S&P500 AI vs. Non AI Infrastructure)



While elevated AI capex continues to erode free cash flow for the hyperscalers (which could lead to continued debt and equity issuance for the group in the future), it does help fuel rising EPS growth expectations for many key industry groups like semiconductors, capital goods, and hardware, and given their outsized weights today, this continues to have a positive impact on broad S&P500 index EPS estimates as well. Eventually, this spending will normalize, and it is possible 2026 will be the year when AI capex growth peaks (as we are on track for over $700B in hyperscaler capex this year, an increase of more than 90% relative to last year). As this spending growth normalizes (consensus expects 30% growth in 2027), we should anticipate some moderation in the earnings revision momentum for the S&P500 as well. In this scenario, fundamentals and durable growth are likely to take on a greater role in markets, and we may also see wider dispersion as companies that can continue to deliver on expectations are rewarded.

The second quarter earnings season has certainly been impressive, evidenced by the magnitude of and breadth of earnings growth, above-average beat rates, and healthy margin expansion within the index. While some of these metrics are inflated by one-time gains and non-operating activity, even excluding these items, we see a generally healthy environment for corporate profitability today, fueled by rising nominal GDP growth and continued operational efficiency at many companies.

At the same time, we recognize that the current outsized EPS growth rates for the S&P500 will be difficult to replicate going forward, and the index is likely "over-earning" today relative to historical levels. This above-trend growth has been the result of a confluence of factors, some durable (like supply chain optimization and operational efficiency), and some less durable (like private market gains, tariff refunds, and tax benefits). All in all, this growth provides a healthy fundamental signal for long-term investors, yet its composition suggests the environment may not be as "sunny" as reported results indicate. In our view, this warrants a continued emphasis on higher-quality companies, those with durable top and bottom-line growth, premium profitability, and great capital efficiency, fundamental metrics that have historically supported more consistent profit generation and may become more appreciated as the earnings cycle ages.

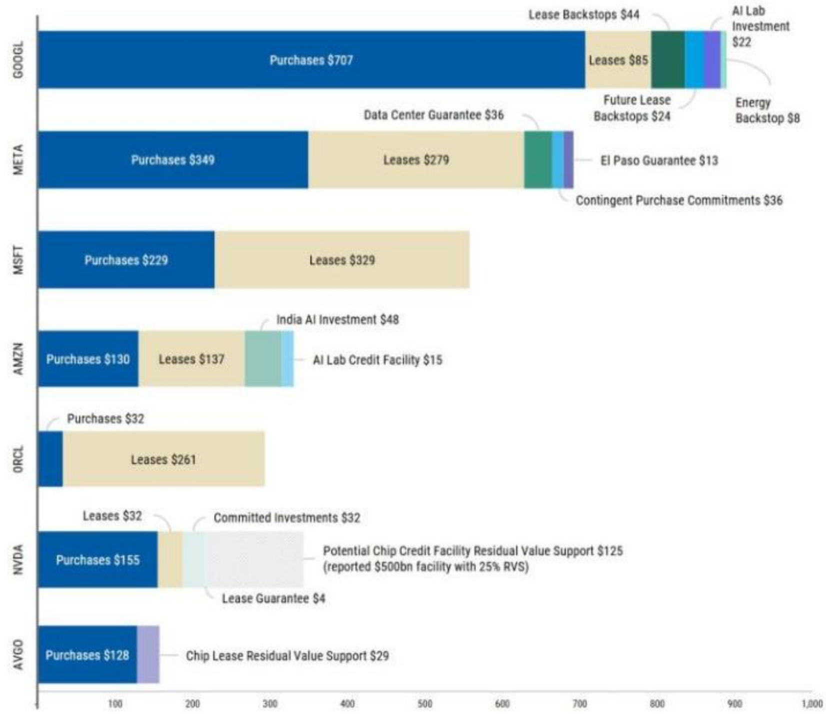
Hyperscaler CDS Spreads at All-Time Wides

Goldman Delta-1 head "I think there are a few things going on:

- First, at least in pockets credit is starting to ask questions that equity largely ignored. NVDA/BroadcomCDS has widened materially as the market focuses on AI financing backstops and off balance sheet commitments, feeding into the broader derating of semis.
- Second, Street dialogue has started shifting toward inventory builds across parts of the semi chain.
- Third, power bottlenecks and growing policy pushback around data centers are adding uncertainty around the speed and ultimate capacity of the build.
- None of these kill the AI story, but the range of outcomes is clearly getting wider = lower multiples (SOX on 24m forward P/E has gone from 21-22 to 15ish)."

Hyperscalers have $3.1 trillion of off balance sheet arrangements, not all of which are guaranteed.

Exhibit 1: Hyperscalers, NVDA, AVGO disclosed off-balance sheet commitments total more than $3.1tn, with more financing structures under development



Source: Company Filings, Morgan Stanley Research.

DKS Earnings Miss

Q2'26 EARNINGS HIGHLIGHTS

- Revenue: $5.59B (Est. $5.65B) 🔴; +53.2% YoY
- Adj. EPS: $3.53 (Est. $3.78) 🔴; -19% YoY
- DICK'S Comp Sales: +4.9%
- Foot Locker Proforma Comps: -3.6%

Cuts FY26 Guide:

- Net Sales: $21.9B-$22.2B (Est. $22.38B) 🔴
- Adj. EPS: $11.00-$12.00 (Est. $14.24) 🔴
- Adj. Operating Income: $1.46B-$1.56B; from $1.71B-$1.83B
- Tax Rate: ~29%; from ~27%

FY26 Segment Outlook:

- DICK'S Comps: +2.5%-+4.0%; unchanged
- DICK'S Segment Profit: $1.54B-$1.60B; from $1.60B-$1.68B
- Foot Locker Net Sales: $7.4B-$7.5B; from $7.6B-$7.7B
- Foot Locker Comps: -2.0% to 0.0%; from +1.5%-+3.0%
- Foot Locker Segment Profit: -$80M to -$40M; from $110M-$150M

Segment Results:

- DICK'S Sporting Goods: $3.85B; +5.6% YoY

- DICK'S Segment Profit: $485.2M; +2% YoY
- DICK'S Gross Margin: 37.9%; +79 bps YoY
- Foot Locker: $1.74B
- Foot Locker Segment Profit: -$31.9M

Other Q2 Metrics:

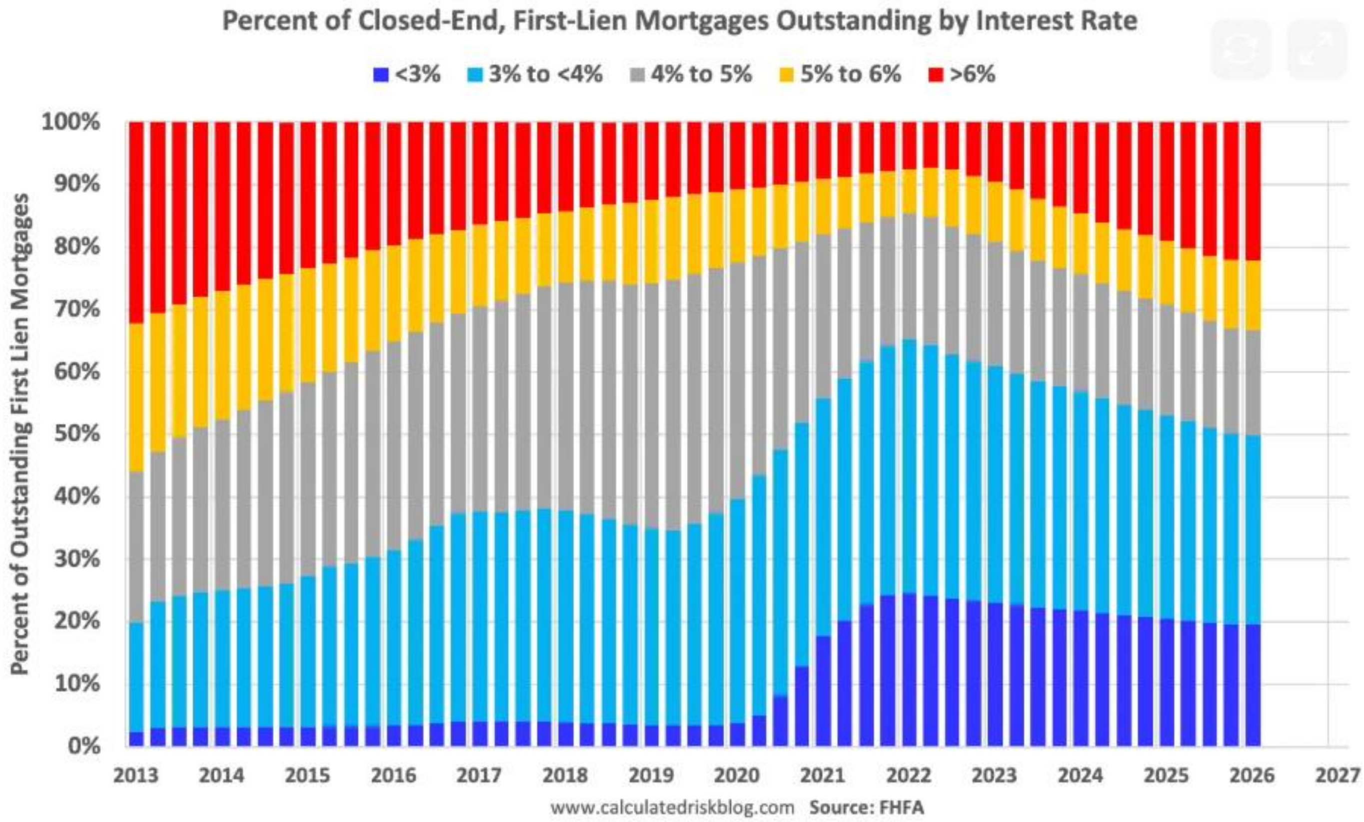
- Proforma Consolidated Comps: +2.1%; +2.5% LY
- Adj. Operating Margin: 8.1%; -491 bps YoY
- Inventory: $5.57B; +63% YoY, incl. $2.0B Foot Locker
- DICK'S Inventory: $3.6B; +6% YoY

Comments:

- "Conditions across portions of the athletic footwear and apparel marketplace became increasingly promotional ... This environment had a more significant impact on the Foot Locker Business given its greater exposure to legacy footwear silhouettes and greater dependence on footwear launch and retro product. Not only were there fewer launches in the second quarter, but those launches performed below both industry and our expectations." — Ed Stack, Executive Chairman

- "While we are taking a more cautious view of the balance of the year, we remain highly confident in the strength of the DICK'S Business and our long-term opportunity at Foot Locker." — Lauren Hobart, CEO

% of mortgages under 4% is slowly declining



This shows the surge in the percent of loans under 3% starting in early 2020 as mortgage rates declined sharply during the pandemic.

Monday Market Recap:

1. Treasury Secretary Scott Bessent said the U.S. will pursue a “zero leakage” strategy on Iran sanctions, targeting digital assets, technology, gold, aviation, and shipping. He warned that any entity helping Iran launder money could be cut off from the U.S. dollar system, including entities tied to other countries. Bessent also said “no one is above the reach” of U.S. sanctions, including China-linked entities, as President Trump pushes world leaders to further isolate Iran economically.

2. Nancy Pelosi reportedly bought Bloom Energy $BE and Intel $INTC between July 24 and July 28. The purchases included 15,000 shares of $BE plus 100 call options with a $100 strike expiring 6/17/27, as well as 10,000 shares of $INTC plus 50 call options with a $50 strike expiring 6/17/27.

3. Apple $AAPL is reportedly testing DRAM from China’s CXMT and NAND storage from YMTC as Washington weighs whether to allow the suppliers to be used in Apple products sold in China. A Weibo account, Mobile Chip Expert, said the administration may communicate a decision after a reported Trump–Xi meeting in September. Under the potential setup, CXMT would supply DRAM memory while YMTC would supply NAND flash storage modules. The report weighed on memory names, with SanDisk $SNDK down 6% and Micron $MU down 5%.

4. SpaceXAI $SPCX plans to put Nvidia-powered AI compute in orbit, with its first-generation Starmind AI satellite based on an optimized Nvidia $NVDA Vera Rubin NVL72 system. The idea is to extend the same architecture used in terrestrial AI factories into space. On Earth, SpaceXAI will deploy Nvidia Vera CPUs for agentic workloads and scale Grok infrastructure on Vera Rubin as it moves toward gigawatts of compute capacity. The chip includes 88 Nvidia-designed Olympus cores, up to 1.2 TB/s of memory bandwidth, and Nvidia says it can deliver up to 1.8x faster task completion than x86 CPUs across certain agentic AI and data-processing workloads. Nvidia and SpaceXAI are also working to adapt Vera Rubin for the power, thermal, bandwidth, and reliability demands of orbital computing.

5. The SEC has reportedly sent subpoenas to Wall Street banks working with Situational Awareness after the AI-focused hedge fund’s near-collapse last month, according to Reuters. Regulators are seeking information on the timing of trades that triggered margin calls and communications with major lenders including Goldman Sachs $GS, JPMorgan $JPM, Citigroup $C, and Bank of America $BAC around the fund’s use of leverage. Situational Awareness was forced to sell most of its public equities portfolio to Citadel after a sharp selloff in chip and AI names hit its leveraged bets, with the fund telling investors its portfolio fell 67% in July. The firm said it will “cooperate to the fullest extent” with any regulatory request, while noting that information requests do not necessarily imply enforcement action.

6. Treasury officials say Scott Bessent could tap the roughly $950B Treasury General Account to help fund expanded buybacks of long-dated government bonds, according to CNBC. Using the cash pile could give Treasury significantly more firepower to influence long-term yields after markets questioned whether the recently doubled buyback program was large enough to matter. Treasury has already raised minimum long-end buybacks from $2B to $4B per operation, with the first expanded operation scheduled for September 9.

7. SoftBank plans to issue roughly $6.3B of 7-year retail bonds, which would be the largest retail bond offering ever by a Japanese company, according to WSJ. The bonds are expected to carry a 4.3%–4.9% coupon, with proceeds used for AI investments and refinancing existing debt. SoftBank’s cumulative investments and commitments to OpenAI are expected to exceed $60B as the company keeps raising capital for its broader AI infrastructure strategy. The group has also sold its entire Nvidia $NVDA stake and increased financing backed by its Arm holdings to help fund the push.

8. Amazon $AMZN is developing “fully automated” delivery stations through Project Tetromino, an early-stage AI and robotics effort aimed at automating the final warehouse stop before packages reach drivers. Internal documents reviewed by Business Insider described a 2028 pilot and estimated the new design could process packages at roughly 2.5x the rate of existing stations. The documents also projected more than $530M of investment by 2029, though Amazon said those figures and the proposed rollout timeline are inaccurate and do not reflect current plans. The system could use Boxbot technology to automate package storage, sequencing, and vehicle loading, some of the hardest pieces of last-mile logistics to automate.

9. Strategy $MSTR increased its USD Reserve to $5.10B, established an additional $1.59B of USD Cash, and repurchased $136M of $STRC. As of 8/23/26, Strategy holds roughly 4% of total $BTC Bitcoin supply and has approximately 0% net leverage. Michael Saylor said the USD Cash strengthens Strategy’s Digital Credit Capital Framework and is separately designated for general Bitcoin Treasury Company purposes, including acquiring BTC, paying preferred dividends and interest, repurchasing MSTR or preferred stock, repaying converts, and increasing the USD Reserve.

10. Hedge funds posted their largest weekly sale of U.S. equities since the week of “Liberation Day” in April 2025, reversing after 3 straight weeks of buying. Single stocks made up roughly 53% of total sales, one of the highest readings over the past year. Hedge funds sold 9 of 11 sectors, led by Information Technology, Industrials, Utilities, Health Care, and Materials, while only Energy and a smaller amount of Consumer Discretionary saw buying. Macro products, including index futures and ETFs, accounted for the remaining 47% of sales, with U.S.-listed ETF shorts increasing modestly and breaking a 6-week streak of short covering.

11. Stanley Druckenmiller wrote a WSJ op-ed criticizing Treasury’s decision to double long-dated bond buybacks from $2B to at least $4B per operation, arguing it looks less like liquidity management and more like an attempt to push down long-term yields after the 30-year hit a 19-year high. His view is that auctions were functioning, volatility was contained, and the bond market was simply pricing fiscal risk into yields as inflation remains above target, deficits sit near 6% of GDP, and U.S. debt exceeds $40T. Druckenmiller warned that suppressing long-term yields weakens

one of the few remaining forms of fiscal discipline on Washington. He also argued that buying long-duration Treasuries while funding it with short-term bills effectively removes duration risk from the market, making it look like a small version of QE run by Treasury instead of the Fed. His bottom line: let the bond market set the price of government borrowing and fix the real issue directly through lower deficits, gradual entitlement reform, and more responsible debt management.

Tuesday Market Recap:

1. The U.S. reportedly offered Iran a deal to halt the siege and lift sanctions in exchange for reopening the Strait of Hormuz and ending proxy attacks, according to Al Arabiya. Axios also reports that Rubio told several foreign counterparts the U.S. does not plan new strikes on Iran for now, with pressure shifting toward the naval blockade and new sanctions campaign instead. Crude Oil fell 4% and the 10-year treasury bond fell from 4.72% to 4.62%.

2. Global physical gold-backed ETFs $GLD attracted $6.4B of inflows last week, their largest weekly intake since January and the 3rd-largest weekly inflow on record. North America led with $4.4B, followed by Europe at $1.7B and Asia at $300M. This marked the 7th straight week of inflows, with global gold ETFs pulling in $16.4B over that stretch. Total AUM in global gold ETFs rose by $33B last week to $615B, the highest level since the second week of May.

3. Intuit $INTU reported Q4'26 revenue of $4.4B, beating estimates of $4.27B and up 14% YoY. Adjusted EPS came in at $4.03 versus $3.58 expected. Global Business Solutions revenue rose 14% YoY to $3.4B, the Online Ecosystem grew 17% YoY to $2.6B, Consumer revenue increased 14% YoY to $930M, and Credit Karma revenue rose 16% YoY to $743M. For FY27, Intuit guided revenue to $23.3B–$23.5B versus $23.72B expected, while adjusted EPS guidance of $22.88–$23.12 came in well below the $27.32 estimate. The company also raised its dividend 15% YoY to $1.38/share, bought back $5.5B of stock, and has $7.9B remaining on its authorization. Management said its strategy is to win as an AI-driven expert platform while staying disciplined on investments and scaling its big bets.

4. President Trump said the U.S. Navy has removed and/or detonated all mines from international waters in the Strait of Hormuz. He said Iran has been notified that any ship or boat placing new mines will be "immediately and systematically destroyed." Trump added that Space Force is monitoring every square inch of the Strait, along with Pickaxe Mountain and the three previously destroyed nuclear sites and said a "Zero Tolerance" policy on mine placement is now in full effect.

5. Canada is responding to U.S. tariffs with new tariffs of its own. The country is raising steel tariffs to 50% from 25%, while roughly 700 products will face new tariff rates of 15%, 25%, and 50%. The measures are set to take effect on September 8, marking another escalation in the U.S.–Canada trade dispute.

6. Anthropic is expected to tell IPO investors its total addressable market exceeds $30T, topping SpaceX's $28.5T estimate, according to WSJ. The figure represents the potential value of work Anthropic believes AI models could eventually perform, not a direct revenue forecast. Anthropic generated $11.6B in Q2 revenue and could seek to raise as much as $100B at roughly a $2T valuation. IPO documents are expected within weeks, potentially setting up a September or early October listing.

7. OpenAI's data-center head Chris Malone left the company last week, according to WSJ. Malone joined in March 2025 shortly after Stargate was announced and played a key role overseeing OpenAI's massive data-center buildout. He previously led data-center strategyat Meta and earlier worked on data-center technology at Google. The departure comes just weeks after OpenAI also replaced its chief revenue officer, adding another senior leadership change as the company races to scale infrastructure, revenue, and compute capacity.

8. ClickHouse has surpassed $350M in annual recurring revenue, up 40% since May, as AI agents drive demand for database and observability infrastructure. OpenAI's usage has reportedly grown roughly 10x over the past year to more than 30 petabytes of data per day, or around 30T events daily. OpenAI has also shifted parts of its log-management workload from Datadog to ClickHouse over the past year. ClickHouse was valued at $15B in January and says gross margins currently range from 50%–70%. Earlier this year, the company acquired Langfuse to expand deeper into monitoring AI applications and agents. Nebius $NBIS owned a 28% stake in ClickHouse as of May 2025, though that stake has likely been diluted by subsequent fundraising.

9. JPMorgan reiterated its Overweight rating on SpaceX $SPCX with a $240 price target, saying the company's AI ambitions are coming into sharper focus and that it is increasingly positive on Grok. The firm highlighted SpaceX's completed acquisition of Cursor on 8/14 as an important step in building enterprise AI capabilities. Cursor brings roughly $4B of ARR as of June 2026, with about 75% coming from businesses, which JPMorgan says should help streamline go-to-market and provide valuable model-training data. The firm also said Cursor data is already showing up in Grok's supplemental training, with tangible improvements in recent model performance.

10. OpenAI says its new Broadcom-built Jalapeno AI chip outperformed Nvidia $NVDA GB300 in both throughput per watt and response latency during internal testing, according to Bloomberg. The chip is built specifically for inference, not training, and runs at roughly 700 watts. OpenAI plans to begin deploying Jalapeno for its models later this year, saying the performance gap widened on larger workloads, including Moonshot's Kimi model, and that the chip has also performed well on unreleased OpenAI models. The key caveat is that Jalapeno was tested against GB300, not Nvidia's newer Vera Rubin generation. OpenAI says a second-generation chip is already nearing tape-out, while work on a third generation has begun.

11. The top 10 most active options today by contracts traded were $NVDA with 1.8M contracts, $TSLA with 1.8M contracts, $AAPL with 636K contracts, $SPCX with 548K contracts, $INTC with 540K contracts, $AMZN with 498K contracts, $MU with 483K contracts, $AMD with 403K contracts, $PLTR with 361K contracts, and $SOFI with 359K contracts.

12. Raymond James raised its Nvidia $NVDA price target to $352 from $330 and reiterated a Strong Buy rating. The firm says Nvidia's CPU opportunity is becoming more important, especially for agentic AI workloads, even though CPUs are only about 3% of sales today. Raymond James expects CPU revenue to reach roughly 5% of total revenue by CY28 and believes Nvidia could potentially become the world leader in CPU revenue within several years. The firm also argued the stock remains inexpensive, trading at less than 15x CY27 GAAP earnings, below the S&P 500 at 18.6x, despite sales and net income growth still expected to exceed 20% in CY28. Its new $352 target is based on a 22x multiple on CY28 estimates, which Raymond James views as conservative given Nvidia's leadership, CUDA moat, GPU performance, free cash flow, and history of trading at much higher multiples.

Wednesday Market Recap – NVDA Earnings

This week has been one long exercise in waiting — for PCE, for NVDA, for Jackson Hole — and Wednesday finally delivered the most important answer. Core PCE came in line but remains stubbornly above the Fed's target, pushing short-dated yields higher and leading money markets to fully price a December rate hike. That was the cautious backdrop heading into NVDA's print. What came after hours was anything but cautious: revenue of $96.2bn (+4.4% beat), EPS of $2.22 (+5.7%), and — the number that matters most — commitments surging to $279bn from $119bn just one quarter ago. CFO Kress projected 70% revenue growth through 2028, announced an expanded AWS partnership, and confirmed Vera Rubin is in full production across major hyperscalers. The print also forced a sharp reckoning in software: CRM +11.9%, CRWD +9.6%, and OKTA +19.1% reminded the market that not all software is being disrupted, while INTU's guidance miss (-3.2%, FY27 EPS $5 below consensus) confirmed that where AI disruption is real, it's very real. Sticky inflation keeps Fed tightening risk alive, but NVDA's commitment figure settles the question of whether the AI investment cycle is intact — it is. Asia tech has been coiling for a week: Tokyo Electron has closed flat or higher versus its open in five of the last six sessions, sellers unable to push it through the floor on any sustained basis. The NVDA print is the catalyst the market has been waiting for — today we find out if the coil breaks

MACRO & POLITICAL

- Fed — December hike fully priced: In-line core PCE (3.3% annual) with a headline beat; short-dated yields higher. Jackson Hole on Friday is the next catalyst — but Warsh has signaled structural focus, not near-term guidance.
- BOJ + ECB both leaning tighter: BOJ at 80% September probability; ECB sources tipped a September hike via Reuters; German export confidence at highest since Feb 2022. Global rate cycle tightening again — watch EUR/JPY cross dynamics for Japan exporters.
- Russia/Ukraine — oil risk back: Kremlin-linked sources say peace frameworks are dead and stronger conventional missile attacks are being prepared. WTI briefly dipped to $79 before recovering to ~$82 — Hormuz optimism vs European pipeline risk in a tug of war.
- Memory pricing (TrendForce): Server DRAM +270% YoY; enterprise SSD +235%; server DDR5 +13-18% QoQ this quarter; HBM stable in 2H but +70-140% by 2027. Structurally bullish for the entire memory complex.

1. Nvidia $NVDA reported Q2'27 revenue of $96.2B, beating estimates of $92.2B and up 106% YoY. Adjusted EPS came in at $2.22 versus $2.10 expected, up 120% YoY. Data Center revenue reached $89.0B, above the $85.8B estimate and up 117% YoY, while adjusted gross margin was 75.0%, in line with expectations and up 250 bps YoY. Nvidia guided Q3 revenue to $108.0B +/- 2%, ahead of the $104.2B estimate, with adjusted gross margin expected at 74.0% +/- 50 bps. The company generated $64.0B of adjusted operating income, $54.0B of adjusted net income, and $21.3B of free cash flow, while returning roughly $26.0B to shareholders in Q2 with about $99.0B remaining on its authorization. Nvidia said its outlook assumes no Data Center compute revenue from China, while Vera Rubin is ramping into full production with racks running at partners.

2. US GDP came in at 1.5% QoQ, matching estimates. PCE rose 0.2% MoM versus 0.1% expected and 3.7% YoY versus 3.6% expected, while Core PCE was in line at 0.2% MoM and 3.3% YoY. Consumer spending increased 0.2% MoM, above the 0.1% estimate, and personal income rose 0.4% MoM, ahead of the 0.2% estimate. Real personal consumption was flat at 0.0% MoM, matching expectations.

3. Meta $META agreed to an $18B youth safety commitment as part of its settlement with U.S. states, including $17B tied to broader settlement terms and $2.2B payable to California. Under the deal, Meta will spend the money over 10 years on youth online safety initiatives and implement new protections for users under 18, including limiting social media use to 2 hours per day and blocking access from 12 a.m. to 6 a.m. Compliance will be monitored by an independent auditor for 5 years. Meta will accrue about $10B in legal expenses in Q3 2026, but says its July financial guidance remains unchanged. The company also said $5.3B of the settlement is tied to YouTube and TikTok implementing similar daily limits, night mode, and age assurance measures.

4. The Bank of Korea raised rates by 25 bps to 3.00%, marking its second straight hike and the first back-to-back rate increases since the COVID era. The central bank also raised its 2026 GDP growth forecast to 3.3% from 2.6%, signaling stronger confidence in the economy even as it tightens policy.

5. Nvidia $NVDA has agreed to acquire Hugging Face for $12.9B, according to The Information. Strategically, this would give Nvidia a much deeper foothold in the open-source AI ecosystem, where Hugging Face has become one of the main distribution layers for models, datasets, and developer workflows. The likely goal is not just owning another AI asset, but controlling more of the software layer around AI adoption: GPUs,

networking, CUDA, inference infrastructure, and now a major platform where developers actually build, share, and deploy models. For Nvidia, this makes the ecosystem stickier and strengthens its position as AI shifts from training frontier models to deploying millions of inference workloads across enterprises.

6. U.S. new home sales fell 10.5% MoM in July to 607,000 units, the lowest level in 6 months and far worse than the 1.4% decline expected. Excluding January 2026, this was the weakest reading since November 2022. New home sales have now declined in 3 of the last 4 months and are down 6.3% YoY. The Midwest saw the sharpest drop, with sales plunging 42.7% MoM to 43,000, the lowest level since 2012. Sales in the South, the largest homebuying region at more than 60% of total sales, fell 13.0% to 383,000, the second-lowest level since January. The weakness comes as the 30-year mortgage rate hit 6.81%, its highest since August 2025, continuing to pressure homebuyer demand.

7. An IRGC spokesperson said the Strait of Hormuz will not reopen unless the U.S. accepts Iran's conditions. Those conditions reportedly include foreign warships staying at least 400 km away and no vessel transiting the Strait without Iran's permission. The IRGC also said Iran and Oman have agreed to share revenue from shipping through the Strait, adding another layer of geopolitical and energy-market risk around one of the world's most important chokepoints.

8. CrowdStrike $CRWD reported Q2'27 revenue of $1.47B, beating estimates of $1.44B and up 26% YoY. Adjusted EPS came in at $0.31 versus $0.29 expected, up 35% YoY, while free cash flow reached $377.4M, above the $353M estimate and up 33% YoY. Net new ARR hit a record $333M, up 51% YoY, bringing total ARR to $5.84B, up 25% YoY. CrowdStrike raised FY27 guidance to $5.99B–$6.01B in revenue, $1.25–$1.26 in adjusted EPS, and $6.60B–$6.61B in ARR. Management called Q2 the best quarter in company history, citing record Falcon Flex results, record net new ARR, stronger retention, and a Mythos-driven tailwind as AI adoption increasingly needs security at scale. $CRWD was up 10% after hours.

9. The top 10 most active options today by contracts traded were $TSLA with 2.7M contracts, $NVDA with 2.5M contracts, $META with 1.7M contracts, $AAPL with 1.4M contracts, $INTC with 742K contracts, $AMZN with 695K contracts, $SPCX with 603K contracts, $MU with 595K contracts, $MSFT with 579K contracts, and $AMD with 404K contracts.

10. $NVDA Nvidia's CFO today said revenue is expected to grow approximately 70% in FY28, even with a supply-constrained outlook. The company said Vera CPU is now in full production, shipments are already underway to lead partners, and CPU revenue is expected to more than double in FY28 against roughly $20B of total server CPU demand. Nvidia also said it began production shipments of Vera Rubin earlier this month, while neocloud partners are expected to exit the year with 8 GW of installed capacity, up from roughly 3 GW at the end of 2025. The CFO said cloud industry backlog now exceeds $2T, with capex from the top five hyperscalers expected to reach nearly $800B in 2026 and $1.3T in 2027. Nvidia also addressed "circular financing," saying it has invested nearly $50B in frontier AI labs and expects AI lab demand supported by its balance sheet to contribute roughly 25% of the business next year.

11. Google $GOOGL has reportedly hired Barret Zoph, co-founder and former CTO of Thinking Machines Lab, as VP of Research, according to WSJ. Zoph will work on Gemini, bringing expertise in reinforcement learning and post-training. Separately, SoftBank is reportedly in talks to acquire a majority stake in OpenAI-backed humanoid robot maker 1X at roughly a $6B valuation. 1X previously tried to raise $1B at a $10B valuation but raised less than half that target, while OpenAI also discussed acquiring the company last year before talks fell apart. 1X says it received more than 10,000 pre-orders for its $20,000 NEO humanoid in the first week, with deliveries planned for 2026, though none have been delivered yet.

12. AWS $AMZN and Nvidia $NVDA announced a major expansion of their strategic AI infrastructure partnership, building on 16 years of joint innovation. As part of the expanded collaboration, AWS will deploy 2 million additional Nvidia GPUs across its global infrastructure in 2027–2028. The companies said they are deepening their work across AI factories, CPUs, networking, open models, data processing, and robotics, giving customers more ways to build and deploy AI at scale.

Thursday Market Recap

1. Nvidia $NVDA added roughly $453B in market cap in a single day, the largest one-day market-cap gain ever recorded in the U.S., as Wall Street rushed to reset targets after Q2 earnings. Raymond James raised its price target to $515 from $352 and reiterated Strong Buy, citing Nvidia's FY28 outlook for approximately 70% revenue growth and saying $1T in annual sales by FY29 now looks possible. The firm highlighted architectural evolutions like NVL racks at 1:1 and agentic Vera CPU racks as growth accelerators, while also expecting non-hyperscale revenue to outgrow hyperscaler revenue. Other target hikes included JPMorgan to $320 from $280, Mizuho to $315 from $300, Melius to $425 from $400, Goldman Sachs to $300 from $285, Bernstein to $400 from $315, Citi to $315 from $300, and Stifel to $315 from $282.

2. Marvell $MRVL reported Q2'27 revenue of $2.7B, roughly in line with estimates of $2.71B and up 37% YoY. Adjusted EPS came in at $0.94 versus $0.92 expected, up 40% YoY, while Data Center revenue reached $2.2B, up 46% YoY. Marvell guided Q3 revenue to $3.15B +/- 5%, ahead of the $3.03B estimate, and adjusted EPS to $1.10 +/- $0.05 versus $1.07 expected. The bigger update was the long-term outlook: management now expects FY27 revenue to grow roughly 45% YoY to about $12B, with Data Center up around 60%, and FY28 revenue to reach roughly $18B, up about 50% YoY, with Data Center growing more than 60% and custom chip revenue more than doubling. Marvell also said revenue tied to the Google warrant agreement through FY28 is already included in its prior custom revenue target, while AI-related bookings remain "exceptionally robust."

3. Wolfe Research named Google $GOOGL a top pick for 2027, reiterated an Outperform rating, and set a $460 price target while raising estimates. The firm now sees $595B of revenue, up 10% versus its prior estimate, and EPS of $15.89, up 6% versus prior. Wolfe estimates Google could generate more than $105B in TPU revenue next year at roughly 30% margins, producing about $32B of TPU operating income. The firm also sees cumulative TPU-related revenue reaching $300B through FY28, Google's power capacity scaling to 21 GW next year and 28 GW in 2028, and GCP eventually contributing up to 40% of Alphabet's total operating income.

4. The White House is weighing a new round of semiconductor tariffs that could extend beyond chips to products like servers, laptops, and gaming consoles, according to Politico. One proposal would link tariff-free import allowances to how much companies commit to U.S. chip manufacturing, while a phase-in period is also under discussion. No final tariff rate or framework has been set. Tech companies are warning that broader duties could raise AI data center costs and pressure chip designers like Nvidia $NVDA and AMD $AMD, which still rely heavily on overseas manufacturing.

5. BofA initiated coverage on Amkor $AMKR with a Buy rating and $70 price target, calling it an underappreciated beneficiary of rising semiconductor packaging complexity, AI/HPC advanced packaging demand, improving utilization, and U.S. supply-chain regionalization. Advanced Products made up 82% of Q2'26 revenue, with BofA seeing opportunities across 2.5D, HDFO-RDL, HDFO-bridge, co-packaged optics, and test. The firm expects computing to become Amkor's largest end market by 2028, supported by programs including Nvidia's Vera CPU, Microsoft's Cobalt CPU, and AMD's Venice server CPU. BofA also highlighted the planned Arizona facility, with Phase 1 expected to be fully committed, Apple and Nvidia identified as key customers, a 10-year TSMC agreement, and an expected $1.5B Nvidia prepayment in 2027. The firm forecasts EPS rising from $1.51 in 2025 to $3.41 in 2028, a 31% CAGR, and bases its $70 target on 21x 2028E EPS.

6. Meta $META could spend up to $10B a year on Anthropic AI, according to NYT. Meta has reportedly become one of Anthropic's largest customers and is still spending hundreds of millions of dollars per month on its tools. The company has used Anthropic models to help power and test its upcoming personal AI agent, Hatch, even as it builds competing products internally. Meanwhile, employees are increasingly shifting to Meta's Muse Code, while its new frontier model, Watermelon, has reportedly been delayed until at least October.

7. IREN $IREN reported Q4 FY26 revenue of $137.2M, roughly in line with estimates, while adjusted EBITDA came in at $19.2M versus $41.1M expected. AI Cloud revenue rose to $70.5M in Q4 from $33.6M, while FY26 AI Cloud revenue reached $128.8M, up roughly 8x YoY. Full-year revenue was $707.0M, below the $740M estimate, and net loss was $702.6M, including $638.8M of impairments tied largely to decommissioning Bitcoin mining hardware as sites are converted for AI Cloud growth. The bigger story is the AI infrastructure pipeline: IREN says operating ARR is $1B today, contracted ARR for 2026 capacity is $4B, 2026 capacity is largely sold out, and capacity delivery is expected to reach 0.3 GW in 2026 and 0.8 GW in 2027. The company also secured $2.8B of new GPU financing, has $14B of cash and committed financing, and says recent 3-year contract pricing has increased 125%, with active discussions around $25M of revenue per IT MW.

8. Hedge funds bought the most global energy stocks in nearly 4 years last week, marking their 12th weekly purchase over the last 13 weeks. As a result, hedge funds are now the most overweight energy relative to global stocks since June 2024. That is a sharp reversal from February 2026, when they were the most underweight energy since 2021. The only period with materially higher energy exposure relative to global equities was during the 2022 energy bull market.

9. U.S. corporate profits surged 22.8% YoY in Q2 2026 to a record $4.8T, the largest annual increase since Q4 2021. Excluding the pandemic recovery and the post-2008 Financial Crisis rebound, this was the strongest YoY profit growth in 21 years. Since Q2 2020, corporate profits have climbed $2.7T, or 131%. As a percentage of GDP, corporate profits jumped 1.0 percentage point in Q2 to 14.9%, an all-time high.

10. Citadel Securities posted a record Q2, with trading revenue reaching $7.3B, more than 3x YoY, and net income rising more than 250% YoY to $3.3B. The firm now handles more than one-third of U.S. retail stock trades, with high-touch equities helping drive the quarter's results. Citadel Securities was also profitable in July and expects to remain profitable in August.

11. Trump praised Micron $MU after the company announced a $10B investment in new U.S. research labs focused on AI and advanced computing. He said the new investment comes on top of Micron's previous $250B U.S. commitment and will help create tens of thousands of American jobs. Trump framed the announcement as part of a broader push to bring critical technologies back to the U.S., saying companies are investing trillions under his administration because America is the best place to build, invent, and grow.

NVDA Earnings

Nvidia delivered a double beat last night and posted roughly $60 billion in net income, making it the most profitable quarter ever recorded by a publicly listed company, excluding quarters dominated by one-off accounting gains. The stock initially sold off following the release but recovered and finished the evening higher.

Nvidia US revenue was $60.1 billion vs estimate of $67.5 billion. Yet overall revenue of $96.2 billion beat consensus by almost $4 billion.

Weakness in the US offset by Asia

- Revenue: $96.22B vs. ~$92.17B (beat)
- Adj. EPS: $2.22 vs. $2.09-$2.10 (beat)
- DC: $89.0B vs. ~$86.3B (beat)

- Adj. gross margin: 75% vs. 75%

Hyperscaler Revenue: $48.71B from $43.05B last quarter (custom ASIC growth hasn't really prevented this revenue from accelerating)

- For guidance:
- Revenue: $108B vs. ~$104.2B
- Adj. gross margin: 74% vs. 75% (kinda the only soft spot)

Revenue ramp has been genuinely absurd over last 4 quarters.

- ➔ $68.1B
- ➔ $81.6B
- ➔ $96.2B (we are here)
- ➔ next quarter guidance: $108B, despite assuming zero China DC compute revenue.

Fun thing to note is Nvidia says its commitments jumped from $119B last quarter to $279B, primarily related to procurement of memory (for next few years).. So memory goes brrr.

TLDR: AI keeps on going brrr. Nvidia is clearly leading the charge and no obvious signs of demand slowing.

NVDA Outlook

- "We expect to grow revenue by approximately 70% in fiscal 2028. This is a supply constrained outlook"
- That statement alone is probably more important than the entire earnings beat just now?
- Insane upward revision beat from +43.9% expected to 70%.
- "With cloud industry backlog now greater than 2 trillion, CapEx by the top five hyperscalers is expected to reach nearly $800 Billion in 2026 and 1.3 Trillion in 2027"
- $1.3 Trillion in 2027. (MS was around $1.2T June, so this is upward projection revisions)
- The high-beta parts of the supply chain growth is going to like this.

and EPS total. Revenue of 96 billion. More than doubled. Year over year as growth accelerated for the fourth consecutive quarter. The surge in AI demand is driving a global infrastructure build out, supported by an expanding and diverse set of growth opportunities spanning hyperscalers, AI labs, AI natives enterprises, and sovereign customers We expect to grow revenue by approximately 70% in fiscal 2028. This is a supply constrained outlook. Q2 Data Center revenue increased 18% quarter over quarter to 89 billion, with strong contributions from both sub segments. Hyperscale and a CINE, which includes our Nio Cloud, Industrial and enterprise customers Hyperscale revenue of 49 billion grew 13%

Mizuho on NVDA: Good, But Not Enough

Not much to add here, but sort of looks like reaction will be similar to the past 4 qtrs, more of a yawn vs FOMO.

I like the rev beat at $96B vs whisper $95B, as most did not expect $4B of rev upside in the qtr.

The GM is inline at 75% so that is encouraging.

But the rev guide at $108B mid point is not going to be enough to drive real new buyers who def wanted $110B + to get jazzed and view stock as a relative outperformer. They will do $111-112B probably in 90 days, but the bar just high on NVDA.

The GM guide at 74% is going to be the bigger worry for some who might think rising BOM costs or new product mix could take that 74% lower into next yr. How CFO answers that question of where GM will trend will determine where this stock goes near term.

NVIDIA PRICE TARGETS AFTER Q2 EARNINGS:

- ➔ JP Morgan $280 —> $320
- ➔ Mizuho $300 —>$315
- ➔ Melius $400 —> $425
- ➔ Goldman Sachs $285 —> $300
- ➔ Bernstein $315 —>$400
- ➔ Citi $300 —> $315
- ➔ Stifel $282 —> $315

WHITE HOUSE WEIGHS NEW ROUND OF CHIP TARIFFS

- The Trump administration is considering broader semiconductor tariffs that could extend beyond chips to products such as servers, laptops and gaming consoles, per Politico.
- One proposal would tie tariff-free import allowances to how much companies commit to U.S. chip manufacturing, while a phase-in period is also under discussion.
- No final tariff rate or framework has been set.
- Tech companies are warning that broader duties could raise AI data center costs and hit chip designers such as Nvidia and AMD, which rely heavily on overseas manufacturing.

By **ARI HAWKINS** and **GABBY MILLER**
08/27/2026 05:00 AM EDT

The Trump administration is weighing a new round of sweeping tariffs on semiconductors, eight people familiar with discussions told POLITICO — despite warnings from tech companies that the move could doom U.S. hopes of dominating artificial intelligence.

One tariff approach under consideration would dramatically expand the number of tech products subject to the duties, hitting not just chips but potentially many of the goods made with them, such as laptops, gaming consoles or the servers that fill data centers, the people said. Commerce Secretary Howard Lutnick favors a structure that would tie foreign companies' relief from the tariffs to investment in U.S. chip manufacturing to juice more domestic production, said four of the people.

Software Earnings

CRM reported Q2 FY2027 Wednesday and largely didn't embarrass itself — organic revenue moved modestly ahead of expectations ($100m for the year) and the agents narrative is getting more traction in the pitch, along with ClaudeForce perhaps a replacement for the Agentic strategy at the company in order to create stock and customer excitement on leading edge solutions. CRWD was the cleaner beat: net new ARR of $332.8M, up 51% year-over-year and a company record, with Falcon Flex ARR more than doubling. Revenue came in at $1.47B against a $1.44B estimate, and management raised the full-year net new ARR growth outlook by 630 basis points to 34% at the midpoint. The revenues themselves aren't running away, but the ARR machine is clearly intact. OKTA was a smidge: revenue of $805M against a $795M estimate, cRPO grew 14% year-over-year, and the agents identity angle — every AI agent needs a governed identity — is giving the stock a story it didn't have twelve months ago. The stock was up over 15% in extended trading. None of these three move estimates materially; they just clear the bar and stay in the conversation.

After the close on Thursday we get the B team: MRVL (fine A- now), WDAY, RBRK, S, and IREN. MRVL is the one to watch — it's up roughly 179% YTD and enters the print with management having already pre-raised AI bookings guidance, pointing to $2.7B in Q2 revenue and flagging $3B in Q3 as a milestone coming one quarter ahead of schedule. That kind of setup means the bar isn't a beat, it's a beat-and-raise with forward commentary that reinforces the custom silicon AI infrastructure story. Listen for their Google wins being TPU or not as a mover for AVGO stock tomorrow (rumor was its XPU attach to the TPU only). IREN is an adjacent NVDA read? — the company signed $2.8B in multi-year AI cloud contracts in July and raised its annualized revenue target above $4B; tonight's print will be about how fast those contracts convert to cash flow or renting the entire Texas campus in an approved energized site in scarcity.

Software: updated "stream of consciousness" following today's huge moves and EPS post-close (ESTC +20%, WDAY unch vs. RBRK -7%, ADSK -5%, S -4%) Summarize this email

GUGGENHEIM

RBRK/ADSK/ESTC/S/WDAY: Below, we've provided software questions/comments received post-close (RBRK, ADSK, ESTC, S). We ended up having a lot of inbound on WDAY once the call started (see below). Clearly, every software specialist is very tentative following today's OUTSIZED action (**OKTA** +28%, **CRM** +23%, **CRWD** +21%, **VEEV** +15%, **SNPS** +13% vs. **P** -9%)

Ok, here it is! New "stream of consciousness" from software specialists following tonight's results. To summarize the debate (s):

RBRK ($99.50 -7%): The most-debated name tonight. Underwhelming Cloud ARR (vs. better non-Cloud ARR), shape of growth in the 2H and whether there's much ARR contribution from the recent acquisition (vs. company's comments about nothing being in guide)

ADSK ($258 -5%): The debate is the organic growth rate and residual concerns over AI disintermediation

ESTC ($101 +20%): The most (+) print/feedback after accelerating every key metric, with a guide that implies further acceleration against low expectations. The stock was only trading at 15x CY27 FCF and investors still really like infra software.

S ($21.75 -4%): Tough bar post CRWD/OKTA with a lower EPS guide (tax headwind). Their guides have been less aggressive. We sense more S bulls.

WDAY ($194 unch): No debate over underwhelming fundamentals -- -the conversations post-close were largely relegated to potential M&A (see below)

RBRK/ADSK/ESTC/S/WDAY: What were the software specialists saying post close???

HF: "Glad to see ESTC finally accelerates. WDAY, hard to short below $180"

HF: "WDAY should be down more. Q3 cRPO big guide below and FY28 subs rev guide below st. Unless a deal saves them this is a big oppy to press."

HF: "ESTC cloud implied to accelerate to ~30% F4Q exit. Accelerated this qtr on the huge pricing comp. Feels like if they tell a good story pretty cheap and hated. Cloud growing the same as Atlas. 3x sales, MDB 10x sales. ADSK cut FCF after telling ppl no margin impact, huge cRPO miss. S is fine. Think algos on lowered EPS, NNARR solid beat. WDAY no buyers!"

HF: "ADSK: The full billings guide raise is being driven by MaintainX, underlying is unchanged. EPS/FCF move lower on the dilutive impact. Not much to get excited about. RBRK people are long and bogey was gamed"

HF: "ADSK - seems like a clean CC topline raise ex the M&A and held margins. Don't think it's trading a lot, just probably headlines on the FCF/EPS from the deal transaction costs. WDAY - everyone covered their shorts post the silver lake

$CRWD crushed earnings, now up 20% (cybersecurity outperforms)

CrowdStrike Holdings Inc.'s shares jumped in late trading after the company projected revenue for the full year that exceeded analysts' estimates, evidence that the cybersecurity industry continues to benefit from AI-fueled demand.

Sales for the third quarter will be as high as $1.53 billion, the Austin-based security software firm said in a statement Wednesday, above the $1.52 billion that analysts had estimated on average. The company estimated annual revenue of $5.99 billion to $6.01 billion, also ahead of estimates of $5.94 billion.

CrowdStrike's shares rose as much as 12% in after-market trading on Wednesday and up to 20% on Thursday. The stock had risen more than 60% this year through Wednesday's close.

Cyber stocks have rallied in recent months with the fears of AI-powered cyberattacks and breaches escalating, bolstering demand across industries for stronger defenses. CrowdStrike sells several cybersecurity products designed to prevent and respond to breaches. Among them is an AI detection and response system that it bills as finding, investigating and addressing threats both targeting AI and originating from the technology.

In the second quarter, CrowdStrike posted revenue of $1.47 billion, above projections for $1.44 billion. Adjusted earnings were 31 cents a share, compared with consensus estimates of 29 cents. The company approved a four-for-one stock split that took effect in July.

The company's annual recurring revenue for the second quarter was $5.84 billion, also above estimates. Annual recurring revenue is widely used by software companies to track income from subscriptions, and CrowdStrike has consistently emphasized it as a key metric with investors.

Some AI models are proving increasingly adept at carrying out their own hacks, with Anthropic, OpenAI and Meta Platforms Inc. all disclosing in recent weeks that their models had escaped testing environments, accessed the open internet and breached real-world victims during testing.

Worries over the security risks of AI have accelerated since this spring, when Anthropic PBC limited the release of its Mythos model over concerns about its potency as a hacking tool. US government leaders warned major banks at the time to use the model to spot security weaknesses. The US National Security Agency began using it to find cybersecurity vulnerabilities in popular software including Microsoft Corp. products, Bloomberg News reported.

"The Mythos moment translated into mass-market acceptance that AI adoption needs security, and that's CrowdStrike," CrowdStrike Chief Executive Officer George Kurtz said in a statement. "Every enterprise will run on AI, and securing it is the largest market opportunity in our history."

Since then, OpenAI has acknowledged that its models hacked the systems of the AI startup Hugging Face during testing in mere hours, a breach that would have taken skilled humans far longer, Bloomberg News reported.

Founded in 2011, CrowdStrike has emerged as a top global cybersecurity provider with governments and companies seeking stronger defenses against increasingly sophisticated attacks. In July 2024, the company suffered a setback when a software update caused widespread crashes of Windows systems and disrupted businesses and services around the world.

$VEEV crushed earnings, now up 19%

The company boosted its adjusted earnings per share forecast for the full year.

2027 YEAR FORECAST

- Sees adjusted EPS about $9.21, saw about $9.05, estimate $9.06
- Sees revenue $3.68 billion to $3.69 billion, saw $3.64 billion to $3.65 billion, estimate $3.64 billion

THIRD QUARTER FORECAST

- Sees revenue $932 million to $935 million, estimate $918.4 million
- Sees adjusted EPS $2.33 to $2.34, estimate $2.29

SECOND QUARTER RESULTS

- Adjusted EPS $2.35 vs. $1.99 y/y, estimate $2.22
- Revenue $928.0 million, +18% y/y, estimate $905.3 million
- Subscription revenue $766.8 million, +16% y/y, estimate $754.6 million
- Professional services revenue $161.2 million, +24% y/y, estimate $150.2 million
- Cost of revenue $232.0 million, +19% y/y, estimate $228.3 million
- Adjusted gross profit $715.2 million, estimate $694.2 million
- Adjusted gross margin 77.1% vs. 77.5% y/y, estimate 76.7%
- Adjusted operating income $415.9 million, estimate $394.8 million

- Adjusted operating margin 44.8% vs. 44.7% y/y, estimate 43.6%
- R&D expenses $222.9 million, +16% y/y, estimate $214.8 million

PRTH Special Situation Revisited

- **Thomas (Tom) Priore** serves as the Founder, Executive Chairman, and Chief Executive Officer of Priority Technology Holdings (NASDAQ: PRTH).
- **Shares Held: 46,566,776 shares** of common stock (held directly and through affiliated entities).
    - **Beneficial Ownership: ~56.5% to 58.0%** of total outstanding common stock.
- **Voting Control:** Holds majority voting power, giving him effective voting control over the company.
    - *In late 2025, Priore and his affiliated investor group submitted a preliminary non-binding take-private proposal to acquire the remaining ~42% of shares not already under their control.*
- We think the **probability of a Sweetened/Raised Offer from the CEO/Insider is High (~70–80%)**
    - Rather than an outside topping bid, the most realistic upside outcome is an **increased offer from the CEO/controlling shareholder**.

Key Metrics

- **Market Capitalization:** ~$445 million (82.4 million shares outstanding)
- **Enterprise Value (EV):** ~$1.40 billion (reflecting ~$950M+ of net debt leverage)
- **Trailing Revenue (TTM):** ~$1.0 billion (~9.4% YoY growth)
- **Trailing Net Income (TTM):** ~$56.2 million ($0.69 diluted EPS)
- **Free Cash Flow (TTM):** ~$103.7 million

Key Valuation Multiples

- **EV / EBITDA:** ~6.9x
- **Fwd EV / EBITDA:** ~6.0x
- **Trailing P/E:** ~8.0x
- **Forward P/E:** ~4.3x (based on 2026 EPS consensus estimates)
- **Price / Sales:** ~0.4x
- **EV / Operating Cash Flow:** ~10.9x

Activist Investors

Two main activist investment firms publicly opposed CEO Tom Priore's take-private buyout proposal ($6.00–$6.15/share offer):

- **Steamboat Capital Partners** (led by Managing Partner Parsa Kiai)
- **Buckley Capital Partners** (led by Founder/CIO Zachary Buckley)
- Buckley Capital Management and Steamboat Capital Partners collectively control roughly 4.1% of the outstanding common stock (approximately 3.38 million shares) in Priority Technology Holdings (NASDAQ: PRTH).
    - Buckley Capital Management: ~1.81 million shares (~2.17% to 2.2% stake).
    - Steamboat Capital Partners: ~1.58 million shares (~1.91% to 1.93% stake).

Both funds submitted letters to the PRTH Special Committee framing the CEO's bid as an opportunistic attempt to acquire minority shares at a discount following post-earnings volatility.

Majority of Minority (MoM) Dynamics:

- The CEO's initial proposal was a non-binding offer made to a Special Committee of independent directors.
- Under Delaware law (if structured as an *MFW* dual-procedural framework requiring both a Special Committee and a **majority-of-the-minority vote** condition at inception), the transaction grants deferential business judgment review and prevents controlling freeze-out lawsuits.
- If the bid lacks a strict MoM condition, the Special Committee remains the primary defense line to squeeze out a higher price before recommending the transaction. Given vocal public opposition from minority shareholders, the CEO will likely need to raise the bid to secure Special Committee approval and avoid post-closing fiduciary litigation.

Key Catalysts & Expected Timeline

- **Special Committee Process Duration (Q3–Q4 2026):** The independent Special Committee retained advisors in late Q4 2025 following Chairman/CEO Tom Priore's initial non-binding takeover proposal. In controlled take-private transactions with substantial insider ownership (~60% control), Special Committee negotiations typically take 6 to 9 months before reaching a definitive agreement or price bump.
- **Operational Progress & Tuck-Ins:** Management has continued executing tuck-in M&A, closing the IntelliPay and Convenient Payments transactions in late August 2026, while maintaining full-year 2026 guidance toward $1.01B–$1.04B in revenue. Strong organic cash generation and deleveraging strengthen minority shareholders' leverage for a higher price.
- **LBO / Valuation Gap:** Minority investors (such as Buckley Capital) publicly called out the initial offer as drastically undervaluing the company at <6x 2026E EBITDA compared to fundamental sum-of-the-parts estimates closer to $17–$19 per share.

The selloff in Priority Technology Holdings (PRTH) following its Q2 2026 earnings release was driven by margin compression, deteriorating economics in key growth segments, and conservative forward guidance. Despite beating top- and bottom-line estimates for the quarter, the stock dropped ~19% as investors focused on structural margin headwinds and leverage risks.

PRTH reports operating performance across three reporting segments:

1. **Merchant Solutions** (acquiring/consumer payments)
2. **Treasury Solutions** (embedded banking/liquidity)
3. **Payables** (B2B accounts payable automation, commercial cards, and buyer-supplier payment rails)

<u>Core Drivers of the Selloff</u>

1. Lower-End Guidance Tilt

- Management affirmed full-year 2026 revenue guidance ($1.01B–$1.04B) and adjusted EBITDA guidance ($230M–$245M).
- However, commentary signaled that while top-line revenue would land near the **high end** of the range, Adjusted Gross Profit ($405M–$425M) and Adjusted EBITDA are expected to land near the **low end**.
- The EBITDA decline is 100% a gross margin pass-through issue. Management treats this near-term margin dilution as a customer-acquisition trade-off to capture enterprise B2B volume, anticipating that higher processing density and software attach rates will improve unit economics over time.

2. Severe Margin Compression in B2B Payables

- Although Payables segment revenue jumped 22% to $30.4 million (driven by buyer-funded volume), **adjusted gross profit fell 10%** to $6.5 million, and **EBITDA plunged 17%** to $3.1 million.
- Higher card network interchange fees, unfavorable revenue mix shifts, and expanding residual expenses caused lower margin flow-through on higher payment volume.

3. Accelerated Operating Expense Growth (SG&A)

- SG&A expenses surged **21% year-over-year to $16.8 million**.
- Cost drivers included public cloud migration expenses, elevated marketing spend, and transaction/legal fees, which eroded operating leverage.

4. Elevated Net Leverage Overhang

- Net leverage stands at **3.82x** ($899.7 million net debt against $235.3 million LTM adjusted EBITDA).

- In a higher-for-longer rate environment, elevated debt balances continue to weigh on equity multiples, making the market less tolerant of margin slippage.

5. Wall Street Downgrades

- Sell-side analysts reacted by lowering estimates. Keefe, Bruyette & Woods (KBW) cut its price target from $7.50 to $6.50, while Alliance Global Partners downgraded the stock from *Buy* to *Neutral*, removing a key near-term catalyst for institutional buyers.

When used as a generic metric in leveraged finance, credit analysis, or private equity, **Payables-Adjusted EBITDA** refers to EBITDA that has been adjusted for changes or anomalies in **Accounts Payable (AP)** or working capital management:

- **Stretched Payables Adjustment:** If a company artificially inflates its cash flow by delaying vendor payments (stretching payables beyond normal terms), analysts adjust EBITDA/operating cash flow to normalize the cash generation capability.
- **Pro-Forma Working Capital Normalization:** Reconciles operating performance by subtracting cash gains driven purely by accrued payables buildup rather than operational earnings growth.

PayPal Earnings, Takeover Dynamics, and Valuation

PayPal trades primarily as a low-multiple value stock that generates $7 billion of free cash flow pe year rather than a high-growth tech platform.

- **Market Capitalization:** PayPal trades at an enterprise value (EV) reflecting modest single-digit earnings growth.
- **Valuation Multiples:** The stock trades at roughly **8x to 9x forward P/E** and an EV/EBITDA multiple well below its historical 5-year average.
- **Cash & Balance Sheet:** PayPal maintains a strong balance sheet with net cash and strong free cash flow (FCF) generation exceeding $7B annually.
- **Standalone Implied Value:** Wall Street consensus values PayPal in the **$70 to $85 per share** range on a fundamental DCF (Discounted Cash Flow) basis, **but we value it at $57/share given terminal value and market share uncertainty. Square has been taking market share from the platform.**

Trading

- Added PYPL at $51.65 after the bid rumors broke down from Stripe last week
- Sold PYPL for 54.40 and will add back on the next dip (close to or below $50/share); closed at $53 on Friday

PayPal Holdings, Inc.
Price Target
$mm, except per share figures

Scenario:	**Base**	2
Current Price		$53
Price Target (P/E)		$57
Up/(Down) side		7.1%

Assumptions	**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
P/E Multiple						**10x**			
Bull						14x			
Base						10.0x			
Bear						6x			

Scenario: Base Case	**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
Total processing volume	936,061.0	1,245,879.0	1,357,123.0	1,528,579.0	1,681,151.0	1,793,978.0	1,920,646.1	2,064,074.5	2,209,672.4
Total platform take rate	*2.13%*	*1.88%*	*1.86%*	*1.76%*	*1.72%*	*1.66%*	*1.64%*	*1.60%*	*1.57%*
Total platform services, net	**19,918.0**	**23,402.0**	**25,206.0**	**26,857.0**	**28,842.0**	**29,798.0**	**31,492.7**	**32,925.6**	**34,584.3**
	1,536.0	1,969.0	2,312.0	2,914.0	2,955.0	3,374.0	3,480.1	3,584.5	3,692.0
Total net revenue	**21,454.0**	**25,371.0**	**27,518.0**	**29,771.0**	**31,797.0**	**33,172.0**	**34,972.8**	**36,510.1**	**38,276.4**
Transaction Revenues	19,918.0	23,402.0	25,206.0	26,857.0	28,842.0	29,798.0	31,492.7	32,925.6	34,584.3
% of total revs	*92.8%*	*92.2%*	*91.6%*	*90.2%*	*90.7%*	*89.8%*	*90.0%*	*90.2%*	*90.4%*
y/y growth (%)	*23.7%*	*17.5%*	*7.7%*	*6.6%*	*7.4%*	*3.3%*	*5.7%*	*4.5%*	*5.0%*
Other value added services Revenue	1,536.0	1,969.0	2,312.0	2,914.0	2,955.0	3,374.0	3,480.1	3,584.5	3,692.0
% of total revs	*7.2%*	*7.8%*	*8.4%*	*9.8%*	*9.3%*	*10.2%*	*10.0%*	*9.8%*	*9.6%*
y/y growth (%)	*(8.2%)*	*28.2%*	*17.4%*	*26.0%*	*1.4%*	*14.2%*	*3.1%*	*3.0%*	*3.0%*
Total net revenue	**21,454.0**	**25,371.0**	**27,518.0**	**29,771.0**	**31,797.0**	**33,172.0**	**34,972.8**	**36,510.1**	**38,276.4**
y/y growth (%)	*20.7%*	*18.3%*	*8.5%*	*8.2%*	*6.8%*	*4.3%*	*5.4%*	*4.4%*	*4.8%*
EBITDA margin	*23.8%*	*23.8%*	*21.2%*	*20.8%*	*21.6%*	*22.1%*	*19.5%*	*18.3%*	*17.8%*
EBITDA	**5,105.0**	**6,030.0**	**5,832.0**	**7,023.0**	**6,870.0**	**7,341.0**	**6,813.7**	**6,663.9**	**6,821.2**
y/y growth (%)		*18.1%*	*(3.3%)*	*20.4%*	*(2.2%)*	*6.9%*	*(7.2%)*	*(2.2%)*	*2.4%*
Net Income for EPS (Non-GAAP)	*4,605.0*	*5,455.0*	*4,782.0*	*5,645.0*	*5,820.0*	*6,050.6*	*5,576.2*	*5,366.3*	*5,458.5*
Current Weighted Average Shares Outstanding				1,107.5	1,039.3	968.8	871.2	791.1	780.9
Diluted adjusted EPS				$ 3.83	$ 4.65	$ 5.31	$ 5.38	$ 5.68	$ 5.81
P/E multiple							10.5x	10.0x	9.8x
Base case price target							**57**	**57**	**57**
Premium / (discount) to current price							7%	7%	7%

Equity Value (Market Cap)	**44,900.7**
Current cash and cash equivalents (including marketable securities)	16,001.4
Current Total Debt	13,400.0
Enterprise Value	**42,299.3**

2Q Earnings Beat (July 2026)

- Bottom line: Shares outperformed, which we would attribute to both a strong tape, as well as the raised guidance for transaction margin, which modestly offset a higher opex outlook due to a pullforward of investment spending. We thought the moving pieces in the quarter were modestly positive, with the company signaling stronger U.S. branded checkout growth and decent momentum internationally, excluding travel related disruptions.
- The company also seemed to be expecting relatively consistent LSD performance in Branded for the remainder of the year. While the results were modestly better than expected, and consistent with the view we previewed in our earnings preview that easier comps would limit downside in 2H26, much of the better performance appears to be coming off the back of stronger E-comm/SSS dynamics, easier comps, as well as lower levels of investment in consumer value props that weigh on margins (much of which was offset by higher levels of investment).

- On the strategic front, the company made limited comments about the recent headlines around a potential acquisition of the company, although the company reiterated their obligation to consider all avenues for value creation. Putting it altogether, we remain cautious on the fundamental picture, despite the constructive macro backdrop, as we expect continued share losses in branded checkout to limit both fundamental upside and opportunities for multiple expansion.
- Consolidated results: PYPL reported 2Q26 revenue of ~$8.68bn, roughly +3% vs Consensus Data of ~$8.47bn, with Transaction revenue coming +3% vs consensus at ~$7.83bn and OVAS revenue coming in -1% vs consensus at $850mn (compared to $863mn consensus).
    - Transaction margin came in at ~$3.90bn, +4% vs consensus.
    - Non-GAAP Operating Income came in at ~$1.51bn (+5% vs street expectations), with non-GAAP opex excluding transaction expense coming in at ~$2.39bn (vs street at $2.28bn).
    - Adjusted net income came in at ~$1.22bn, resulting in an Adjusted EPS of $1.38 ($1.25 GAAP), roughly 9% ahead of consensus.

Operating takeaways:

- Branded Checkout: Branded checkout volume grew 2% on a FXN basis vs the street at ~1%.
- P2P & Other Consumer: Volume grew 10% on a FXN basis, compared to the street at ~8%.
- PSP: PSP volume grew 13% on a FXN basis compared to the Street at ~9%.
- Venmo: Venmo volume grew 14% yoy on a FXN basis vs the Street at ~11%.

Equity Upgrades / Downgrades

Monday

(Bloomberg) -- Changes since prior close.

- Upgrades
    - Celestica (CLS CN) Raised to Buy at UBS; PT C$591.90
    - Golar LNG (GLNG) Raised to Buy at Pareto Securities; PT $70
- Downgrades
    - Canada Goose (GOOS CN) Cut to Underweight at Wells Fargo; PT C$10
    - Klarna (KLAR) Cut to Neutral at UBS; PT $16
    - MediaAlpha (MAX) Cut to Neutral at JPMorgan; PT $15
    - Volaris (VOLARA MM) ADRs Cut to Neutral at Banco BTG Pactual; PT $9
    - Weave (WEAV) Cut to Market Perform at Raymond James
- Initiations
    - Aeva Technologies (AEVA) Rated New Neutral at Goldman; PT $20
    - Amapa Minerals (AMAP CN) Rated New Buy at Canaccord; PT C$2.05
    - ArcelorMittal (MT NA) ADRs Rated New Overweight at Morgan Stanley
    - Brinker (EAT) Rated New Outperform at Baird; PT $325
    - Cummins (CMI) Rated New Outperform at CICC; PT $781
    - Denison Mines (DML CN) Rated New Buy at Ventum Financial; PT C$5.50
    - Fortune Brands (FBIN) Rated New Overweight at Wells Fargo; PT $52
    - Freeport (FCX) Rated New Buy at William O'Neil
    - Funko (FNKO) Rated New Buy at Seaport Global Securities; PT $8
    - Inhibrx Biosciences (INBX) Rated New Buy at HC Wainwright; PT $245
    - Insight Molecular Diagno (IMDX) Rated New Buy at Lucid Capital Markets
    - Ionic Digital (IOND) Rated New Buy at BTIG; PT $85
        - Rated New Buy at Jefferies; PT $85
    - Jersey Mike's Subs (JMKE) Rated New Outperform at William Blair
        - Rated New Market Perform at Bernstein; PT $26
        - Rated New Outperform at Raymond James; PT $29
        - Rated New Buy at BTIG; PT $28
        - Rated New Buy at Guggenheim; PT $28
        - Rated New Buy at TD Cowen; PT $26
        - Rated New Buy at Deutsche Bank; PT $27
        - Rated New Buy at Truist Secs; PT $30
        - Rated New Buy at Loop Capital; PT $40
        - Rated New Equal-Weight at Wells Fargo; PT $25
        - Rated New Outperform at Mizuho Securities
        - Rated New Overweight at Piper Sandler; PT $29
        - Rated New Outperform at Baird; PT $27
        - Rated New Outperform at RBC; PT $28
        - Rated New Overweight at JPMorgan; PT $26
        - Rated New Overweight at Morgan Stanley
        - Rated New Buy at Stifel; PT $27
        - Rated New Buy at UBS; PT $27
        - Rated New Buy at Jefferies; PT $29
    - Nuvectis Pharma (NVCT) Rated New Overweight at Cantor
    - Palantir (PLTR) Reinstated Buy at William O'Neil
    - Q32 Bio Inc (QTTB) Rated New Overweight at Morgan Stanley; PT $34
    - Reformation (REF) Rated New Buy at BTIG; PT $20
        - Rated New Outperform at William Blair
        - Rated New Buy at Guggenheim; PT $20
        - Rated New Outperform at Telsey; PT $20
        - Rated New Buy at Citi; PT $20
        - Rated New Overweight at JPMorgan; PT $21
        - Rated New Outperform at Baird; PT $19
        - Rated New Outperform at RBC; PT $18
        - Rated New Equal-Weight at Morgan Stanley; PT $16
    - ResMed (RMD) Rated New Outperform at CCB Intl; PT $292.79
    - Rio Tinto (RIO LN) ADRs Rated New Underweight at Morgan Stanley; PT $90
    - Shattuck Labs (STTK) Rated New Strong Buy at Raymond James; PT $18
    - Talen Energy (TLN) Rated New Outperform at Mizuho Securities; PT $405

Tuesday/Wednesday

Up/Downgrades 24-Aug-26 through 25-Aug-26 Filter: Unfiltered | Sort: Broker

Bernstein

25-Aug-26 01:24 ▲ SMMT ($12.73) **Summit Therapeutics upgraded to market perform from underperform at Bernstein**
- Target increased to $11.90 from $9.80, 7% downside (FactSet average target $28.35; range $11-41)
- Analyst is Jeffrey Walch

Cantor Fitzgerald

24-Aug-26 17:30 VMRK ($68.14) **Vivmark Residential resumed neutral at Cantor Fitzgerald**
- Target is $70, 3% upside (FactSet average target $73.08; range $70-80)
- Analyst is Richard Anderson

Chardan Capital

25-Aug-26 02:46 PRME ($3.25) **Prime Medicine transferred buy at Chardan Capital**
- Target is $7, 115% upside (FactSet average target $7.12; range $4.25-11)
- Analyst is Keay Nakae

DA Davidson

24-Aug-26 17:33 CRH ($95.79) **CRH plc initiated buy at DA Davidson**
- Target is $137, 43% upside (FactSet average target $139.68; range $120-165)
- Analyst is Garik Shmois

24-Aug-26 17:32 VMC ($275.94) **Vulcan Materials initiated buy at DA Davidson**
- Target is $330, 20% upside (FactSet average target $331.55; range $283-365)
- Analyst is Garik Shmois

24-Aug-26 17:31 MAS ($73.21) **Masco initiated neutral at DA Davidson**
- Target is $80, 9% upside (FactSet average target $80.59; range $68-96)
- Analyst is Garik Shmois

24-Aug-26 17:30 WMS ($140.46) **Advanced Drainage Systems initiated buy at DA Davidson**
- Target is $190, 35% upside (FactSet average target $183.92; range $165-207)
- Analyst is Garik Shmois
- *Editor's Note: This comment was revised to correct the analyst name to Garik Shmois (24-Aug-2026, 17:32 ET)*

24-Aug-26 17:29 AWI ($178.25) **Armstrong World Industries initiated buy at DA Davidson**
- Target is $215, 21% upside (FactSet average target $210.18; range $190-230)
- Analyst is Garik Shmois

24-Aug-26 17:28 FBIN ($44.96) **Fortune Brands Innovations initiated buy at DA Davidson**
- Target is $64, 42% upside (FactSet average target $57.43; range $48-70)
- Analyst is Garik Shmois

24-Aug-26 17:28 MBC ($9.32) **MasterBrand initiated neutral at DA Davidson**
- Target is $10, 7% upside
- Analyst is Garik Shmois

24-Aug-26 17:27 OC ($146.97) **Owens Corning initiated buy at DA Davidson**
- Target is $190, 29% upside (FactSet average target $176.53; range $140-198)
- Analyst is Garik Shmois

24-Aug-26 17:27 AMRZ ($45.18) **Amrize initiated neutral at DA Davidson**
- Target is $50, 11% upside (FactSet average target $57.34; range $48-70)
- Analyst is Garik Shmois

24-Aug-26 17:26 KNF ($63.66) **Knife River initiated buy at DA Davidson**
- Target is $85, 34% upside (FactSet average target $91.75; range $73-118)
- Analyst is Garik Shmois

24-Aug-26 17:26 QXO ($13.41) **QXO, Inc. initiated buy at DA Davidson**
- Target is $26, 94% upside (FactSet average target $28.47; range $18-50)
- Analyst is Garik Shmois

(Bloomberg) -- Changes since prior close.

- Upgrades
  - Bread Financial Holdings (BFH) Raised to Outperform at Wolfe; PT $130
  - Dynatrace (DT) Raised to Overweight at Morgan Stanley; PT $65
  - Fluence Energy (FLNC) Raised to Neutral at UBS; PT $12
  - Moderna (MRNA) Raised to Peerperform at Wolfe
  - PDD (PDD) ADRs Raised to Buy at UOB Kay Hian; PT $115
  - Shift4 Payments (FOUR) Raised to Overweight at Wells Fargo; PT $59
- Downgrades
  - Criteo (CRTO) Cut to Underweight at Huber Research Partners; PT $14
  - Daqo New Energy (DQ) ADRs Cut to Sell at Goldman; PT $10
  - Fidelity National (FIS) Cut to Equal-Weight at Wells Fargo; PT $46
  - Five Below (FIVE) Cut to Hold at Loop Capital; PT $250
  - Klarna (KLAR) Cut to Peerperform at Wolfe
  - Nutrien (NTR CN) Cut to Sector Perform at National Bank; PT C$106.63
  - Paymentus (PAY) Cut to Peerperform at Wolfe
  - RLI (RLI) Cut to Underperform at Jefferies; PT $53
  - Vtex (VTEX) Cut to Market Perform at Itau BBA; PT $4.50
- Initiations
  - Advanced Drainage (WMS) Rated New Buy at DA Davidson; PT $190
  - AgomAb Therapeutics ADRs Rated New Overweight at Piper Sandler
  - Apnimed (APMD) Rated New Overweight at Cantor; PT $60
    - Rated New Outperform at LifeSci Capital; PT $50
  - Armstrong World (AWI) Rated New Buy at DA Davidson; PT $215
  - CRH (CRH) Reinstated Buy at DA Davidson; PT $137
  - Curbline Properties (CURB) Rated New Buy at Jefferies; PT $36
  - Eagle Materials (EXP) Reinstated Neutral at DA Davidson; PT $220
  - Fortune Brands (FBIN) Rated New Buy at DA Davidson; PT $64
  - JBT Marel (JBTM) Rated New Overweight at KeyBanc; PT $150
  - Knife River Corp (KNF) Rated New Buy at DA Davidson; PT $85
  - Martin Marietta (MLM) Rated New Neutral at DA Davidson; PT $625
  - Masco (MAS) Rated New Neutral at DA Davidson; PT $80
  - Masterbrand (MBC) Rated New Neutral at DA Davidson; PT $10
  - Midera Food Processing (MFP) Rated New Sector Weight at KeyBanc
  - Pool Corp (POOL) Rated New Neutral at DA Davidson; PT $210
  - QXO (QXO) Rated New Buy at DA Davidson; PT $26
  - Satellos Bioscience Inc (MSCL CN) Rated New Outperform at LifeSci Capital
  - Sherwin-Williams (SHW) Rated New Buy at DA Davidson; PT $400
  - Vulcan Materials (VMC) Reinstated Buy at DA Davidson; PT $330

Thursday

(Bloomberg) -- Changes since prior close.

- Upgrades
  - BWX Technologies (BWXT) Raised to Equal-Weight at Wells Fargo; PT $170
  - Extra Space (EXR) Raised to Outperform at BMO; PT $170
  - LTC Properties (LTC) Raised to Buy at Deutsche Bank; PT $55
  - Lufax (LU) ADRs Raised to Hold at Deutsche Bank; PT $1.40
  - Macerich (MAC) Raised to Overweight at Piper Sandler; PT $30
  - Materialise (MTLS BB) ADRs Raised to Buy at KBC Securities; PT $8.80
  - Okta (OKTA) Raised to Neutral at BofA; PT $170
  - Semtech (SMTC) Raised to Outperform at Northland; PT $182
  - SQM (SQM/B CI) ADRs Raised to Buy at Citi; PT $95
  - Synopsys (SNPS) Raised to Outperform at Baird; PT $560
  - Vestas (VWS DC) ADRs Raised to Buy at Berenberg; PT $12.50
  - Waters (WAT) Raised to Overweight at Piper Sandler; PT $480
- Downgrades
  - Abercrombie & Fitch (ANF) Cut to Neutral at Citi
  - Celsius Holdings (CELH) Cut to Hold at Deutsche Bank; PT $35
  - OMA (OMAB MM) ADRs Cut to Neutral at Bradesco BBI; PT $110
  - Primerica (PRI) Cut to Hold at Truist Secs
  - Regions Financial (RF) Cut to Hold at Deutsche Bank; PT $34
  - Smartstop Self Storage REIT (SMA) Cut to Market Perform at BMO; PT $38
- Initiations
  - Ascendis Pharma (ASND) Rated New Buy at HC Wainwright; PT $345
  - Choice Hotels (CHH) Rated New Neutral at Mizuho Securities; PT $106
  - CNB Financial (CCNE) Rated New Outperform at Raymond James; PT $39
  - CNO Financial (CNO) Rated New Buy at Texas Capital; PT $70
  - DigitalOcean (DOCN) Rated New Buy at Truist Secs; PT $175
  - Fannie Mae (FNMA) Rated New Hold at Texas Capital; PT $7
  - First Finl Bankshares (FFIN) Reinstated Neutral at Piper Sandler
  - Goosehead Insurance (GSHD) Rated New Hold at Texas Capital; PT $80
  - Hanover (HNVR) Rated New Market Perform at Raymond James
  - Horizon Technology (HRZN) Reinstated Buy at Compass Point; PT $5.50
  - Interactive Brokers (IBKR) Reinstated Market Perform at Raymond James
  - Kearny Financial (KRNY) Rated New Outperform at Raymond James; PT $11
  - Odyssey Therapeutics (ODTX) Rated New Buy at HC Wainwright; PT $44
  - Prenetics Global (PRE) Rated New Buy at B Riley; PT $37
  - Telesat (TSAT CN) Rated New Outperform at RBC; PT C$95

Friday

Up/Downgrades 27-Aug-26 through 28-Aug-26 Filter: Unfiltered | Sort: Broker

Canaccord Genuity

27-Aug-26 12:02 ▼DMGI.CN (C$0.53 -C$0.04) **DMG Blockchain Solutions downgraded to hold from buy at Canaccord Genuity (timing uncertain)**

- Target increased however to C$0.55 from C$0.40, 4% upside
- Analyst is Tania Armstrong-Whitworth

Capital One Securities

27-Aug-26 22:59 ▼WDAY ($193.57) **Workday downgraded to equalweight from overweight at Capital One Securities**

- Downgrade follows company's Q2 results
- Target increased however to $219 from $209, 13% upside (FactSet average target $195.09; range $92-275)
- Analyst is Connor Murphy

CLSA

28-Aug-26 01:58 ▲ BZUN ($3.02) **Baozun upgraded to outperform from hold at CLSA**

- Target increased to $3.80 from $3.20, 26% upside (FactSet average target $4.12; range $2.90-5.87)
- Analyst is Wenting Yu

DBS Group

28-Aug-26 02:06 ▼EH ($4.66) **EHang Holdings downgraded to hold from buy at DBS Group**

- Target cut to $5 from $24, 7% upside (FactSet average target $8.54; range $3.90-16.03)
- Analyst is Jason Sum

Deutsche Bank

28-Aug-26 02:18 RYTM ($112.53) **Rhythm Pharmaceuticals initiated hold at Deutsche Bank**

- Target is $120, 7% upside (FactSet average target $140.19; range $105-160)
- Analyst is David Hoang

27-Aug-26 06:46 LU ($1.30) **Lufax Holding resumed hold at Deutsche Bank**

- Target is $1.40, 8% upside
- Analyst is Johnny Xie

Erste Group

27-Aug-26 13:59 ▲▼ **Erste Group initiates FCX, MAR, SDZ.SW, and UNP; upgrades SHEL.LN, SIE.GR; downgrades ABBN.SW, RIO.AU, TSCO.LN, others**

- **Initiated:**
    - Freeport-McMoRan (**FCX** $79.23) initiated buy
    - Marriott International (**MAR** $355.80) initiated buy
    - Sandoz Group (**SDZ.SW** CHF70.54) initiated buy
    - Union Pacific (**UNP** $307.90) initiated buy
- **Upgrade:**
    - Shell Plc (**SHEL.LN** 3311p) upgraded to buy from hold
    - Siemens AG (**SIE.GR** €286.95) upgraded to buy from hold
- **Downgrade:**
    - ABB Limited (**ABBN.SW** CHF79.28) downgraded to hold from buy
    - Rio Tinto (**RIO.AU** A$178.70) downgraded to hold from buy
    - Tesco plc (**TSCO.LN** 455p) downgraded to hold from buy
    - UnitedHealth Group (**UNH** $393.83) downgraded to hold from buy
    - Valero Energy (**VLO** $349.74) downgraded to hold from buy
- Analyst is Hans Engel

(Bloomberg) -- Changes since prior close.

- Upgrades
    - Baozun (BZUN) ADRs Raised to Accumulate at CLSA; PT $3.80
    - Element Solutions (ESI) Raised to Buy at Freedom Capital; PT $48
    - Enbridge (ENB CN) Raised to Outperform at CIBC; PT C$78
    - Evolution Petroleum (EPM) Raised to Outperform at Northland; PT $4
    - Kraken Sonar (PNG CN) Raised to Sector Perform at ATB Capital; PT C$5
    - Petrobras ADRs Raised to Outperform at Bradesco BBI; PT $20
- Downgrades
    - EHang Holdings (EH) ADRs Cut to Hold at DBS Bank; PT $5
    - Vtex (VTEX) Cut to Equal-Weight at Morgan Stanley; PT $4
    - Workday (WDAY) Cut to Equal-Weight at Capital One; PT $219
- Initiations
    - Cardinal Infrastructure Group (CDNL) US Rated New Buy at Thompson, Davis & Co; PT $55
    - Goldsky Resources Corp (GSKR CN) Rated New Buy at Desjardins; PT C$7
    - Metals Royalty (TMCR) Rated New Buy at Stifel Canada; PT $10
    - Octave Specialty Group (OSG) Rated New Outperform at KBW; PT $8
    - Rhythm Pharma (RYTM) Rated New Hold at Deutsche Bank; PT $120
    - Skyharbour Resources (SYH CN) Rated New Buy at Ventum Financial
    - Terawulf (WULF) Rated New Outperform at William Blair; PT $31
    - TMC the metals (TMC) Rated New Buy at Stifel Canada; PT $10

Korea Hikes into Economic Strength (+25 bps)

The Bank of Korea (BOK) raised its benchmark interest rate by 25 basis points to 3.00% on August 27, 2026. This marks its second consecutive rate increase, the first back-to-back hike since early 2023, bringing the policy rate back into the 3% range.

Concurrently, the central bank sharply revised its 2026 real GDP growth forecast upward to 3.3% (from 2.6%), signaling high confidence in South Korea's economic momentum even as monetary policy tightens.

Key Macroeconomic Drivers

- Booming Export Engine: The growth forecast upgrade to 3.3% is primarily fueled by a massive surge in global semiconductor demand. Strong first-half GDP growth (up 3.8% YoY) gave the central bank ample "headroom" to raise rates without fear of stalling economic expansion.
- Preemptive Inflation Strike: BOK Governor Shin Hyun-song framed the consecutive hikes as a "preemptive action" to anchor inflation expectations. Core inflation (at 2.6%) and consumer price growth (2.8%) remain above the BOK’s 2.0% target, driven by elevated global oil prices and strong domestic income growth.
- Financial Stability & Asset Bubble Concerns: Policymakers cited expanding household debt, surging leveraged retail stock trading, and 81 consecutive weeks of rising real estate prices in Seoul as key domestic stability risks requiring immediate tightening.

Metric / Catalyst	Details & Impact
U.S.–South Korea Yield Gap	The 25 bps hike narrowed the interest rate differential between the BOK and the U.S. Federal Reserve (upper bound 3.75%) down to **0.75 percentage points**.
FX Market Response	The South Korean won strengthened following the announcement, benefiting from both the narrowed rate differential and stronger capital inflow projections.
Forward Guidance	The BOK signal board moved to a "data-dependent" posture. A majority of board members’ internal projections target a potential peak rate of **3.25%** over the next six months, suggesting a more gradual pace moving forward.