

2026-07-26 - SSN - Big Mag7 Earnings Week (AMZN, AAPL, META, MSFT), NVDA 250B Guarantee for OpenAI, APP Add, BMWX Add, Temporary Iran Peace - (report)

Condensed Report

- **Nvidia & OpenAI Mega Deal:** Nvidia is in talks to guarantee a massive \$250 billion data center build for **OpenAI** (a 10-gigawatt project in Southern Ohio developed by **SoftBank**).
- **Geopolitics & Market Impact:** A temporary halt in missile launches between the US and Iran over the weekend triggered countertrend short covering, pushing Nasdaq up 1.36%, S&P up 0.8%, Russell 2000 up 1.2%, crypto rallying, the US 10-year yield down 5 bips, and crude oil dropping ~5%.
- **Short Interest & "Taco Index":** S&P 500 short interest reached 3.7% of free float (highest since 2010). Signum Global Advisors' "Taco Index" correctly predicted presidential intervention/de-escalation between *July 26th* and *July 30th*.
- **Hyperscaler AI CAPEX Incineration & Alphabet Analysis:** **Alphabet** reported record net income driven by unrealized gains in **SpaceX** and **Anthropic**, but logged its first negative quarterly free cash flow (-\$5.9B) since going public due to surging CAPEX (\$195B-\$205B target).
- **Google Search & Ad Quality Concerns:** Analysis highlights "unhealthy" search revenue growth driven by depreciation of second-price auctions, diluted keyword exact matching, and ignoring budget caps to charge for irrelevant clicks as search volumes face cannibalization from AI.
- **Dan Niles Market & Mega-Cap Preview:** Niles highlights bullish drivers for AI (agentic AI/open claw driving 10x-100x token consumption, semi vendors benefiting) against headwinds (token minimization via open-source Chinese models, rising global central bank rates, compressed multiples). Previews Q3 reports for **Meta**, **Microsoft**, **Amazon**, and **Apple**.
- **Special Situation — Betterware de Mexico (BMW):** Significant value disconnect with operational earnings surging (EBITDA projected to reach 4.3B pesos next year) while valuation shrinks (3.8x 2027 EBITDA). Accretive **Tupperware** LatAm acquisition boosts revenues and earnings, supporting an 8.6% dividend yield.
- **Momentum & Semiconductor Sector Dynamics:** UBS prime brokerage notes severe hedge fund unwinding in momentum/semi stocks (down 5% of gross market value). Hedge funds reversed 80% of net buying since mid-June but began re-accumulating last week.
- **New US Tariff Framework:** Supreme Court struck down Liberation Day tariffs; Section 122 stopgap expired *July 24th*. Administration instituted new Section 301 tariffs ranging from 10% to 12.5% based on forced labor compliance, with commodity and sectoral exemptions.
- **M&A & Corporate News:** **Utz Brands** surged ~90% on a buyout offer from **Intersnack** (\$14.25/share). **Reddit** in negotiations with **Google** regarding data licensing fees. **Roper** reported strong beat-and-raise Q2 results.
- **Q&A Highlights:** Discussion on semiconductor buy-on-dips vs. hyperscaler wait-and-see; pair trade unwinds (**EchoStar** / **SpaceX**); preference for agency REITs (**Dynex**, **Redwood**, **Annaly**); low likelihood of Clarity Act passage (38% probability); and equal-weight S&P (**RSP**) outperforming market-cap S&P (**SPY**).

Actionable Items

- **Macro Trends to Be Aware Of:**
 - Watch potential temporary ceasefire/de-escalation in the US/Iran conflict prior to the *November 3rd* US midterm elections (75% probability of effective ceasefire by *August 31st*).
 - Monitor the transition from token maximization (*March*) to token minimization (*June*) as enterprises adopt open-source models, shifting demand toward memory capacity (DRAM/HBM pools).
 - Track rising global central bank rates (average 2.6%) and 10-year sovereign yields driving up the cost of debt and capital for high-CAPEX tech names.
 - Observe equal-weight index (**RSP**) outperformance over market-cap weighted (**SPY**) due to mega-cap

Max7CAPEX/valuation headwinds.

- **Potential Additions to the Portfolio:**

- **AppLovin (APP):** Rebuilding/adding to growth position; non-AI-disruptible e-commerce expansion provides ~50% potential upside.
- **Betterware de Mexico (BWMX):** High conviction on deep value/special situation trading at 3.8x 2027EBITDA with an 8.6% dividend yield and **Tupperware** integration tailwinds.
- **Utz Brands (UTZ):** Buy opportunity if shares trade below \$13.00 ahead of its Q4 buyout close at \$14.25 per share with minimal antitrust risk.
- **Agency REITs:** Accumulate **Dynex Capital (DX)**, **Redwood Trust (RWT)** common below \$5, and **Annaly Capital Management (NLY)** following its quarterly dividend raise to \$0.75 (13.4% yield).
- **Semiconductor Stocks on Dips:** Selective re-entry into chipmakers/capital equipment suppliers benefiting from sustained hyperscaler CAPEX spend (**Nvidia**, **Micron**, **AMD**, **Intel** on dips).

- **Potential Reductions in the Portfolio:**

- **Hyperscaler Mega-Caps (GOOGL, AMZN, MSFT, META):** Exercise caution or sell into rallies ahead of Q3 earnings reports due to margin compression, negative free cash flow, and escalating CAPEX.
- **Apple (AAPL):** Avoid/reduce at 37x PE due to high revenue/margin estimates pressed by memory/semiconductor cost inflation.
- **IBM (IBM):** Avoid or reduce; risk of earnings deceleration and subdued spend as enterprise budgets prioritize core AI over legacy quantum/software solutions.

- **Potential Additions to Shorts:**

- **Non-Security Software & IT Services:** High vulnerability as enterprise AI cost containment redirects software budgets toward infrastructure and native co-pilots.

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

- **Reddit (RDDT):** Monitor Q2/Q3 earnings acceleration (revenue tracking +70% YoY) and prospective renegotiation of data licensing terms with **Google**.
- **Roper Technologies (ROP):** Track high-margin industrial software resilient to AI disruption.
- **Warner Bros. Discovery (WBD):** Monitor 15% arbitrage spread following recent developments.
- **Nebius (NBIS):** Track deployment of its Varin Rubin Ultra facility in Finland for potential recovery.

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

- **Pair Trade Exit:** Unwind the **EchoStar (SATS)** / **SpaceX** pair trade by taking short-covering profits on **SpaceX** and liquidating long positions in **EchoStar**.

Stock Symbols & Company Names List

AAPL (Apple Inc.), **ABBV** (AbbVie Inc.), **ABI** (Anheuser-Busch InBev), **AGNC** (AGNC Investment Corp.), **AMAT** (Applied Materials Inc.), **AMD** (Advanced Micro Devices Inc.), **AMZN** (Amazon.com Inc.), **APP** (AppLovin Corporation), **ARM** (Arm Holdings plc), **BA** (The Boeing Company), **BWMX** (Betterware de Mexico SAPI de CV), **CVX** (Chevron Corporation), **DX** (Dynex Capital Inc.), **ENB** (Enbridge Inc.), **FTNT** (Fortinet Inc.), **GOOG** / **GOOGL** (Alphabet Inc. / Google), **IBM** (International Business Machines Corp.), **INTC** (Intel Corporation), **KO** (The Coca-Cola Company), **LRCX** (Lam Research Corporation), **META** (Meta Platforms Inc.), **MRNA** (Moderna Inc.), **MSFT** (Microsoft Corporation), **MU** (Micron Technology Inc.), **NBIS** (Nebius Group N.V.), **NLY** (Annaly Capital Management Inc.), **NVDA** (Nvidia Corporation), **ORCL** (Oracle Corporation), **PYPL** (PayPal Holdings Inc.), **QCOM** (Qualcomm Inc.), **RDDT** (Reddit Inc.), **ROP** (Roper Technologies Inc.), **RSP** (Invesco S&P 500 Equal Weight ETF), **RWT** (Redwood Trust Inc.), **SATS** (EchoStar Corporation), **SNE** / **SONY** (Sony Group Corporation), **SPY** (SPDR S&P 500 ETF Trust), **SPGI** (S&P Global Inc.), **STM** (STMicroelectronics N.V.), **TSLA** (Tesla Inc.), **UTZ** (Utz Brands Inc.), **V** (Visa Inc.), **WDC** (Western Digital Corporation), **WBD** (Warner Bros. Discovery Inc.), **YUM** (Yum! Brands Inc.)

Economic Calendar

Date of Event	Event	Summary of Commentary
Upcoming Week	Durable Goods Orders	Critical macro data point evaluating broader manufacturing strength amidst rising 10-year yields.
Upcoming Week	Consumer Confidence	Key indicator monitored for consumer strength under inflation and geopolitical stress.
Upcoming Week	Personal Income & Spending	Essential readings on underlying consumer purchasing power and economic momentum.
Upcoming Week	PCE Inflation	Core inflation metric heavily scrutinized by the Fed; drives interest rate expectation shifts.
Upcoming Week	UMich Consumer Sentiment	Gauges broad inflation expectations and consumer outlook.
Upcoming Week	Big Tech Earnings (AMZN, AAPL, MSFT, META, QCOM, WDC, LRCX, FTNT, ARM)	The largest earnings week of the quarter; focus centers on AI CAPEX efficiency, cloud acceleration, and margin outlooks.
Upcoming Week	Non-Tech Earnings (V, KO, BA, GLW, SPGI, PYPL, SHEL, ABI, YUM, ABBV, CVX, SONY, ENB, MRNA, SIE)	Key earnings reports across payments, industrials, energy, consumer staples, and pharma.
July 24, 2026	Section 122 Tariff Expiration	Expiration of the 150-day temporary 10% global tariff; succeeded immediately by broad Section 301 tariffs.
July 26–30, 2026	"Taco Index" Predicted Target Window	Signum Global Advisors' model window predicting executive intervention in the US/Iran war to lower oil yields.
August 31, 2026	Target Ceasefire Window	75% estimated probability of an effective temporary US/Iran ceasefire ahead of US midterm elections.
November 3, 2026	US Midterm Elections	Major political catalyst driving White House efforts to stabilize domestic energy and yields.

Report Details

Nvidia / OpenAI Mega Deal & Geopolitical Short Squeeze

Breaking news indicates that **Nvidia** is in discussions to back and guarantee a monumental \$250 billion AI data center build out for **OpenAI**. The initiative centers around a massive 10-gigawatt infrastructure project being developed by **SoftBank** in Southern Ohio. This commitment underscores **Nvidia's** strategy to secure end-demand for its GPU architecture, even as it navigates complex market dynamics surrounding open-source AI models.

Concurrently, geopolitical developments over the weekend provided immediate relief to global risk assets. A temporary suspension of missile strikes between the US and Iran over two consecutive nights led to early market short covering. Ahead of the US market open:

- Nasdaq futures rose +1.36%.
- S&P 500 futures increased +0.80%.
- Russell 2000 small-cap futures gained +1.20%.
- Cryptocurrencies rallied broadly.

- US 10-year Treasury yields dropped 5 basis points.
- WTI/Brent Crude oil futures fell approximately 5.0%.

While overnight rallies related to the Middle Eastern conflict have previously faded upon renewed aggressive rhetoric, current setup indicators favor a short squeeze. S&P 500 short interest recently rose to 3.7% of total free float—marking one of the highest short positioning levels recorded since 2010.

This dynamic aligns with the "Taco Index" metric published by **Signum Global Advisors** (led by Andrew Bishop). The index integrates four core variables:

1. Brent crude spot prices
2. US 10-year Treasury yields
3. Strait of Hormuz vessel transit counts
4. S&P 500 price levels

Historical backtesting demonstrated that when these four metrics undergo a combined move of 2.3 to 3.4 standard deviations (averaging 2.9 standard deviations), it consistently triggers executive intervention to depress energy prices and yields. Signum projected a "Taco" event between *July 26th* and *July 30th*; the de-escalation impulse arrived on *July 27th*. With the *November 3rd* US midterm elections approaching, strong political incentive exists to force oil prices down toward the \$70/barrel baseline from previous spikes above \$100/barrel.

Macro Economics, Interest Rates & The Tariff Restructuring

Prior to the weekend news, macro pressures had driven real yields on 10-year US Treasuries to their highest levels since 2023. Concurrently, initial jobless claims dropped to levels not seen since 1969, reflecting labor market tightness that supported higher long-term interest rates. Prior to the weekend pause, re-escalation in the US/Iran conflict had pushed the probability of a Federal Reserve rate hike in *July* up to 40%.

In global central banking, 11 primary monetary authorities shifted from net rate cuts (averaging 2.7% in *July 2025* down to 2.4% in *February*) to net rate increases, averaging 2.6%. Sovereign 10-year yields across these 11 jurisdictions rose from an average of 3.2% up to 3.8%.

On trade policy, President Trump instituted a updated tariff framework following a Supreme Court decision in *February 2026* that invalidated earlier post-"Liberation Day" duties. The White House had temporarily enacted a 10% global tariff under Section 122 of the Trade Act of 1974, which expired after its statutory 150-day limit on *July 24th*. To replace it, the Office of the US Trade Representative (USTR) invoked Section 301 of the Trade Act of 1974, citing enforcement against foreign forced labor in global supply chains.

[Section 122 Temporary Tariff (Expired July 24)]



[Section 301 Supply Chain / Forced Labor Tariffs]



[10.0% Tiered Duties]

- UK, EU, Canada, Mexico
India, Argentina, etc.

[12.5% Tiered Duties]

- China, Japan, Brazil,
Australia, Saudi Arabia,
UAE, Vietnam, etc.

The new Section 301 structure applies two primary tariff tiers:

- **10.0% Tariff Tier:** Applied to 20 partner nations determined to have taken legal steps or commitments toward forced labor bans (e.g., United Kingdom, European Union, Canada, Mexico, India, Argentina, Bangladesh, Cambodia, Indonesia, Malaysia, Pakistan, Sri Lanka).

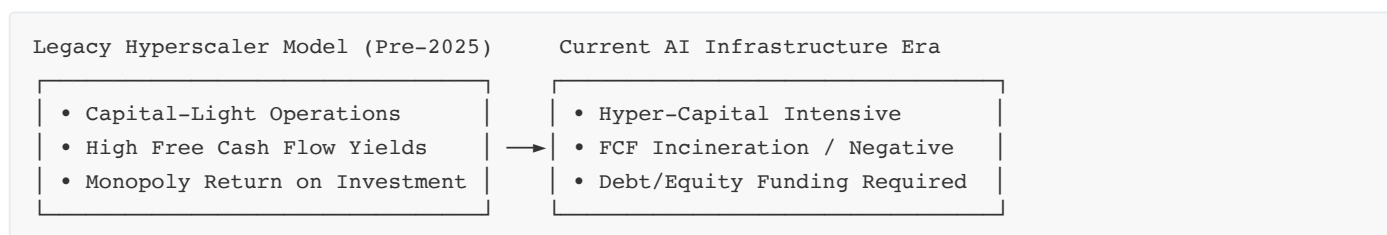
- **12.5% Tariff Tier:** Applied to nations deemed non-compliant or lacking sufficient import restrictions (e.g., China, Japan, South Korea, Australia, Brazil, Singapore, Saudi Arabia, Vietnam, Philippines, South Africa, Thailand, UAE).

Carve-Outs & Specific Exclusions:

- Agricultural food products, chemical fertilizers, and specific primary energy imports are fully exempt.
- Secured sectoral goods already subject to standalone national security duties (steel, aluminum, automotive products) are excluded from duplicative Section 301 levies.
- For China, additional duties apply on top of pre-existing tariff structures without partner carve-outs.

Hyperscaler AI CAPEX Incineration & Alphabet (GOOGL) Deep Dive

The market's major focus revolves around the financial condition of major hyperscalers, where aggressive capital expenditures are heavily suppressing free cash flow (FCF).



Alphabet Inc. (GOOGL) Q2 Financial Analysis

Alphabet reported Q2 net income of \$112 billion, but 87% of this figure was generated by accounting markups on equity investments—primarily **SpaceX** (\$94 billion holding, \$80 billion of which is subject to short-term sale restrictions) and **Anthropic**. Excluding these markups, **Alphabet's** operational net income grew by only 2% sequentially from Q1.

Key Financial Indicators:

- **Free Cash Flow:** Recorded -\$5.9 billion, marking **Alphabet's** first negative quarterly FCF since its initial public offering over 20 years ago.
- **CAPEX Revision:** Full-year capital expenditure guidance was raised to \$195B-\$205B (up from \$190B previously). Q2 CAPEX alone reached \$45 billion, exceeding Wall Street estimates of \$44 billion.
- **Revenue & Income:** Total revenue excluding partner payouts came in at \$103.6 billion (vs. \$101B expected). Operating net income landed at \$9.11 per share.
- **Cloud Performance:** **Google Cloud** revenues reached \$27.5 billion (up 82% YoY), with total cloud backlog expanding to \$514 billion (up from \$460B in Q1). Over half of this backlog is expected to be recognized as revenue within 24 months.
- **Search Advertising:** Generated \$63 billion, slightly missing consensus expectations.
- **YouTube:** Generated \$11 billion in revenue, topping estimates and halting a multi-quarter trend of underperformance.
- **Other Bets:** Generated \$382 million (including **Waymo** and **Verily**), missing estimates.
- **Purchase Commitments:** Open supply agreements, data center builds, power commitments, and chip purchase obligations expanded to \$811 billion (up \$500 billion in three months), with \$201 billion categorized as short-term obligations.

Analysis of Google's Search Monetization Tactics

Observations from large-scale digital advertisers spending ~\$500k/year indicate structural issues within core Search:

1. **Search Volume Cannibalization:** Search traffic is declining as users shift toward non-monetized LLM interfaces.
2. **Deprecation of Second-Price Auction:** **Google** transitioned away from its traditional second-price auction

mechanism (where the winning bidder paid \$0.01 above the second-highest bid). It now routinely charges the maximum bid/budget caps regardless of competing bid levels.

3. **Dilution of Exact Match Targeting:** Broadening the definition of "close variant" keywords forces advertisers to pay for irrelevant search queries that cannot be manually disabled.
4. **Over-billing Budget Caps:** Google has stopped strictly respecting daily budget caps, exceeding set limits by up to 2x without providing refunds or recourse.

Product Updates & Consumer Scale

Gemini monthly active users reached 950 million (topping estimates, though below Q1 peak levels). **Alphabet** is expanding Gemini 3.6 Flash while delaying Gemini 3.5 Pro, redirecting primary development toward Gemini 4—a larger, next-generation frontier model slated for faster, monthly iterative deployments.

Broad Hyperscaler Outlook

The four primary hyperscalers (**Meta, Microsoft, Amazon, Alphabet**) previously signaled \$725 billion in aggregate 2026 AI spending. Wall Street projections suggest total annual hyperscaler CAPEX will exceed \$1.0 trillion by 2028. Consensus models project aggregate hyperscaler free cash flow to turn negative in 2027, requiring balance sheet cash usage or external debt/equity issuance. Consequently, the **Max7** valuation multiple compressed from 32x PE in *October 2025* to 22x PE.

Dan Niles Market Commentary & Mega-Cap Earnings Outlook

Tech strategist Dan Niles details key drivers for the technology sector, noting that the broad **Max7** index declined 4.8% in a single session last week (erasing ~\$750 billion in market capitalization), while semiconductor stocks gained +1.0%.

Positive Structural Drivers

- Agentic AI Token Boom (10x-100x consumption growth)
- GPU-to-CPU Ratio Shift (Shifting from 8:1 toward 1:1)
- Hyperscaler "Must-Win" CAPEX

Negative Structural Drivers

- Open-Source Model Optimization (Token minimization shifts)
- Non-Security IT Budget Cuts (Software displacement)
- Higher Cost of Capital/Debt

Niles' Assessment of Mega-Cap Earnings:

- **Meta Platforms (META):** Benefits from elevated user engagement during the World Cup (Q3 2025 revenues grew 27% vs 22% in Q2 2025, setting high comparison bars). Potential public cloud LLM API rollouts could drive CAPEX guidance higher. However, valuation in the mid-teens PE offers downside support relative to the S&P 500 (2026 PE of 22x).
- **Microsoft (MSFT):** Faces high growth thresholds in Azure following **Google Cloud's** +82% print. Enterprise adoption of Microsoft 365 Co-pilot serves as a tailwind, though its 27% equity stake in **OpenAI** carries risk as **OpenAI** faces pressure between **Google** (consumer) and **Anthropic** (enterprise).
- **Amazon (AMZN):** High performance bar for AWS. Concurrently, elevated fuel and logistics costs weigh on e-commerce operations, while shifting the Prime event from July to late June borrows demand from Q3 into Q2.
- **Apple (AAPL):** Benefits relative to peers by avoiding massive proprietary AI infrastructure CAPEX, relying instead on partner models like **Google**. However, elevated component costs (particularly DRAM/memory) pose risks to Q3/Q4 gross margins. Trading at 37x PE, the stock appears fully valued pending the upcoming foldable device upgrade cycle.

Special Situation Analysis: Betterware de Mexico (BWMX)

Betterware de Mexico (SAPI de CV) presents a notable value disconnect, combining expanding operational earnings with multiple compression.

Betterware de Mexico (BWMX) Financial Trajectory		
Metric	FY 2024	FY 2027 (Projected)
EBITDA	~2.0 Billion Pesos	~4.3 Billion Pesos
Valuation Multiple	~5.5x EV/EBITDA	~3.8x EV/EBITDA
Free Cash Flow Yield	High-Teens %	>20.0%
Dividend Yield	~6.5%	~8.6% (Current)

Investment Summary:

- **Earnings Acceleration:** EBITDA is projected to grow from 2.0 billion pesos (2024) to 4.3 billion pesos (2027), with next-12-month EBITDA estimates up 50% over the past year.
- **Valuation:** Enterprise Value to EBITDA has compressed 30% over the same period to 3.8x 2027 estimated EBITDA.
- **Free Cash Flow & Capital Return:** Converts over 80% of EBITDA into free cash flow. Pays an 8.6% annualized dividend yield (\$0.36 USD / 250 million pesos quarterly), with 26 consecutive quarters of dividend payments.
- **M&A Consolidation:** Acquired **Tupperware** LatAm. In its first consolidated month, **Tupperware** contributed 11% of consolidated net revenue and 16% of EBITDA. Pro-forma 12-month EPS is estimated to be 36% higher post-integration.
- **Balance Sheet Leverage:** Net Debt-to-EBITDA dropped to 1.6x following a brief post-deal spike to 2.6x.
- **Guidance:** Management raised 2026 revenue growth guidance from 4.8% up to 18%–22%, while maintaining EBITDA margins above 19%.

Semiconductor Industry, Open-Source Memory Impact & Micro-Cap News

Semiconductor & Hedge Fund Positioning

UBS Prime Brokerage reports that hedge funds executed significant reductions in momentum and semiconductor long exposure, cutting holdings by 5% of gross market value. Hedge funds reversed 80% of net buying accumulated since mid-June before returning as net buyers last week. Global semiconductor net allocation dropped from a record 24% in June down to 19%, while US semiconductor net allocation adjusted from 14% to 11%.

Memory Dynamics & Open-Source AI Impacts

Bank of America analysis refutes the thesis that open-source AI models harm memory demand. Closed models concentrate demand within shared High Bandwidth Memory (HBM) pools in centralized data centers. In contrast, open-source models require independent memory footprints per deployment:

- Self-hosting an open model across 10,000 enterprises replicates model weights across 10,000 separate HBM pools.
- As context windows expand toward 1 million tokens, Key-Value (KV) cache requirements alone exceed 40 GB per active session.
- Consequently, low-cost Chinese open APIs drive net expansion in inference demand, enterprise hosting, and global DRAM socket counts.

Price increases for Server DRAM remain firm. **Morgan Stanley** forecasts 25% price increases for memory chips, while **Micron Technology's** HBM capacity is fully sold out through 2027. Competing domestic memory options like China's CXMT remain expensive, with 64GB DDR5 server memory modules pricing near \$1,240, limiting cheap alternatives to **SK Hynix**, **Samsung**, and **Micron**.

Additional Company Updates:

- **Utz Brands (UTZ)**: Shares surged ~90% following an agreement to be acquired by **Intersnack** for \$14.25 per share in cash, with closing expected in Q4.
- **AppLovin (APP)**: Adding to growth positions. Non-AI-disruptible mobile/e-commerce ad engine adoption indicates ~50% potential upside.
- **Reddit (RDDT)**: Experienced volatility on rumors of renegotiating its \$60 million/year data licensing arrangement with **Google**. With \$2.8 billion in balance sheet cash and zero debt, Q2 revenues are tracking +55% to +60% YoY, and Q3 revenues are tracking >70% YoY. RDDT trades near 17x NTM earnings with 42% projected EPS growth over two years.
- **STMicroelectronics (STM)**: Shares fell 17% (largest single-day drop since *July 2025*) following missed earnings and weak forward guidance.
- **Roper Technologies (ROP)**: Shares rallied 10% after beating earnings expectations (\$5.38 adjusted EPS vs. \$5.29 expected; \$2.11B revenue vs. \$2.10B expected) and raising full-year EPS guidance to \$22.15–\$22.30.
- **Intel (INTC)**: Issued strong Q3 revenue guidance of \$15.8B–\$16.8B (vs \$15.1B expected), driven by data center CPU segment growth exceeding +59%.

Q&A Session Summary

Tech Strategy: Buy Dips vs. Wait on Mega-Caps?

- **Semiconductor Names**: Categorized as buy-on-dips due to strong sustained infrastructure CAPEX spend.
- **Hyperscalers (GOOGL, AMZN, MSFT, META)**: Recommend waiting through Q3 earnings releases. Anticipate potential "sell the news" reactions as companies report higher CAPEX guidance and squeezed cash flows.

M&A & Pair Trades

- **EchoStar (SATS) / SpaceX Pair Trade**: Recommend unwinding the pair trade. With **SpaceX** valuation pulling back more than **EchoStar**, traders should take profits on short **SpaceX** legs and sell out of long **EchoStar** positions.
- **Warner Bros. Discovery (WBD)**: Maintain long bias given the ~15% arbitrage spread.

Agency REITs & Yield Opportunities

- **Preferred Selections**: **Redwood Trust** Series S preferreds (**RWT.PR.S**) offer ~10% yield; **Redwood Trust** common (**RWT**) remains attractive under \$5.00.
- **Common Stock Selections**: **Dynex Capital (DX)** offers high dividend yield. **AGNC Investment Corp (AGNC)** and **Annaly Capital Management (NLY)** remain attractive as long-term yields stabilize. **Annaly** recently raised its quarterly dividend to \$0.75 per share (~13.4% annualized yield).

Regulatory & Crypto Policy (Clarity Act)

- The **Clarity Act** faces delays and low passage probability (~38% on Polymarket), impacted by political factors and scrutiny over crypto revenue disclosures. Passage remains stalled despite support from **BlackRock**, **Schwab**, **Fidelity**, and **Goldman Sachs**.

Legacy Tech Assessment: IBM

- **IBM Outlook**: Maintain a cautious stance. Growth deceleration is expected as enterprise budgets prioritize core AI infrastructure over legacy services or quantum computing. Recommend waiting several quarters before evaluating entries.

Index Positioning: RSP vs. SPY

- **Invesco S&P 500 Equal Weight ETF (RSP)** is expected to outperform the market-cap weighted **SPY** due to multiple

compression and negative FCF headwinds in mega-cap **Max7** constituents.

Footer

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- Creation Date: 2026-07-26
- Model (may not be accurate): Gemini 1.5 Pro
- Prompt Name: ssn_report_v5 - 2025-12-07 - @DA