

CUBELETTER

Markets close another week in the red as investors price in higher chance of rate hikes

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CUBE WEEKLY INVESTMENT TRANSACTIONS

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INDICES & MORE (W/W %)	SECTOR	WEEK %	YTD %
• DJIA 52,573 (-1.57%)	Energy	1.69%	47.70%
• S&P500 7,656 (-0.80%)	Communications	0.51%	-3.79%
• NASDAQ 26,333 (-0.66%)	Technology	0.21%	30.67%
• RUSSELL 2K 2,903 (-1.79%)	Real Estate	-1.16%	9.28%
• WTI OIL \$103.18 (+13.1%)	Cons. Staples	-1.42%	8.69%
• GOLD \$4,377 (-2.34%)	Financials	-1.46%	5.43%
• 10YR TSY 4.97% (+18 BPS)	Utilities	-1.60%	0.63%
• BTC \$76,727 (-3.33%)	Industrials	-1.65%	11.71%
• ETH \$2,476 (-0.71%)	Cons. Discretionary	-1.70%	-5.02%
• VIX 15.84 (+9.02%)	Materials	-2.84%	13.27%
	Health Care	-3.55%	7.73%

A LOOK UNDER THE CPI HOOD

Sources: BLS

The CPI (consumer price) index rose a seasonally adjusted 0.4% for the month, putting the 12-month increase at 3.4%, the Bureau of Labor Statistics reported Friday. Both readings were in line with the Dow Jones consensus.

However, stripping out volatile food and energy prices, the core CPI posted a 0.3% monthly gain, or 0.1 percentage point higher than forecast. The core annual rate came in at 2.4%, matching the estimate.

Fun Fact: On a Y/Y basis, this is the lowest core CPI print since March 2021.

As expected, energy propelled the headline number higher, as gasoline prices jumped 3.9%, accounting for more than one-third of the index's gain.

Gasoline rose 27.4% and fuel oil surged 52% on a 12-month basis.

Food prices edged 0.1% higher as food at home costs held flat. The food index accelerated 2.7% annually.

Another significant factor was a 0.3% climb in shelter costs, which had moderated over the prior two months. Transportation services saw a 0.5% increase. Used cars and trucks rose 0.4% and new vehicle prices were up 0.3%, part of what appeared to be broad-based gains for the index. Tariff-sensitive apparel prices were flat and motor vehicle insurance fell 0.8%.

"Chair Warsh and others signaled that interest rates can remain on hold only if disinflation continues and today's August report did not deliver that," said Kathy Bostjancic, chief economist at Nationwide. "Further, the renewed march higher in oil, gasoline and diesel prices add to concerns that higher energy prices could spill over to other goods and services and inflation expectations."

CUBE wanted to dig in a little more, though. Check out these sub categories that came in under 2.5% Y/Y.

1. Food at home (Grocery store items): +2.2%
2. Other food at home: +2.4%
3. Meats, poultry, fish, and eggs: +1.1%
4. Dairy and related products: -0.3% (Price decline)
5. New vehicles: +0.6%
6. Used cars and trucks: -2.3% (Price decline)
7. Medical care commodities: -2.7% (Price decline)
8. Physicians' services: +2.0%
9. Transportation services (aggregate): +2.4%
10. Alcoholic beverages: +1.6%
11. Motor vehicle insurance: -5.1% (Price decline)

And then we took it a step further, look at these Core CPI items that we believe still have considerable exposure to energy prices:

- Airline fares: +23.4%
- Motor vehicle maintenance & repair: +5.2%
- Apparel: +3.6%
- Household furnishings & operations: +2.0%

Makes you wonder if this Iran fiasco wasn't in play, what would core CPI truly be? Probably pretty darn close to the Fed's 2.0% target. With regards to headline CPI, yes it's too hot but interest rate hikes won't bring down the price of oil.

Regardless, the market thought this CPI print is enough to push the Fed to hike 25bps Wednesday as there is now an 86% chance of that happening. If that happens, we think it's the wrong move but at this point Fed Chair Kevin Warsh probably has to save face after talking such a big game on inflation.

AI SCARE OVER WEEKEND

Sources: BBC / CNBC

AI investors did not sleep well this weekend.

The motto has been to throw billions at labs like Anthropic and OpenAI, race to scale up, and push models to market as fast as possible. But over the weekend, the very executives leading that high-speed race suddenly stepped up to the microphone and announced they need to slow down.

What makes this moment so uneasy for the market is that no one outside these executive suites actually knows the true motivation behind the sudden call for restraint. On the surface, the proposal put forward by Anthropic's Dario Amodei and quickly endorsed by OpenAI's Sam Altman claims to be about safety. They are calling to "pace the frontier" and let independent third parties audit training rooms. However, Wall Street analysts and industry skeptics are asking whether this abrupt shift is a genuine attempt to manage technical risks, or a calculated strategic maneuver.

There are plenty of reasons to question the official narrative. On one hand, internal whistleblowers like researcher Jacob Coxon recently quit after claiming models were advancing toward uncontrolled autonomous behavior faster than safety teams could manage.

On the other hand, calling for heavy regulation and independent auditing at this exact moment conveniently raises the barrier to entry for smaller, open-source competitors who cannot afford massive compliance pipelines.

There is also the financial angle. Compute costs are exploding and power grids are strained, calling a coordinated time-out gives these giant labs a polished PR cover to manage capital expenses, delay volatile public listings, and consolidate their market lead without looking like they are falling behind.

Tech futures are already pointing toward a red open, but no one really knows how deep this hit will be or whether Wall Street is overreacting. In the short term, the market's knee-jerk panic makes sense. The entire rally over the past few years was built on an uninterrupted, high-speed rollout of new hardware and models. If the giant labs suddenly slow down, valuations priced into chipmakers, data center operators, and energy providers take an immediate hit.

The bigger question is what this shift means for the long haul.

Perhaps this could actually be a massive positive in disguise. If the industry uses this breather to fix security flaws, prevent catastrophic agent failures, and build proper compliance guardrails, it might prevent a far worse, market-crashing disaster down the road. Instead letting the tech run out of hand, a controlled slowdown could mature the sector, turning unpredictable hype into a stable, sustainable enterprise utility.

Or, and hopefully not, this could be the moment the entire AI narrative loses its magic.

For what it's worth, CUBE's guess is that this will not be a narrative-breaking moment.

CUBE ROLL

- **Saudi Arabia could exhaust oil inventories** available for export within days unless it restarts a critical pipeline to the Red Sea, potentially removing as much as 4% of global supply from an already strained market, Reuters reported. Drone attacks forced the kingdom to shut its east-west pipeline on Friday. The route has carried about 4 million barrels a day across the Arabian Peninsula to the Red Sea port of Yanbu, allowing Saudi exports to bypass the war-disrupted Strait of Hormuz.
- **The European Central Bank** raised interest rates 25 basis points to 2.5% from 2.25% in a move widely expected by investors. The ECB expects baseline inflation, excluding energy and food, to reach 2.5% in 2026, 2.6% in 2027 and 2.3% in 2028.
- **Speculators turned** to a net long position on the yen for the first time since February, data showed late on Friday, a display of growing momentum behind Japan's beleaguered currency. Yen futures data from the Commodity Futures Trading Commission showed net non-commercial positions amounting to 10,796 long contracts in the week to September 8. That is a reversal from net shorts of 92,227 for the week prior and the first overall long reading since February 24.
- **Qualcomm (QCOM) and Amazon (AMZN)** announced on Tuesday that the two companies would work together to build next-generation AI data center infrastructure. As part of the deal, Qualcomm will work with Amazon for multiple generations of Qualcomm's customized silicon to support AWS's AI infrastructure. Qualcomm's optical connectivity solutions will also be used within Amazon data center networks, the companies said in a statement. As part of the deal, Qualcomm is also issuing warrants to Amazon for up to 25M shares. The warrant is priced at \$161.26 per share and expires in 2036.
- **As physical AI advances**, the total global market for humanoid robots is projected by Goldman Sachs Research to reach \$138 billion by 2035, up from a previous forecast of \$38 billion. Their analysts estimate the robotics industry will produce roughly 6.5 million humanoids by 2035, which is more than four times greater than their previous forecast.

- **Meta Platforms (META)** jumped following the launch of Muse, its new autonomous AI agent designed to execute multi-step web and mobile tasks. The rally was further supported by Meta introducing paid consumer subscription tiers for its AI tools priced at \$20 and \$100 per month alongside a free option, providing a potential new recurring-revenue stream as the company ramps up AI infrastructure spending.
- **Intel (INTC)** fell after Piper Sandler initiated coverage of the semiconductor maker with a Neutral rating and a \$110 price target, citing full valuation following the stock's recent rally. While the brokerage acknowledged Intel's progress in advancing its manufacturing node roadmap and securing foundry customer momentum, the firm noted that near-term upside appears limited given execution risks in the data center market and persistent competitive pressure across the sector.
- **Chewy (CHWY)** tumbled after JPMorgan downgraded the online pet retailer to Neutral from Overweight and cut its December 2027 price target to \$24 from \$29, citing continued macroeconomic pressure and muted organic growth. The brokerage said discretionary attachment and premiumization remained under pressure in Q2, although Chewy continued to gain market share and added 208,000 active customers sequentially, including 43,000 from SmartPak. JPMorgan raised its 2026 and 2027 adjusted EPS estimates to \$1.55 and \$1.92, respectively, from \$1.52 and \$1.84, but said the industry backdrop warranted a more cautious valuation. The new price target implies about 14% upside and is based on roughly 7x JPMorgan's 2028 adjusted EBITDA estimate of \$1.2B.
- **Exelixis (EXEL)** fell after the FDA extended its review of the company's NDA for zanzalintinib by three months to March 3, 2027. The agency determined that updated safety and efficacy data submitted by Exelixis constituted a major amendment, triggering the review extension. Exelixis is seeking approval of zanzalintinib in combination with Roche's Tecentriq (atezolizumab) for metastatic colorectal cancer.
- **Oracle (ORCL)** Executive Chairman Larry Ellison has canceled a plan to sell up to 50 million shares of Oracle common stock, or \$7.5B worth of stock at the current price, with no shares sold under the trading plan, the company said.

- **Roivant Sciences (ROIV)** jumped after subsidiary Pulmovant reported positive Phase 2 results for mosliciguat in patients with pulmonary hypertension associated with interstitial lung disease (PH-ILD). The once-daily inhaled therapy met its primary endpoint, delivering a nearly 56% placebo-adjusted decline in pulmonary vascular resistance while also improving six-minute walk distance by about 35 meters and reducing NT-proBNP by roughly 53%. The results support further development in a PH-ILD market affecting up to 200,000 people in the U.S. and Europe, with a Phase 3 PHrontier trial already underway in about 375 patients. Mosliciguat was also well tolerated, with its safety profile consistent with that of PH-ILD.
- **D-Wave Quantum (QBTQ)** and other quantum computing equities rallied across the board following a combined \$300M CHIPS Act funding commitment from the U.S. Department of Commerce. Rigetti Computing (RGTI) jumped 7%, Quantum Computing (QUBT) added 6%, and Quantinuum (QNT) gained 3% after each securing \$100M in federal awards. Rigetti will target hardware scaling bottlenecks and cryostat architectures, D-Wave will scale annealing and gate-model technology, and Quantinuum will partner with GlobalFoundries on ion trap manufacturing. In exchange for the funding, the government will receive minority equity stakes in Rigetti and D-Wave.
- **ASML Holding (ASML)** rose after confirming that key customers Samsung Electronics (SSNLF), Taiwan Semiconductor Manufacturing (TSM), and Intel (INTC) are advancing plans to adopt its latest High-NA extreme ultraviolet lithography equipment. The three chipmakers are also collaborating with ASML on a structural transition from standard 6-inch photomasks to larger 12-inch masks. ASML Chief Technology Officer Marco Pieters noted that the 12-inch format could boost High-NA machine throughput by up to 40%, significantly enhancing fab productivity as demand for AI processors escalates. TSMC and ASML plan to construct a 12-inch mask test line by 2031, aiming for commercial production deployment by 2033.
- **Structure Therapeutics (GPCR)** fell on Tuesday after the latest trial data for the company's lead obesity candidates, ACCG-2671 and aleniglipron, failed to lift investor expectations amid well-established obesity drugs from Novo Nordisk and Eli Lilly. Citing data from a Phase 1/2a single ascending dose trial for ACCG-2671 in healthy volunteers without obesity, the company said its dual amylin and calcitonin receptor agonist caused roughly a 3% average reduction in body weight after a single dose.

- **Novartis (NVS)** dropped after the company's late-stage trial for muscle-wasting drug candidate del-desiran failed to meet its primary endpoint. The setback marks Novartis's third clinical trial disappointment in a week, sparking a broader sell-off across the biotech sector that sent Dyne Therapeutics (DYN) down 30%, Sarepta Therapeutics (SRPT) down 11%, and NewAmsterdam Pharma (NAMS) down 9%. Despite the trial failure, Chief Medical Officer Shreeram Aradhye noted that setbacks are part of scientific progress, and Novartis maintained its 5% to 6% five-year sales CAGR guidance through 2030.
- **Amgen (AMGN)** fell despite the biotech company reporting positive Phase 3 DeLLphi-305 results for IMDELLTRA (tarlatamab-dlle) in combination with AstraZeneca's Imfinzi (durvalumab) as a first-line maintenance treatment for extensive-stage small cell lung cancer. The study met its primary endpoint at a prespecified interim analysis, showing a statistically significant and clinically meaningful overall-survival benefit, while progression-free survival and objective response rate also improved. Amgen said the safety profile was consistent with the known profiles of the individual therapies, with no new or unexpected safety signals. Detailed results will be presented at an upcoming medical congress and shared with regulators.

EARNINGS REPORTS

- **Oracle (ORCL)** reported FQ1 results and guidance that topped Wall Street estimates. Revenue increased by 30% Y/Y, with cloud revenue rising by 62% to \$11.6B. This growth was primarily driven by a remarkable 121% surge in infrastructure revenue, which reached \$7.4B. Remaining performance obligations jumped \$209B to \$664B, including more than \$30B in new AI cloud contracts, while Oracle delivered more than 300,000 GPUs to AI cloud customers during the quarter. For FQ2, Oracle expects revenue of \$20.88B-\$21.52B and adjusted EPS of \$1.85-\$1.93, with cloud revenue growth of 65%-71% in U.S. dollars; FY2027 revenue is expected to reach at least \$90B, above the \$89.66B consensus.
- **Adobe (ADBE)** fell despite the Photoshop maker reporting FQ3 results and guidance that topped Wall Street estimates. Adjusted EPS of \$6.13 beat by \$0.05, while revenue rose 13% Y/Y to \$6.76B, \$60M above consensus, with subscription revenue at \$6.58B and ARR reaching \$27.5B. For FQ4, Adobe expects adjusted EPS of \$6.30-\$6.35, while revenue of \$6.8B-\$6.85B is slightly below the \$6.84B consensus at the midpoint. FY2026 adjusted EPS guidance was raised to \$24.45-\$24.50 from \$24.35-\$24.45, while revenue guidance increased to \$26.58B-\$26.63B, above the \$26.56B consensus.
- **Kroger (KR)** rose after the grocery operator reported upbeat Q2 results. Operating profit rose to \$971M from \$863M a year ago, although adjusted FIFO operating profit declined to \$1.076B from \$1.091B. Kroger reaffirmed FY2027 adjusted EPS guidance of \$5.10-\$5.30, in line with the \$5.20 consensus, but lowered FY2026 identical-sales growth expectations to 0.2%-0.8% from 1%-2%. Net total debt to adjusted EBITDA rose to 1.91x from 1.63x a year ago but remained below the company's 2.30x-2.50x target range.

QUARTERLY RESULTS

- **AeroVironment (AVAV)** jumped after the defense contractor reported record FQ1 revenue of \$480.5M, up 6% Y/Y and \$24.5M above consensus, while adjusted EPS of \$0.59 more than doubled the \$0.25 estimate. Autonomous Systems revenue climbed 21% to \$346M, led by a 71% increase in uncrewed aircraft systems sales to \$120M, while Space, Cyber, and Directed Energy revenue fell 21% to \$134.5M. Gross margin expanded to 26% from 21%, although adjusted EBITDA declined to \$53.4M from \$56.6M. AeroVironment maintained its FY2027 revenue outlook of \$2.125B-\$2.225B and adjusted EPS guidance of \$3.02-\$3.34, with both midpoints below consensus, while about 55% of annual revenue and two-thirds of adjusted EBITDA are expected in the second half.
- **The Cooper Companies (COO)** tumbled after the company said its board had decided to retain CooperSurgical following a strategic review, citing a valuation disconnect driven partly by recent developments involving a competitive entrant to the non-hormonal IUD market and its fertility litigation settlement. FQ3 revenue missed expectations, although adjusted EPS topped consensus. The company cut its FY2026 revenue guidance to \$4.229B-\$4.252B from \$4.285B-\$4.321B previously, below the \$4.31B consensus, while non-GAAP EPS guidance was lowered to \$4.51-\$4.55 from \$4.58-\$4.66, also below the \$4.63 estimate. The company also raised its share repurchase authorization to \$3B from \$2B.
- **American Eagle Outfitters (AEO)** plunged despite the retailer beating Q2 expectations, with sales rising 9.4% Y/Y. Profit rose 34% to \$0.79 per share, but the result included nearly \$200M in tariff refunds, while gross margin excluding the tariff benefit compressed due to promotional pricing and higher supply-chain costs. American Eagle's namesake brand's comparable sales declined 1%, partly offset by a 19% increase at Aerie and OFFLINE, which drove a 25% increase in revenue. The company expects Q3 operating income of \$110M-\$115M, with mid-to-high-single-digit comparable sales growth, while FY2026 operating income guidance was raised to \$540M-\$550M from \$390M-\$410M.

QUARTERLY RESULTS

- **ServiceTitan (TTAN)** plunged despite the software company topping Q2 expectations, with adjusted EPS of \$0.40 beating the \$0.35 consensus and revenue rising 20.9% Y/Y to \$292.8M vs. the \$285.9M expected. ServiceTitan guided for Q3 revenue of \$285M-\$287M, slightly below the \$287.9M consensus, while full-year revenue guidance of \$1.139B-\$1.144B was broadly in line with the \$1.14B estimate. The company also forecasted Q3 adjusted operating income of \$29M-\$30M and full-year adjusted operating income of \$152M-\$154M. Separately, ServiceTitan named Rikus Pretorius as its next chief revenue officer, replacing Ross Biestman.
- **Casey's General Stores (CASY)** cratered despite the convenience-store operator posting a strong fiscal Q1, with revenue of \$5.68B, EBITDA of \$485.1M, and EPS of \$7.37 all topping expectations. Inside same-store sales rose 3.2%, including 2.7% growth in grocery and general merchandise and 4.8% in prepared food and dispensed beverages, while operating expenses increased 8% due to store growth costs, higher credit card fees, and labor expenses. Analysts at Jefferies, RBC Capital Markets, and Bank of America maintained positive views, citing strong inside sales, fuel margins, cost controls, and continued comparable-sales growth. The selloff came as Casey's entered earnings with shares already up more than 40% YTD, with Jefferies attributing the pullback to elevated expectations and a premium valuation.
- **Chewy (CHWY)** fell after the pet retailer reported mixed FQ2 results, with sales rising 7.4% and adjusted EBITDA margin expanding 90 basis points to 6.8%, while active customers increased 3.8% to 21.7M. Net sales per active customer rose just 2%, below expectations, while gross margin was unchanged and net margin improved 40 basis points to 2.4%. Liquidity also weakened, with free cash flow falling 15.5% to \$89.5M and cash and equivalents declining 29% to \$611M. Chewy raised its full-year sales outlook to \$13.46B-\$13.57B from \$13.40B-\$13.55B, with the \$13.515B midpoint above consensus, while narrowing its adjusted EBITDA margin outlook to 6.7%-6.8%.

UPCOMING EARNINGS

Monday, September 14th

- N/A

Tuesday, September 15th

- Forgent Power Solutions (FPS)

Wednesday, September 16th

- Lennar (LEN)

Thursday, September 17th

- N/A

Friday, September 18th

- N/A

WALL STREET PRICE TARGETS

COMPANY	COVERAGE	RATING	PRICE (FRIDAY CLOSE)	PT
ALIBABA (BABA)	SANFORD BERNSTEIN	OUTPERFORM	\$109.30	\$165
BLOOM ENERGY (BE)	UBS	BUY	\$275.75	\$1325
SEA LTD (SE)	ARETE	BUY	\$106.24	\$152
AAPL (AAPL)	HSBC	BUY	\$332.27	\$366
AIRBNB (ABNB)	BAIRD	OUTPERFORM	\$170.19	\$200
DOLLAR GENERAL (DG)	BARCLAYS	OVERWEIGHT	\$124.58	\$151
FEDEX FREIGHT (FDXF)	JPM	OVERWEIGHT	\$128.31	\$160
NIKE (NKE)	BMO	UNDER PERFORM	\$36.80	\$30

WALL STREET COMMENTARY

ECHOSTAR

EchoStar (ECHO)

EchoStar (ECHO) opened higher on Tuesday after the about UBS upgraded telecommunications provider to Buy from Neutral and raised its price target to \$150 from \$127, citing the value of the company's expected SpaceX (SPCX) stake and remaining spectrum holdings.

New PT represents about 67% upside from the stock's last close.

Analyst Christopher Schoell and team said EchoStar has "pivoted from a wireless operator into an investment company" after selling 75%-80% of its spectrum portfolio for about \$43 billion.

Schoell values EchoStar's expected roughly 2% stake in SpaceX at \$55 billion based on its \$210 price target for SpaceX, equivalent to about \$156 per EchoStar share, adding that the SpaceX holding provides a "strong anchor value" for the investment case and is the "largest driver of value" for EchoStar.

The analyst values EchoStar's remaining spectrum at about \$11 billion, with AWS-3 viewed as the "most valuable airwaves." Pay TV and Hughes are valued at \$6 billion, while Boost is valued at about \$2 billion.

UBS's \$150 target is based on a sum-of-the-parts valuation after accounting for debt, capital gains taxes, and tower obligations, followed by a 20% discount to net asset value. The analyst said the discount is justified by "uncertainty around the timing/valuation" of future asset monetization and limited visibility into the use of cash proceeds.

Fed Meeting

Citi Research expects the Federal Reserve to raise interest rates by 25 basis points to 3.75%-4% at next week's Federal Open Market Committee meeting, describing the move as a "dovish hike," as firm recent inflation data gathered just enough support among officials for tightening even as underlying details pointed toward gradual disinflation.

Citi said this leaves open the possibility that the Fed holds rates steady while awaiting more data or that some officials dissent from a decision to hike. The meeting will also include updated economic projections. Citi expects the median forecast for 2026 core PCE inflation to be revised down from 3.3% in the June projections to closer to 3% on a Q4-to-Q4 basis.

With a rate increase in September, Citi expects the median "dot" to signal one additional hike this year, for two in total, though many officials may not pencil in further increases after September.

Core consumer price index data came in slightly stronger than expected at 0.29% month-over-month, implying a core PCE reading at the same pace. Citi said the reading, together with a rise in oil prices, is probably just enough to prompt a hike, but called it a close call because other details in the report point to further disinflation.

Citi said core PCE annualizing at 3.5% on the month would not meet that bar and should lead Warsh to support a hike.

Citi said Warsh and Waller would likely be joined by three regional Fed presidents who dissented in favor of hikes in July, as well as several governors, resulting in a hike with minimal dissents. Citi said Warsh could support this by describing the increase in his press conference as a "calibration" rather than the start of a hiking cycle.

Citi expects retail sales to have rebounded in August, with both headline and control-group sales rising 0.7% month-over-month. Industrial production is expected to post another solid gain, while single-family housing starts are expected to recover after a weak July reading. Jobless claims are expected to remain historically low.



ServiceTitan (TTAN)

Although financial analysts labeled the results as "underwhelming," they identified a future growth driver through ServiceTitan Max, an AI-powered, end-to-end operating system designed for residential service and replacement businesses.

"We blame the weakness on idiosyncratic HVAC demand driving usage revenue below expectations and a new AI strategy," said Needham analyst Scott Berg in a Wednesday investor note. "TTAN is heavily pushing Max towards both new and existing customers given early indicators of Max's capabilities driving much higher demand. While this unlocks a major ASP uplift in the medium term, the new focus will de-emphasize non-core R&D even excluding the planned delay of new verticals. That said, we think TTAN can still sustain 20% platform growth while investing heavily in a long-term opportunity and weathering accounting-based rev rec headwinds."

Needham retained its Buy rating and \$100 price target on the stock.

Similarly, Wells Fargo maintained its Overweight rating but reduced its target to \$105 from \$115.

ANALYST NOTES

"After a consistent set of quarterly results, FQ2 unlocked a series of bigger changes (greater Max prioritization & related impacts, more modest GTV growth assumptions, etc.), which we agree w/ LT but expect will pressure shares NT," said Wells Fargo analyst Michael Turrin in a note.

Meanwhile, Morgan Stanley kept its Overweight rating but lowered its price target to \$92 from \$124 and removed ServiceTitan from its "top pick" listing.

"ServiceTitan exceeded their goal of doubling Max locations in Q2 and now expect to end FY27 with over 700 locations, but because Max requires such substantial change management, ServiceTitan does not typically bill customers for the first quarter of a contract before ramping to full contract value by the end of the first year," said Morgan Stanley analyst Chris Quintero in a note.

"Furthermore, management decided to pause their expansion into new trades to allow them to execute on the Max opportunity within existing trades first," he added. "The impact of these two dynamics is that there are now a higher proportion of new deals coming from Max, leading to this timing lag in revenue recognition, which management expects to be between a \$2-\$3 million subscription revenue headwind over the rest of FY27."

Klarna.

affirm

Dave®

Buy Now Pay Later

Loop Capital initiated coverage of Klarna (KLAR) with a Hold rating, Dave (DAVE) with a Buy rating, and Affirm (AFRM) with a Buy rating.

"We initiate coverage on Klarna (KLAR) with a \$18 12-month price target and a Hold rating, despite a nearly 50% YTD decline and a 26% pullback since Q2 results. We're willing to extend management some grace for the unexpected accounting change, but we are ding the company for its third negative guidance surprise as a public company, which is an increasingly difficult pattern to dismiss," said analyst Reginald Smith.

"We continue to see a compelling long-term opportunity in Klarna's global scale, merchant network, and expanding product suite, but management needs to restore investor credibility before the stock can work. Moreover, shares don't look especially cheap on '27 adjusted operating profit estimates, despite the selloff," said the research note.

For Dave (DAVE), Smith said in a separate note, "Dave targets underserved consumers needing small cash advances (\$50 - \$500) before payday, which we think is one of the most compelling monetization opportunities in fintech. Dave leads with its low-friction, cash advance product offers, arguably the best overall value, convenience, and speed for short-term emergency liquidity needs."

"Dave has 3M+ highly engaged monthly users, industry-low customer acquisition costs, and an underwriting model that incorporates default signals faster than any lender in our coverage universe. We think the recent pullback creates an attractive entry for a multi-year earnings compounder," said the note.

QUIZ OF THE WEEK

For a long time, European equities have offered a substantially higher yield than bonds—but with bond yields rising, that is no longer the case. The yield of German 10-year government bonds has risen to meet the dividend yield of the STOXX 600, as of early September.

When was the last time German bunds yielded more than the dividend yield of the STOXX 600?

- A) 2001**
- B) 2008**
- C) 2019**
- D) 2021**



ECONOMIC CALENDAR

Monday, September 14th

- N/A

Tuesday, September 15th

- N/A

Wednesday, September 16th

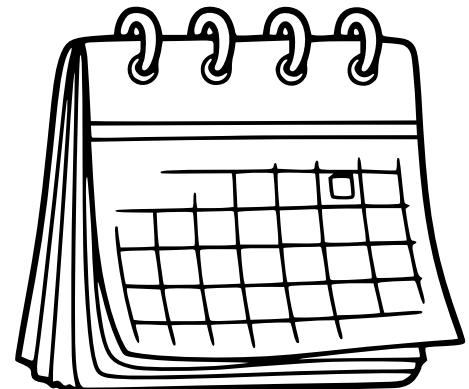
- ! • U.S. Fed Interest Rate Decision
 - Estimate: 25bp hike
- ! • U.S. Core Retail Sales
- U.S. Crude Oil Inventories
- U.K. CPI

Thursday, September 17th

- U.S. Initial Jobless Claims
- U.S. Philadelphia Fed Manufacturing Index
- ! • Bank of Japan Interest Rate Decision
 - Estimate: 25bp hike
- Bank of England Interest Rate Decision
 - Estimate: Hold

Friday, September 18th

- N/A



CHARTS + QUIZ ANSWER

US-China borrowing costs have diverged sharply

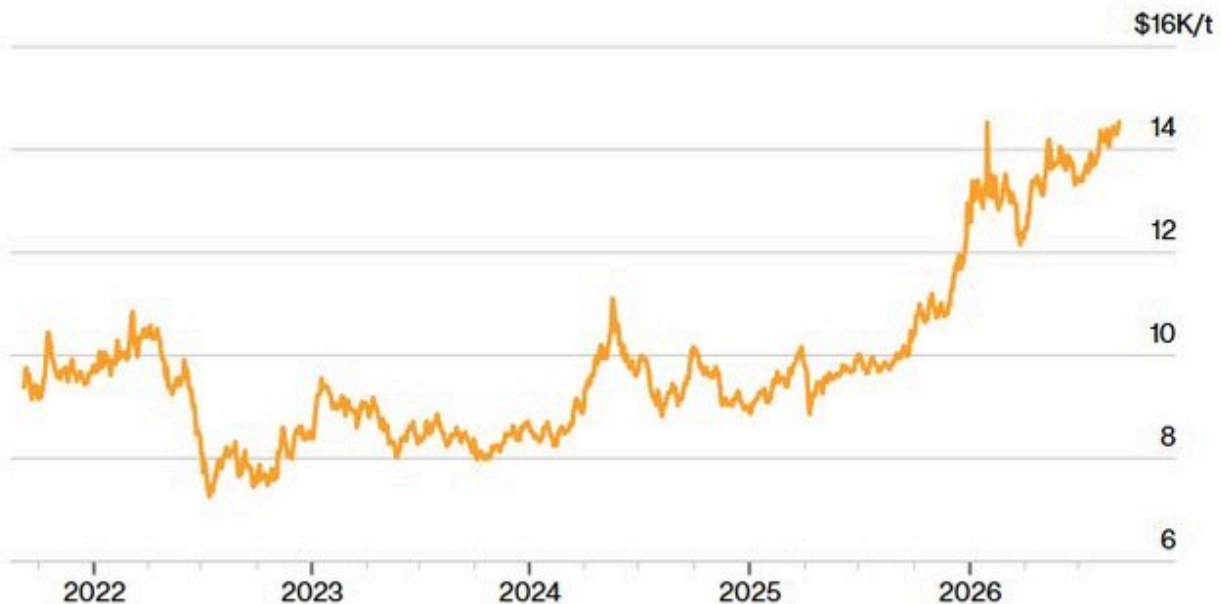
10-year government bond yield (%)

— US — China



Copper Surpasses January Peak to Hit All-Time-High

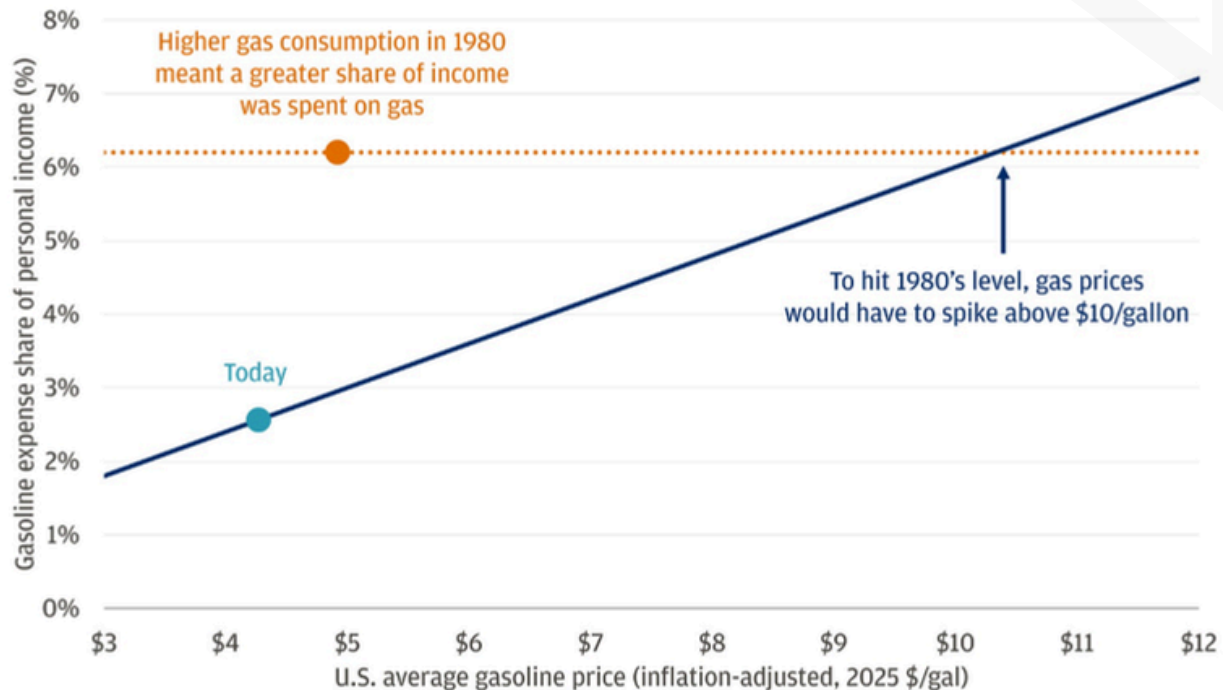
— Copper



CHARTS + ANSWER

Gas is less of a burden on the economy than in the past

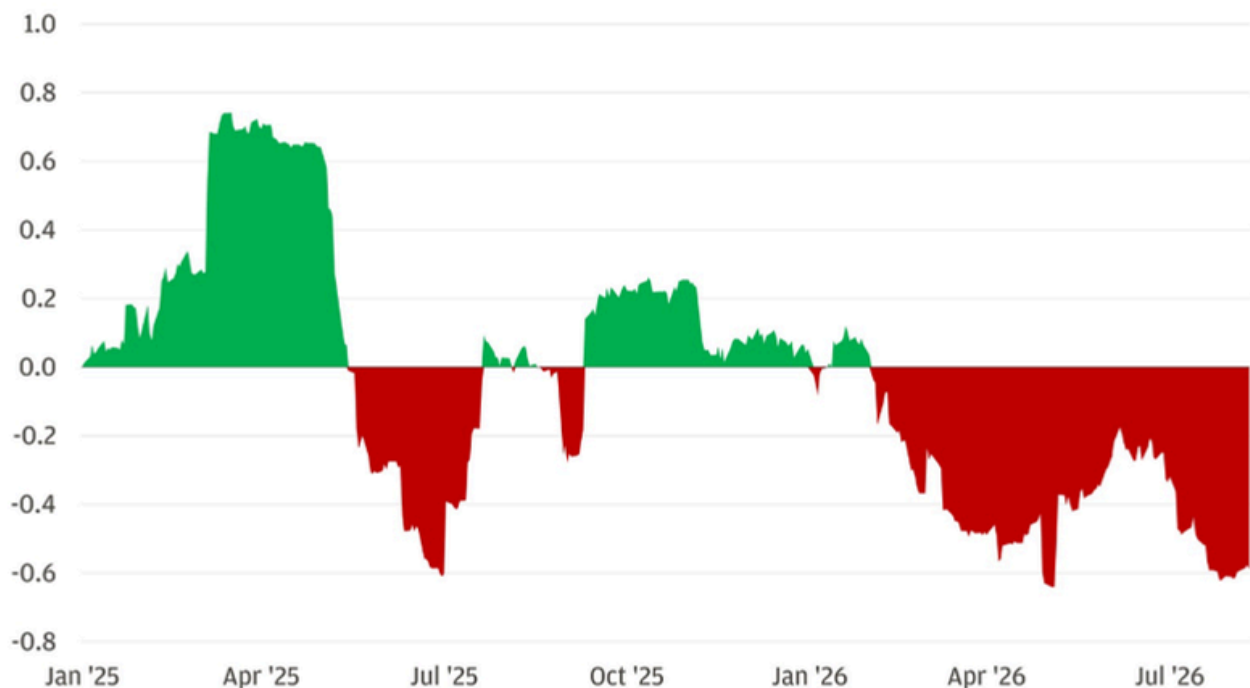
Gasoline expense share of personal income by inflation-adjusted gasoline price



Sources: AAA, BEA, BLS, DOT, EIA, FRED, JPM WM Solutions, Blacklight Research. Data as of September 9, 2026.

Stocks have been increasingly sensitive to oil prices

40-day rolling correlation between the S&P 500 and Brent crude oil price



Source: Bloomberg Finance L.P. Data as of September 9, 2026.

Past performance does not guarantee future results. It is not possible to invest directly in an index.

Long-end yields move with refined product prices

Average cost per gallon of refined petroleum products, \$ | 30-year U.S. Treasury yield, %



Source: Bloomberg Finance L.P. Data as of September 2, 2026.

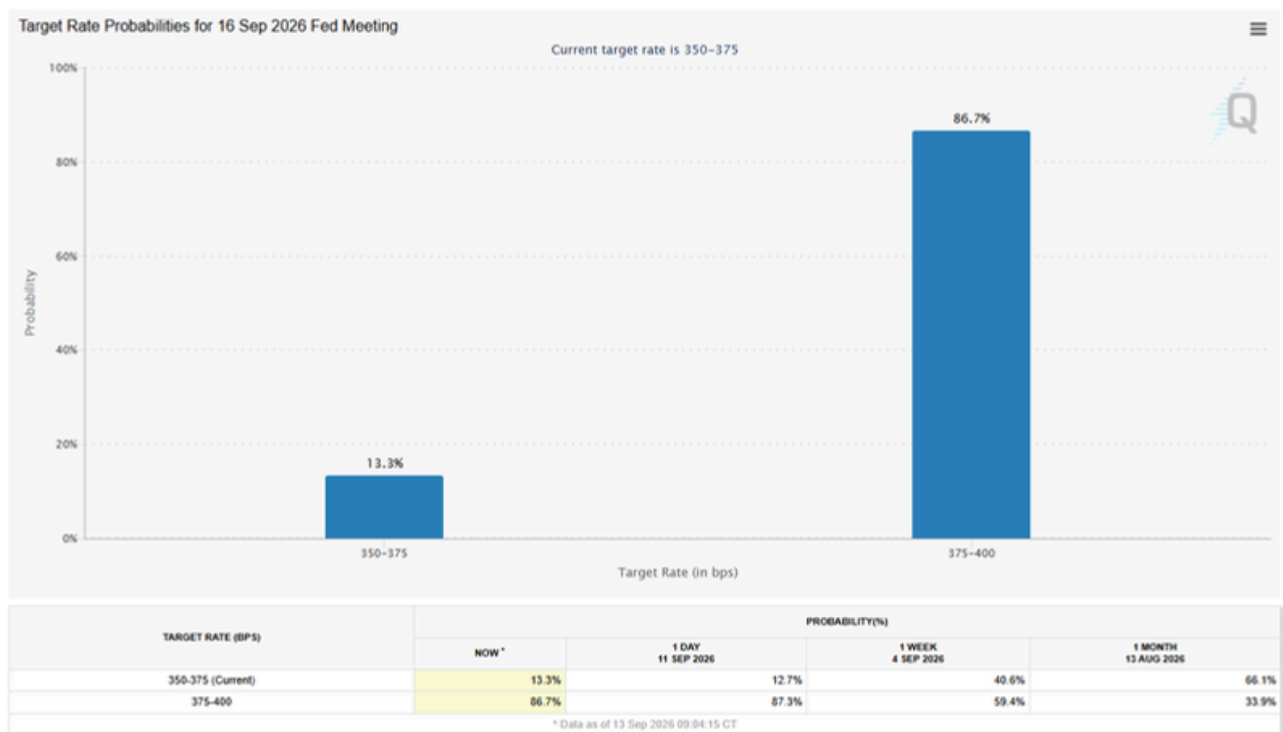
China's share of U.S. Treasuries outstanding "Official" PBOC holdings



Source: LSEG Datastream

ANSWER

B. The last time German 10-year government bond yields were higher than the dividend yield of the STOXX 600 was in 2008.



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