Weekly Market & Strategy Update

Week Ending September 4, 2026

"Flat Market. Dell, Broadcom Earnings Provoked Reaction in Memory Stocks"

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Dear Valued Clients, Friends, and Acquaintances,

I hope this update finds you well. Below is our recap of market action for the week ended September 4, 2026, along with thoughts on strategy positioning and the outlook ahead.

This week we had earnings reports from **Broadcom, Ciena, Dell** and other companies involved in the AI and AI infrastructure trade. Both **Broadcom (AVGO)** and **Dell Technologies (DELL)** delivered. AVGO EPS was up +96% y/y with revenue up +86% y/y. But the key to the story was that CEO Hock Tan provided the unusual: LT guidance for AI semiconductor revenue of $115B in FY2027 and $230B in FY2028, which represents 4x the FY2026 AI semiconductor revenue guide for 2026 of $58B (up from prior guide of $56B). He added one more key data point: EPS of $30+ in FY2028, or 158% above FY2026 consensus estimates of $11.58. Yet AVGO stock still sold off as algorithms likely tripped the sell button because the $115B revenue in FY2027 was slightly light of the Morgan Stanley estimate of $120B and the operating margin estimate of 66.5% for Q4 was slightly light of the consensus of 66%. Furthermore, CEO Hock Tan clarified that the back stop provided by Broadcom to Anthropic and OpenAI financing of purchases is a "great investment for us" because for every gigawatt of compute the deploy, they can achieve $30b of annual revenue. He added, "that's a hell of a business model." However, on Friday, memory stocks rallied: **Sandisk (SNDK) jumped +11.9%, Micron Technology (MU) surged +6.1%, Western Digital (WDC) leaped +5.9%, and SK Hynix (SKHY)** gained +8.1%. Enough other infrastructure stocks rallied on Friday and turned around what was a losing week heading into Friday. **Nvidia (NVDA)** gained +5.9% w/w and now is setting up on a technical basis. **Bloom Energy (BE)** gained 20% w/w and was up another +5.8% in after hours on news that it would be added to the S&P500 before the open on September 21. The S&P500 advanced +0.09% w/w and the Nasdaq added +0.40% w/w though both indices continued to mostly just chop around as they have been doing since early June. The Dow Jones Industrial Average fell -0.3% w/w.

The gains on Friday in some of the above-mentioned growth stocks were somewhat surprising because the August Nonfarm payrolls came in way above expectations at 162,000 vs 65,000 expected and included manufacturing payrolls rising by 16,000 vs 14,000 in the prior month. The strong jobs were despite the JOLTS Job Openings for July coming in below expectations at 7,271k vs 7,350k forecast. Normally, we would expect that such a strong employment report would increase the odds of a rate hike by the Fed at its next meeting and that interest rates would rise. The US 10year did indeed rise on Friday from 4.76% to 4.78%, the odds of a Fed rate hike rose from 50% probability to 59%. Usually when the odds of a hike in the Fed rate increases, stocks go down. But stocks rose this time around. Perhaps the recent divergence we have been seeing between strong earnings reports and guide will shift to more bullish sentiment in the weeks ahead. But the last few weeks has been more whipsaw action as we have written before.

From a technical view, the power trend remains on for both the S&P500 and the Nasdaq (but just barely) and the rally is still ongoing but just barely as well.

Monday night futures are mixed with the S&P500 down -0.1%, Nasdaq futures up +0.2%, and DJIA futures down -0.6% as trade wars, data center politics, and US-Iran conflicts weigh.

Looking ahead, **Apple (APPL)** is expected to introduce its first foldable iPhone at its “Surprise and Shine” event on Wednesday. Earnings due out next week include **Oracle (ORCL), Forgent Power Solutions (FPS), RH (RH), Kroger (KR), Macy’s (M), Tsakos Energy Navigation (TEN), AeroVironment (AVAV), GameStop (GME).**

Index Performance:

- **S&P 500:** +0.09% | Rally hanging on but still less than -2% from ATH.
- **S&P 500 Equal Weight:** –0.77% | Power trend remains intact
- **Nasdaq Composite:** +0.40% | Rally hanging on but just barely but still just 4% below ATH.
- **Dow Jones Industrial Average: -**0.27% | still just -2.2% from ATH
- **Russell 2000:** –1.40% | -2.4% from ATH.

Mixed week. Nvidia ended the week up +5.9% and is well positioned for potential breakout. Sandisk (SNDK,+17.2%), Micron Technology (MU, +9.0%), Dell Technologies (DELL, +14.9%), Semtech (SMTC, +12.7%), Nebius (NBIS, +8.2%), Oracle (ORCL, +5.3%), Marathon petroleum (MPC, +5.55%) posted strong gains. However, despite strong earnings reports, **Ciena (CIEN, -15.2%), Credo Technology (CRDO, -26.7%), Broadcom (AVGO, -2.95%),** fell.

Market Technicals

The major averages remain in a broader rally structure, but the power trend, while still ongoing, is on shaky legs on both the Nasdaq and S&P 500 even though the moving averages are still stacked in constructive order. The equal-weighted S&P 500 (RSP) continues to look more resilient. Gold, silver, copper, and bitcoin had a strong week. AI-related names sold off just as many were setting up well for potential buys, interrupting the Infrastructure PLUS rally.

Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

Strategy Conviction

Conviction in the AI infrastructure theme remains intact, though similar to last week, there were both boosts and hits week. As mentioned above both AVGO and DELL delivered strong results and NVDA stock gained +5.9% and is in a solid technical position. SK Hynix (SKHY) jumped +9.9% and the KOSPI jumped +4.6% from Friday's close on Monday and is up +0.7% in early Tuesday trade. But interest rates are up as well. The FOMC meeting will give us more info on his inclinations for the future. Political backlash against datacenters has been rising but more labor unions are speaking out in favor. Mauldin Economics has taken a good stab at explaining the facts: [AI in Your Backyard: The Water and the Wires] and [Jobs, Growth, and the Race We're Actually In]. However, other hits include the trade spat with Canada and the ongoing conflict with the US and Iran.

AI Infrastructure Capex Update

No material downward revisions to the overall trajectory emerged this week. Hyperscaler guidance from the late-July reporting period (**Amazon** roughly $220B, **Microsoft** tracking $175–190B calendar year, **Alphabet** ~$195–205B, **Meta** $130–145B range) continues to point to combined big-four spend in the $700–750B+ area for 2026. Broader global AI-related infrastructure estimates (compute + data centers + power), including Oracle and others, remain well above prior base-case ranges. Cloud growth and profitability commentary from the hyperscalers continues to support confidence in returns on invested capital. Our multi-year cumulative framework remains elevated and subject to further upward revision as deployment data and guidance evolve.

Week Ahead

Attention turns to remaining earnings reports we mentioned earlier and some key economic data regarding inflation, namely the PPI for August. The monthly figure for Augst with volatile food and energy stripped out is expected to be +0.30% m/m vs +0.20% for July and the y/y figure is +4.6% non-seasonally adjusted with no estimate for the seasonally adjusted figure available. The CPI ex-food and energy for August is expected to be +0.2% m/m and +2.4% y/y (non-seasonally adjusted).

Although headwinds are appearing, we believe a lot of such headwinds are already more than discounted in stock prices. As such I remain constructive on the AI infrastructure theme and the broader setup for high-quality growth companies positioned to benefit from sustained capital investment. As always, this letter is for informational purposes only and does not constitute investment advice. Please reach out with any questions.

Best regards,

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