

Apple Inc. (AAPL)

Equity research update | Prepared 25 August 2026 | Previous note 5 August 2026

WATCHLIST Reaffirmed — third consecutive note	Last close (24 Aug 2026)	\$310.34
	Change since the 5 Aug note	+0.3%
	Estimated FY26 P/E	~35.5x
	Probability-weighted fair value	\$301.06
	Next scheduled catalyst	Q4 FY26, 29 Oct 2026

What Has Moved Since the Last Note

Almost nothing, which is itself the finding. Apple closed at \$310.34 on 24 August against \$309.38 when this coverage was last updated on 5 August, a gain of 0.3% across fourteen trading sessions. Over that period the shares traded in a \$300.00 to \$319.28 range, never approaching either of the two levels the previous note identified as decision points. The stock has neither retreated toward the hundred-day average, which would have made the valuation defensible, nor broken lower on evidence that the September quarter's problems are demand rather than supply.

What has changed is the calendar rather than the fundamentals. The previous note was written five days after the Q3 FY2026 print, with the September quarter guidance still unexamined by events. Three weeks later the September quarter is nearly two-thirds elapsed, the annual iPhone launch is days away, and the chief executive transition to John Ternus takes formal effect on 1 September. None of those has produced a datapoint that settles the central question, which remains whether the guided deceleration from 16.4% revenue growth to 9-11% reflects a supply constraint that defers revenue or a demand softening that destroys it. That question is answerable only at the 29 October release.

Three developments are worth recording. Apple has been negotiating multi-year content licensing agreements with publishers for the rebuilt Siri, on a pay-as-you-go structure with a budget reported in nine figures. The company cut roughly 200 roles across the Siri and Vision Pro organisations, redeploying toward its core artificial intelligence effort. And the sell side has grown more positive rather than less: Rothschild & Co Redburn upgraded to Buy with a \$400 target on 17 August and Bank of America reiterated Buy at \$380 on 20 August, lifting the consensus target into the \$326 to \$335 range against a \$310 share price.

Do the Published Levels Still Hold?

The previous note declined to give a trade plan, as a Watchlist rating should, and instead named two conditions that would resolve the rating in either direction. Both remain unmet, and one of them requires arithmetic maintenance.

Level published 5 Aug 2026	Status at 24 Aug 2026	Assessment
Accumulation zone near \$290, the then hundred-day average, implying ~33x	Never approached; the 14-session low was \$300.00	Level still valid in intent, but the reference average has risen
Services reaccelerating above the mid-teens would justify a Buy	No new segment data until 29 October	Untested; not resolvable before the next print
A second consecutive Services miss, or supply constraints proving to be demand, would move the rating to Avoid	No evidence either way	Untested
Probability-weighted fair value \$299.50	Restated at \$301.06 on refreshed probabilities	Still below the market price; the gap has narrowed to 3.0% from 3.2%

The hundred-day moving average has risen from \$289.55 to \$297.64 as the weaker April and May sessions have rolled out of the window. The accumulation reference is therefore restated to the \$295-300 area, which is where the same 33x valuation logic now sits.

The honest reading is that this is a reaffirmation rather than a revision. The shares have gone sideways in a \$300-\$320 band for a month, holding the fifty-day average almost exactly, and the fundamental picture is identical to the one described three weeks ago because no fundamental data has been published in the interval. A note that manufactured a new angle here would be inventing one.

Valuation

At \$310.34 across roughly 14.71 billion diluted shares, Apple carries a market capitalisation near \$4.57 trillion. The fiscal 2026 earnings estimate used in the previous note, approximately \$8.75 of diluted earnings per share, is unchanged: it combines nine months of reported earnings of \$6.88 with a fourth-quarter figure derived from company guidance at a 47.5% gross margin, roughly \$110 billion of revenue, operating expenses near \$19.25 billion and an 18% tax rate. That estimate is this analysis's own derivation from disclosed guidance, not a company forecast. On it, the shares trade near 35.5 times, against 35.4 times three weeks ago.

Metric	5 Aug 2026	25 Aug 2026	Comment
Share price	\$309.38	\$310.34	+0.3% over fourteen sessions
Market capitalisation	~\$4.55tn	~\$4.57tn	14.71bn diluted shares
Estimated FY26 diluted EPS	~\$8.75	~\$8.75	Guidance-derived; unchanged
P/E on estimated FY26 EPS	~35.4x	~35.5x	Demanding against 9-11% guided growth
Net cash	~\$62.2bn	~\$62.2bn	No new balance sheet since Q3 FY26
Consensus analyst target	~\$326	~\$326-335	Two upgrades since; 5-8% implied upside
Discount to 29 Jul high (\$344.57)	-10.2%	-9.9%	Post-print gap largely unrecovered

Thirty-five times earnings for a business guiding to 9-11% revenue growth with gross margin falling to 47-48% remains the crux of the case against, and three weeks of sideways trading has not improved it. The counterweight is also unchanged and remains substantial: approximately \$62.2 billion of net cash, \$117.0 billion of nine-month operating cash flow, and \$62.1 billion of buybacks in the first nine months that shrink the share count every quarter. What is new is that the sell side has moved toward the bull case while the price has not, which widens the gap between the consensus target and the market and is a mild negative signal about how much optimism is already priced.

Near-Term Catalysts

Catalyst	Timing	Likelihood	Impact
iPhone 18 launch event and the associated hardware cycle	September 2026	Very high	Sets the demand baseline the Q4 supply-constraint story will be judged against
John Ternus formally assumes the chief executive role	1 September 2026	Certain	Low near term; long-signalled and orderly, but removes a known quantity
Rebuilt Siri ships with publisher content licensing in place	Later in calendar 2026	Medium-high	The principal mechanism by which Services could reaccelerate
Q4 FY2026 results, including the Services line and the supply-constraint question	29 October 2026	Certain	The single event that resolves this rating

The Siri publisher deals deserve a note of caution alongside the enthusiasm. A nine-figure content budget is affordable for a company generating \$117 billion of operating cash flow in nine months, but it lands on top of research and development spending that already rose 32.3% year over year against 16% revenue growth. The mechanism by which Services reaccelerates is also the mechanism by which operating margin compresses in the interim, and the market has so far been unwilling to pay ahead for it.

Risks

Risk	Probability	Severity	Change since 5 August
Services deceleration	Medium	High	Unchanged; no new segment data until 29 October
Gross margin compression to 47-48%	High	Medium	Unchanged; the tariff-refund tailwind still fades from ~2pts to ~1pt
Supply constraints persisting beyond the September quarter	Medium	Medium	Unchanged; the iPhone 18 launch is the first observable test
Leadership transition	Medium	Medium	Marginally lower; the handover takes effect 1 September as signalled
Greater China competition and policy	Medium	High	Unchanged
Valuation	High	High	Slightly worse; the price rose while the earnings estimate did not
Artificial intelligence spending outrunning the Services return	Medium	Medium	Newly itemised; the publisher licensing budget adds committed cost
Regulatory pressure on App Store economics	Medium	Medium	Unchanged

Technical Position

The technical picture is the one part of this report that has genuinely improved. On 5 August the shares had just fallen 7.35% in a session on 2.4 times average volume and the MACD histogram stood at -3.52 with momentum rolling over. Fourteen sessions later the price has built a base between \$300 and \$319, closed almost exactly on a fifty-day average that has flattened rather than turned down, and the histogram has narrowed to -0.24. Volume has normalised: the twenty-session average of 52.3 million now sits below the fifty-session average of 56.7 million, the signature of a completed shakeout rather than continued distribution.

Indicator (24 Aug 2026)	Value	Reading
Close	\$310.34	Level with the 50-day average
SMA20	\$313.01	Price 0.9% below
SMA50	\$310.50	Price 0.05% below — the decisive line, now flat
SMA100	\$297.64	Price 4.3% above; risen from \$289.55 — first real support
SMA200	not computed	Insufficient history in the 100-session series; not estimated
EMA20 / EMA50	\$311.88 / \$309.36	Converging — a consolidation signature
RSI(14)	48.2	Neutral; up from 44.7
MACD / signal / histogram	-1.49 / -1.25 / -0.24	Still negative, but the histogram has narrowed from -3.52
ATR(14)	\$7.37 (2.4% of price)	Volatility down from \$9.77 and 3.2%
Volume, 20-day vs 50-day average	52.3m vs 56.7m	Selling pressure has faded
100-session range	\$245.70 - \$344.57	Price in the upper half

Indicators computed from 100 daily OHLCV sessions (1 April to 24 August 2026). The 200-day average could not be derived from that window and has deliberately not been estimated.

A flat fifty-day average with contracting volatility and fading volume describes a stock waiting for information rather than one trending. That is consistent with the fundamental position: the question at issue is scheduled to be answered on 29 October, and the market appears content to hold the shares in a band until then. Technicals inform entry timing only and are not a reason to alter the rating.

Scorecard

Category	Score		Comment
Business quality		9/10	Installed base at an all-time high across every category and geography
Financial strength		10/10	\$62.2bn net cash and \$117bn of nine-month operating cash flow
Competitive advantage		9/10	Ecosystem switching costs remain the most durable in consumer technology
Management		7/10	Orderly handover to Ternus on 1 September; the Services miss still stands against the record
Growth potential		6/10	Guided to 9-11%, decelerating from 16.4%, with Services flat near 12%
Valuation		4/10	~35.5x estimated FY26 earnings against single-digit guided growth
Risk (10 = lowest risk)		6/10	Supply constraints, China exposure and margin compression, against a fortress balance sheet
Technical setup		5/10	Base built at the 50-day, histogram narrowed to -0.24, volatility down (was 3)

Scored 1–10, where 10 is always best, including Risk. Weightings: valuation 17, business quality 15, growth 14, risk 13, financial strength 12, competitive advantage 12, management 12, technicals 5. Previous note scored 69/100; the only factor to move is technical setup, from 3 to 5.

Overall Investment Score: 70 / 100

The previous note already scored Risk on the convention used here, with a higher number meaning a safer business, so no restatement was required to compare the two scorecards.

Scenario Analysis

Scenario	Prob.	Earnings path	Fair value	Conditions
Bull	30%	FY27 EPS ~\$10.20	\$347	Supply constraints ease, the rebuilt Siri drives a Services reacceleration and an iPhone 18 upgrade cycle; multiple holds near 34x
Base	47%	FY27 EPS ~\$9.60	\$307	9-11% growth as guided, margin settles at 47-48%, orderly transition under Ternus; multiple near 32x
Bear	23%	FY27 EPS ~\$8.80	\$229	Constraints persist and prove demand-driven, Services decelerates further, Chinese competition intensifies; multiple de-rates toward 26x

Probabilities sum to 100%. Probability-weighted fair value: \$301.06, approximately 3.0% below the 24 August close of \$310.34. The fair-value estimates are unchanged from the previous note; the probabilities have shifted two points from bear to base, reflecting an orderly leadership handover and visible progress on the Siri content agreements. Previously \$299.50.

Recommendation: Watchlist (reaffirmed)

The rating is unchanged at Watchlist, and the reasoning behind it is unchanged as well. That combination is worth stating plainly rather than dressing up. Apple is an exceptional business trading at a price that assumes the current deceleration is temporary, and the evidence that would confirm or refute that assumption does not exist yet and will not exist before 29 October.

Two things would move the rating. Services reaccelerating above the mid-teens, most plausibly through a rebuilt Siri driving subscription attach and engagement, would justify a Buy and would retrospectively validate the 32% research and development ramp. Alternatively, a retreat into the \$295-300 area, which is where the hundred-day average now sits and

which would place the shares near 33 times estimated fiscal 2026 earnings, would offer adequate compensation for holding an unresolved question. Conversely, a second consecutive Services miss on 29 October, or evidence that the September supply constraints reflected demand rather than components, would move the rating to Avoid.

For anyone already holding the shares, nothing in the last three weeks argues for selling. The balance sheet underwrites considerable patience, the buyback continues to shrink the denominator, and the technical damage from the July print has been repaired rather than extended. For anyone not holding them, paying 35.5 times for a business guiding to 9-11% growth, before the central question has been answered, is paying full price for an unresolved case. The asymmetry between those two positions is precisely what a Watchlist rating describes.

Final Verdict

The most useful thing this update can report is that the case has not changed. Three weeks after a record June quarter that the market marked down 7%, Apple sits within a third of a percent of where it started, the valuation is one tenth of a turn more expensive, and every one of the questions the last note raised is still open.

What has improved is the technical position, where a flat fifty-day average, contracting volatility and fading volume describe a completed shakeout rather than continued distribution. What has marginally worsened is the valuation, because the price drifted up while the earnings estimate did not and while the sell side raised its targets into an unchanged fundamental picture. Those two effects roughly offset, which is why the composite score moves only from 69 to 70 and the rating does not move at all.

The discipline here is to resist manufacturing a view where none is available. Apple will report on 29 October, and that release contains the Services growth rate and the evidence on whether the September constraint was supply or demand. Everything in this coverage turns on those two numbers. Until they exist, the correct position is to watch at \$310 and to be interested at \$295-300.

Sources

Alpha Vantage — daily OHLCV series, 1 April to 24 August 2026 (single call) • Apple Inc. — Q3 FY2026 press release and Condensed Consolidated Financial Statements (apple.com/newsroom, 30 July 2026) • Yahoo Finance — Apple publisher licensing talks for the rebuilt Siri, 12 August 2026 • TradingKey — Apple stock outlook: chief executive change, iPhone 18 launch, EU risk • 24/7 Wall St. — Apple August 2026 coverage • StockAnalysis.com and Benzinga — analyst ratings and price targets, August 2026 • ts2.tech — Apple valuation and analyst target coverage, August 2026

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