

Apple Inc. (AAPL)

Equity research update | Prepared 14 September 2026 | Previous note 25 August 2026

WATCHLIST

Reaffirmed — fourth consecutive note

Last close (11 Sep 2026)	\$332.27
Change since the 25 Aug note	+7.1%
Estimated FY26 P/E	~38.0x
Probability-weighted fair value	\$299.53
Next scheduled catalyst	Q4 FY26, 29 Oct 2026

What Has Moved Since the Last Note

A great deal, and none of it in the direction that would make the shares easier to own. Apple closed at \$332.27 on 11 September against \$310.34 on 24 August, a gain of 7.1% across thirteen sessions, and the entire move happened with no new fundamental disclosure. The company has not reported since 30 July and will not report again until 29 October. What the market has repriced is anticipation of the iPhone 18 cycle, and that anticipation now sits on top of a valuation that the previous three notes already described as demanding.

Three developments carry actual information content. Apple launched the iPhone 18 line on 9 September, with the Pro starting at \$1,199 and the Pro Max at \$1,299, increases of \$100 on each and of up to \$300 at the 1TB storage tier. Pre-orders opened on Saturday 12 September and, an hour in, the base Pro still showed the launch-day 18 September delivery date with no slippage, an unusually soft start by the standards of recent launches even allowing for the Saturday timing, better supply and a foldable model expected to follow. And John Ternus formally assumed the chief executive role on 1 September, as signalled.

The fourth development is the one that matters most for the thesis. TrendForce estimates the memory content of a 256GB handset costs close to four times what it did a year ago. Apple has raised the Pro price by \$100 against sell-side estimates that \$150 to \$200 would be needed to hold margin, and some analysts argued the full pass-through was nearer \$300. Management characterised the component environment on the July call as a hundred-year flood in memory pricing and said prices looked set to keep climbing beyond September. The company is therefore absorbing part of a cost shock rather than passing it on, which converts a September-quarter guidance item into a multi-quarter margin question.

Do the Published Levels Still Hold?

Level published 25 Aug 2026	Status at 11 Sep 2026	Assessment
Accumulation reference restated to the \$295-300 area, being where the 100-day average then sat	Never approached; the low across the period was \$308.21 and the shares closed 7.1% higher	Missed. The 100-day average has since risen to \$305.32, so the technical and valuation anchors have converged
Services reaccelerating above the mid-teens would justify a Buy	No new segment data; nothing reportable before 29 October	Untested, and not resolvable before the next print
A second consecutive Services miss, or supply constraints proving to be demand, would move the rating to Avoid	Pre-order lead times are the first observable demand signal and they are soft, but heavily confounded	Not triggered. One hour of launch-weekend inventory data does not settle a demand question
Probability-weighted fair value \$301.06	Restated at \$299.53 on revised margin assumptions	Now 9.9% below the market price; the gap was 3.0% three weeks ago

The published accumulation level was never tested and the stock has moved away from it. That is the plainest statement this update can make. The 100-day moving average has risen from \$297.64 to \$305.32 as weaker June sessions rolled out of the window, but the valuation logic that produced the original level has not moved with it: 33 to 34 times the estimated fiscal 2026 figure of \$8.75 still lands at \$289 to \$298. Widening the level to chase a rising average would be restating the price rather than the analysis, so the reference stays where the arithmetic puts it, in the \$290 to \$300 band, with the 100-day average now sitting just above its upper edge rather than inside it.

Valuation

At \$332.27 across roughly 14.71 billion diluted shares, Apple carries a market capitalisation near \$4.89 trillion. The fiscal 2026 earnings estimate used in the previous three notes, approximately \$8.75 of diluted earnings per share, is retained: 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 and is not a company forecast. Consensus sits marginally above it at \$8.83. On either figure the shares now trade near 38 times, against 35.5 times three weeks ago and 35.4 times in early August.

Metric	25 Aug 2026	14 Sep 2026	Comment
Share price	\$310.34	\$332.27	+7.1% over thirteen sessions
Market capitalisation	~\$4.57tn	~\$4.89tn	14.71bn diluted shares
Estimated FY26 diluted EPS	~\$8.75	~\$8.75	Guidance-derived; unchanged. Consensus \$8.83
P/E on estimated FY26 EPS	~35.5x	~38.0x	The multiple did all the work; earnings did none
Consensus analyst target	~\$326-335	~\$325-335	Now at or below the market price
Implied upside to consensus	+5% to +8%	-2% to +1%	The sell side has been overtaken by the tape
Probability-weighted fair value	\$301.06	\$299.53	Price is now 10.9% above it, from 3.0%
Discount to 29 Jul high (\$344.57)	-9.9%	-3.6%	The post-print gap has largely closed

The single most useful number in that table is the consensus line. On 25 August the sell side saw 5% to 8% of upside and the rating was Watchlist partly because that cushion was thin. Three weeks later, after two target reductions including Bank of America's cut from \$380 to \$370, the 39-analyst average sits at \$334.91 on MarketBeat's count and the 44-analyst average at \$324.40 on StockAnalysis's. The share price has climbed through the middle of the street's own range. A stock trading above the mean target of a Moderate Buy consensus is not being underestimated by the analysts covering it.

The dispersion underneath that average is unusually wide and is itself the finding. TD Cowen carries \$400 and Maxim \$380 against Jefferies at \$263.66 with an Underperform and Phillip Securities at \$300 with a Reduce, the latter having raised its target from \$290 while keeping the negative rating, which is a price-following adjustment rather than a change of view. Rosenblatt at \$303 and Moffett Nathanson at \$304 both sit meaningfully below the market. The distribution runs 1 Strong Buy, 22 Buy, 12 Hold and 4 Sell. A \$136 spread between the highest and lowest targets on the largest company in the world is what genuine disagreement about a margin trajectory looks like.

The counterweight is 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. None of that has deteriorated. What has deteriorated is the price paid for it.

Macro conditions that bear on this business. Two variables genuinely matter here, and neither is flattering at present. The first is the discount rate, because at 38 times earnings the multiple rather than the cash flow dominates the valuation, and long-duration equities are marked hardest when the risk-free rate moves. The ten-year Treasury closed at 4.96% on 11 September, a fresh 52-week high, and futures carried roughly 90% odds of a quarter-point increase at the Federal Reserve's 15-16 September meeting after August core inflation ran 0.3% against a 0.2% forecast. The

second is the discretionary consumer, because a \$1,199 handset is a discretionary purchase. Michigan sentiment fell to 47.8 against a 51.0 forecast in the September reading, one-year inflation expectations rose to 4.6%, and average hourly earnings growth of 3.1% year on year sits below the 3.4% headline inflation rate, so real pay is still falling. Raising prices into that backdrop is a test of pricing power rather than a demonstration of it.

Near-Term Catalysts

Catalyst	Timing	Likelihood	Impact
Federal Reserve decision, with a quarter-point increase largely priced	15-16 Sep 2026	Very high	Direct on the multiple rather than the business; a 38x stock is the wrong place to be if the long end keeps rising
iPhone 18 sell-through data and lead times through the launch quarter	Sep-Oct 2026	Certain	The first genuine read on whether the price increase has cost volume
Foldable iPhone Duo timing and production commentary	Late 2026 onward	Medium	Cuts both ways: a deferral motive for buyers now, an upgrade catalyst later
Memory contract pricing for the December quarter	Q4 2026	High	Determines whether the gross margin question is one quarter or several
Q4 FY2026 results, Services growth and December-quarter margin guidance	29 Oct 2026	Certain	The single event that resolves this rating

The order of those has changed since the last note. Three weeks ago the 29 October print was the only event that mattered and everything else was scenery. The memory line has since moved up the list, because the December-quarter gross margin guidance given on that call now carries more weight than the Services growth rate it will be reported alongside. A company that has raised prices by \$100 against a cost increase the sell side sized at \$150 to \$300 has already told the market which of volume and margin it chose to protect.

Risks

Risk	Probability	Severity	Change since 25 August
Memory cost inflation compressing gross margin beyond the September quarter	High	High	Materially worse. Previously scoped as a one-quarter guidance item at 47-48%; the \$100 price increase covers only part of a cost move TrendForce sizes near 400% year on year
Valuation	High	High	Worse. The multiple has moved from 35.5x to 38.0x on no earnings revision, and the price now sits above the consensus target
Services deceleration	Medium	High	Unchanged; no new segment data until 29 October
iPhone 18 volume response to a higher price point	Medium	Medium	Newly itemised. Soft opening pre-order lead times are weak evidence, but they are the first evidence there is
Greater China competition and policy	Medium	High	Unchanged
Discount-rate sensitivity at a 38x multiple	High	Medium	Worse. The ten-year is at a 52-week high with a hike priced for 15-16 September
Leadership transition	Medium	Medium	Lower. Ternus took the role on 1 September without incident; the first test is the 29 October call
Artificial intelligence spending outrunning the Services return	Medium	Medium	Unchanged; the publisher licensing budget remains committed cost against an unproven return

Risk	Probability	Severity	Change since 25 August
Regulatory pressure on App Store economics	Medium	Medium	Unchanged

Technical Position

The technical picture has improved decisively and is now the strongest part of the case, which is an uncomfortable place for it to sit when the fundamental case has weakened. The consolidation the previous note described as a completed shakeout resolved upward. The shares have cleared all four moving averages, the fifty-day has turned up rather than merely flattening, and the MACD histogram has crossed from negative to positive. Volume tells the same story from the other side: the twenty-session average of 42.5 million sits well below the fifty-session average of 48.7 million, so the advance has come on lighter rather than heavier trade.

Indicator (11 Sep 2026)	Value	Reading
Close	\$332.27	3.6% below the 29 July high of \$344.57
SMA20	\$316.63	Price 4.9% above
SMA50	\$317.97	Price 4.5% above; the average has turned up
SMA100	\$305.32	Price 8.8% above; risen from \$297.64
SMA200	\$284.95	Price 16.6% above; computable for the first time in this coverage
EMA20 / EMA50	\$319.03 / \$314.05	Both below price and rising
RSI(14)	62.8	Firm but not extended; up from 48.2
MACD / signal / histogram	3.23 / 1.90 / +1.32	Crossed positive; was -1.49 / -1.25 / -0.24
ATR(14)	\$8.05 (2.4% of price)	Volatility flat in percentage terms
Volume, 20-day vs 50-day average	42.5m vs 48.7m	Advance on declining participation
52-week range	\$226.65 - \$344.57	Price in the top decile

Indicators computed from 300 completed daily OHLCV sessions, 3 July 2025 to 11 September 2026, from a single split-adjusted source. The 200-day average is stated here for the first time because earlier notes in this coverage worked from a 100-session window that could not support it; it has not been estimated or carried over. Distances are measured against the 11 September close of \$332.27.

Two cautions attach to that table. A stock 16.6% above its 200-day average and 8.8% above its 100-day average has priced in a good deal of the expected news, and the advance arriving on volume roughly 13% below the fifty-day norm is not the signature of broad accumulation. Technicals inform entry timing only. On this evidence the timing is poor for a buyer and comfortable for a holder, which is a distinction the rating already draws.

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	Ternus in the chair from 1 September; no record of his own to score yet
Growth potential	6/10	Guided to 9-11%; the price increase adds revenue but may cost volume
Valuation	3/10	~38.0x estimated FY26 earnings, above the consensus target (was 4)
Risk (10 = lowest risk)	5/10	Memory-driven margin compression now looks multi-quarter (was 6)
Technical setup	7/10	Above all four averages, MACD positive, but on lighter volume (was 5)

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. The previous note scored 70/100. Three factors move: valuation from 4 to 3, risk from 6 to 5, technical setup from 5 to 7. 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.

Overall Investment Score: 68 / 100

Scenario Analysis

Scenario	Prob.	Earnings path	Fair value	Conditions
Bull	27%	FY27 EPS ~\$10.00	\$350	Memory pricing peaks by the December quarter, the iPhone 18 cycle absorbs the higher price point and the rebuilt Siri lifts Services attach; multiple holds near 35x
Base	47%	FY27 EPS ~\$9.35	\$309	Growth of 9-11% as guided, gross margin settles slightly below the 47-48% guided band as memory costs persist, orderly first year under Ternus; multiple near 33x
Bear	26%	FY27 EPS ~\$8.50	\$230	Memory costs compress margin through fiscal 2027, the price increase costs unit volume, Services decelerates again and Chinese competition intensifies; multiple de-rates toward 27x

Probabilities sum to 100%. Probability-weighted fair value: \$299.53, approximately 9.9% below the 11 September close of \$332.27. The fair-value estimates have been lowered modestly from \$347 / \$307 / \$229 to reflect memory costs persisting past the September quarter, and three points of probability have moved from bull to bear for the same reason. The previous note carried \$301.06.

Recommendation: Watchlist (reaffirmed)

The rating is unchanged for a fourth consecutive note, but for the first time in this coverage the reasoning behind it has changed rather than simply held. The previous three notes described a stock that was expensive for what it was growing at, with the evidence to settle the question not yet in existence. That is still true. What is new is that the price has risen 7.1% into a cost shock that has become clearer and larger, the multiple has gone from 35.5 to 38.0 times without a dollar of earnings revision, and the gap to this analysis's own fair value has widened from 3% to 10.9%. An unchanged rating resting on worse grounds is a different statement from an unchanged rating resting on the same grounds, and this is the former.

The Avoid trigger set out in August has not fired and will not be forced. It named a second consecutive Services miss or evidence that the September supply constraints reflected demand rather than components. Neither exists. One hour of launch-weekend pre-order lead times, on a Saturday, with a foldable model expected to follow and with supply better prepared than in prior years, is too confounded to carry a rating change. Calling Avoid on it would be manufacturing the view that the last note explicitly declined to manufacture, in the opposite direction.

What has changed is the price at which this becomes interesting, and the answer is that it has not changed at all, which is the point. The \$290 to \$300 band still represents 33 to 34 times the estimated fiscal 2026 figure, and it is now 10% to 13% below the market rather than 3% to 5%. The hundred-day average at \$305.32 has risen into the top of that zone, so for the first time the technical and valuation references point at roughly the same place. A pullback into it would be a buyable one on this analysis. Chasing the shares 16.6% above their 200-day average, into a Federal Reserve meeting that is 90% priced for a hike, at a multiple above the sell side's own average target, would not be.

What would change the view	Direction
Services growth reaccelerating above the mid-teens at the 29 October print, most plausibly through a rebuilt Siri driving subscription attach and engagement	To Buy
A retreat into the \$290-300 area, where 33 to 34 times the estimated fiscal 2026 figure sits and where the hundred-day average now runs	Becomes buyable
December-quarter gross margin guided below the 47-48% band on memory costs, confirming the compression extends beyond one quarter	To Avoid
A second consecutive Services miss, or evidence that the September constraint reflected demand rather than components	To Avoid
Sell-through data showing the \$100 price increase has cost meaningful unit volume	To Avoid
A sustained further rise in long-term yields alongside continued deterioration in consumer sentiment and real pay, which compresses what the market will pay for single-digit growth	Negative for the multiple

No cut-loss or take-profit levels are published, because the rating is not a Buy and no position is held. A stop on a position that does not exist is not an instruction, and a profit target on one is a valuation wearing the clothes of an instruction.

Final Verdict

No. Not at \$332.27, and the reluctance is firmer than it was three weeks ago. The business remains as good as it has ever been and the balance sheet underwrites almost any amount of patience. The problem is arithmetic. Thirty-eight times earnings is a growth multiple, the company is guiding to 9 to 11% revenue growth, and the input cost that determines whether even that converts to earnings has moved against it by a factor the company has chosen to absorb rather than pass on. The \$100 price increase is the most informative decision Apple has made this quarter, and what it says is that management judged the volume risk of full pass-through greater than the margin cost of partial absorption.

The strongest argument on the other side is that the market has been wrong about Apple's margin resilience before, repeatedly, and that a company generating \$117 billion of operating cash flow in nine months with \$62.2 billion of net cash has an unusually wide range of responses available to it. That argument deserves respect. It is also the argument for owning the shares at a price that compensates for being wrong, which \$290 to \$300 does and \$332 does not.

For anyone already holding, nothing here argues for selling. The technical position is the best it has been in this coverage, the buyback continues to shrink the denominator every quarter, and the decisive information arrives in six weeks. For anyone not holding, the shares have moved 7% further away from the level at which the unresolved question was worth taking on, while the question itself has acquired a second part. That asymmetry is what a Watchlist rating describes, and it is wider now than when this coverage last described it.

Sources

Alpha Vantage — quote of record, 11 September 2026 close • Twelve Data — daily OHLCV series, 3 July 2025 to 11 September 2026, from which all indicators were computed • moomoo news search and stock digest — news, notices and broker research, 10-14 September 2026 • AppleInsider — iPhone 18 Pro pre-order lead times, 12 September 2026 • The Motley Fool — iPhone Pro pricing against memory costs, citing TrendForce, 10 September 2026 • MacRumors — iPhone 18 Pro storage tier pricing, 9 September 2026 • MarketBeat — analyst ratings, targets and consensus distribution, September 2026 • StockAnalysis.com — consensus target and forward estimates • Apple Inc. — Q3 FY2026 press release and condensed consolidated financial statements, 30 July 2026 • Bureau of Labor Statistics, US Treasury and University of Michigan — August CPI, the ten-year yield and September consumer sentiment

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