

Advanced Micro Devices, Inc. (AMD)

Mid-cycle review · 18 September 2026 · Price of record \$545.09 (close, 17 September 2026) · Previous note 4 September 2026 at \$477.57

RECOMMENDATION	INVESTMENT SCORE	WEIGHTED FAIR VALUE	HORIZON
HOLD	69 / 100	\$531	12-24 months

PRICE	MARKET CAP	2027E P/E	VS WEIGHTED FV	10-YR YIELD
\$545.09 +14.1% since 4 Sep	\$888bn 1.63bn shares	45.4x was 39.8x	-2.5% price above value	4.94% 4.78% at last note

1. Do the published levels still hold?

This is the question a mid-cycle review exists to answer, and this time the answer is that they do not. The 4 September note published an entry band of \$440 to \$478, an ideal buy range of \$450 to \$468 anchored to a hundred-day average then calculated at \$466.56, a stop at \$420, and targets at \$540 and \$672. Over the eight sessions since, the stock has gained 14.1% and closed at \$545.09 on 17 September after a 6.36% session. Target 1 has been met on a closing basis and was cleared intraday at \$551.42. The entry band and the ideal buy range are both well below the market and are no longer actionable.

The hundred-day average has been recomputed here from a three-hundred-session daily series rather than carried forward, and now stands at \$484.27, some \$17.71 above the level the old buy range was anchored to. That matters because the range was derived from that average, so the anchor moves whenever the average does. Price sits 12.6% above it. No stop is restated below, because the verdict set out in section 8 no longer carries a position, and a stop without a position is an instruction with nothing to instruct.

Level	4 Sep note	Status at \$545.09	Read
Entry band	\$440 - \$478	Exceeded	Price is 14.0% above the top of the band
Ideal buy range	\$450 - \$468	Exceeded	Anchored to a 100-day average since recomputed to \$484.27
Cut-loss	\$420	Withdrawn	No position is carried at a Hold rating
Take-profit 1	\$540	Met	Closed \$545.09 on 17 Sep; intraday high \$551.42
Take-profit 2	\$672	Live	+23.3% from here; requires the bull case
Weighted fair value	\$527 (31/47/22)	\$531 (32/47/21)	Price is now 2.6% above it

Levels assessed against the confirmed close of \$545.09 on 17 September 2026. The hundred-day average is recomputed in code from the daily series and is not the figure carried in the previous note.

2. What has actually moved

Almost nothing at the company, and a great deal in the price. AMD has made no disclosure since the previous note. It does not report again until 3 November, so the June-quarter figures of \$11.5bn of revenue, up 50%, with data centre revenue of \$6.7bn up 107%, remain the most recent hard information and were already reflected in the last report. The period produced five broker actions, one third-party pricing datapoint and a run of insider sales. There is no company event among them.

The pricing datapoint is the most interesting of the three and is what the market traded on 17 September. Nebius, a cloud operator, published increases to its compute rate card: EPYC Genoa CPU rates up 25%, Nvidia GPU rates up 17% to 21%, and memory up 41%. A cloud operator raising prices is a demand signal from one rung further down the chain than AMD's own guidance, and it argues against the digestion scenario that carries this report's bear case. It is, however, a third party's rate card rather than AMD revenue, and one rate card does not revise an earnings estimate. It is treated below as a small shift in probability, not as a change to the numbers.

The sell side maintained rather than moved. BofA Securities announced \$620, Bernstein maintained \$650, Stifel \$635, Piper Sandler \$600 on both an initiation and a maintain, and Truist \$594. The consensus target across 55 analysts is \$615, which is 12.8% above the current price and a far narrower margin than the same consensus offered a fortnight ago. Insiders continued to sell: an officer disposed of \$8.68m of common stock on 17 September, preceded by a Form 144 on 15 September, and further Form 144 and Form 4 filings landed on 11 and 16 September. That is the fourth consecutive fortnight of officer and director selling.

The macro variable this report named first has moved against the stock. The Federal Open Market Committee raised the target range 25 basis points to 3.75%-4.00% on 16 September, a unanimous vote and the first increase in three years, with the projections carrying at least one more before year-end. The ten-year Treasury yield closed 17 September at 4.94% against 4.78% at the previous note, and the thirty-year at 5.29% against 5.24%. So the discount rate applied to earnings expected in 2027 and beyond rose by sixteen basis points at the ten-year point over the same eight sessions in which the multiple paid for those earnings expanded by fourteen percent. Those two facts point in opposite directions, and only one of them is supported by new information about the company.

3. Valuation

The estimates are carried forward, because nothing the company has disclosed would revise them and revising a 2027 build on a third party's rate card would not survive scrutiny. Group revenue approaching \$70bn in 2027, built from data centre revenue more than doubling off a 2026 base near \$25bn with the other segments roughly flat, still produces earnings near \$12 per share at a 57% gross margin and a 13% tax rate across about 1.63bn shares. What has changed is the price paid for that stream, and it has changed a great deal in a short time.

Measure	4 Sep (at \$477.57)	Now (at \$545.09)	Read
Market capitalisation	~\$793bn	~\$888bn	\$95bn added without a disclosure
P/E on estimated 2027 EPS (~\$12)	~39.8x	~45.4x	Fourteen percent richer on unchanged estimates
P/E on the \$20 long-term EPS marker	~23.9x	~27.3x	Within the strategic timeframe, at a higher entry price
Upside to weighted fair value	+10.4% (\$527)	-2.5% (\$531)	The margin has gone, and then some
Upside to base-case fair value \$540	+13.1%	-0.9%	Base case now sits below the market
Downside in the bear case \$297	-37.8%	-45.5%	The dominant risk, and it has grown
Consensus target (\$615, 55 analysts)	+28.8%	+12.8%	The street's own margin has more than halved

The 2027 earnings estimate is built by this analysis from company guidance and is not a company forecast. Scenario fair values are carried forward unchanged; the weighted value moves only because the probabilities were revised, as set out in section 9. Percentages recomputed in code from \$545.09.

The macro variables that matter here. Two, and neither is the consumer. The first is the long end of the Treasury curve, because essentially all of AMD's value sits in earnings expected in 2027 and beyond and is therefore unusually sensitive to the rate at which those earnings are discounted. The ten-year stands at 4.94% and the thirty-year at 5.29%, and the Committee has now begun to tighten rather than merely discussed it. Core consumer price inflation ran at 2.4% over the year to August while producer prices ran at 5.4%, so the pressure that prompted the move has not resolved.

The second is the AI infrastructure capital expenditure cycle itself, which is demand rather than discount rate, and which the Nebius rate card marks marginally higher. A third variable sits behind the client segment in memory and component costs, visibly tightening across the supply chain and cited by management in planning for a softer personal computer market. That pressure is contained within a segment whose margin has already compressed from 21% to 15%, so it is a drag on the mix rather than a threat to the thesis.

4. Technicals

The chart is the strongest part of the case and the reason this is a Hold rather than something colder. Price has cleared every average in the stack. The twenty-day sits at \$486.24, the fifty at \$495.59 and the hundred at \$484.27, and price is 12.1%, 10.0% and 12.6% above them respectively. The fifty-day exponential average at \$488.87, which the previous note identified as the first level the price had to clear, was taken on 8 September and has not been retested. MACD has crossed decisively positive at 8.92 against a signal of 2.22, a histogram of +6.70, having been negative at the last note. The 17 September advance came on 28.4m shares against a twenty-day average of 18.2m, so the breakout carried genuine participation rather than drifting up on thin volume.

Two things temper that. Relative strength at 62.8 is firmly neutral rather than overbought, which is a point in favour, but price is 12.1% above its twenty-day average and 54.4% above its two-hundred-day average at \$352.92, which is a long way from any support that has been tested. And the twenty-day volume average sits 22.5% below the fifty-day, so the wider participation trend is thinner than the single breakout session suggests. The two-hundred-day figure is not a trading level. It is a reminder of how much of the current price is a re-rating that has already happened.

Indicator	4 Sep note	Now	Read
Close	\$477.57	\$545.09	Confirmed close, 17 September
SMA 20	\$475.20	\$486.24	Price above by 12.1%; extended
SMA 50	\$499.27	\$495.59	Cleared 8 September; now support
SMA 100	\$466.56	\$484.27	Recomputed, not carried forward; price above by 12.6%
SMA 200	\$341.00	\$352.92	Price above by 54.4%
RSI(14)	49.7	62.8	Neutral; not an overbought reading
MACD / signal	-8.21 / -8.35	8.92 / 2.22	Histogram +6.70, from +0.14
ATR(14)	\$22.51 (4.7%)	\$24.44 (4.5%)	Daily range steady as a share of price
52-week range	--	\$149.85 - \$584.73	High set 30 June; price 6.8% below it

Distances are measured against the \$545.09 quoted price. All averages are computed from one 300-session series so the distances between them are comparable. Technicals inform entry timing only and do not override the fundamental and valuation conclusions above.

5. Business and competitive position

Nothing in the competitive picture has been revisited since the last note, and nothing needed to be. AMD runs three profitable segments on a 56% gross margin and a 27% operating margin, with the data centre business now the majority of revenue and effectively the whole of the equity story. The Helios rack-scale platform and the MI450 series remain on a second-half 2026 schedule, with the Anthropic agreement covering up to two gigawatts of MI450 deployment and OpenAI and Meta publicly aligned to the roadmap. None of that has been confirmed by a reported quarter, which is the single most important sentence in this report: the entire premium in the price rests on a ramp that has not yet appeared in any income statement.

Against that, Nvidia's July quarter of \$96.2bn with \$89.0bn from data centre, a 75.0% gross margin and an October-quarter guide of \$108.0bn restates the size of the gap. AMD is competing for the second socket in a market where the incumbent is roughly thirteen times its data centre scale and earns a materially higher margin doing it. That is

not a reason to avoid the stock. It is the reason the competitive advantage score sits at seven rather than nine.

6. Risks

Risk	Probability	Severity	Assessment
Multiple compression from a rising long end	Elevated	High	The Committee has begun tightening and signalled more. A 45x multiple on 2027 earnings is the most rate-sensitive part of the case
AI capex digestion in 2027	Moderate	Severe	Carries the bear case at \$297, now a 45.5% loss from the current price rather than 37.8%
Helios or MI450 schedule slip	Moderate	Severe	The ramp is unreported. A slip would remove the basis for the entire premium above the 200-day average
Memory and component cost inflation	High	Low	Contained in a client segment whose margin has already compressed from 21% to 15%
Continued insider distribution	Occurring	Low	Fourth consecutive fortnight of officer and director sales. Usually diversification; occasionally not, and the filings do not distinguish
Customer concentration in the 2027 build	Moderate	High	A named gigawatt customer moving to a competitor would turn a sentiment event into a structural one

7. Scorecard

Factor	Score	Weight	Basis
Business Quality	 9/10	14%	Unchanged. 56% gross margin, 27% operating margin, three profitable segments
Financial Strength	 8/10	10%	Unchanged. \$13.1bn cash and short-term investments; \$1.6bn quarterly free cash flow
Competitive Advantage	 7/10	12%	Unchanged. Nvidia's \$89bn data centre quarter continues to restate the gap
Management	 9/10	10%	Unchanged. Raised the multi-year model rather than merely the quarter
Growth Potential	 9/10	16%	Unchanged. Data centre guided to more than double in 2027; street estimates converged
Valuation	 4/10	18%	Cut from 6. 45.4x the 2027 estimate and a negative margin to weighted fair value
Risk (10 = lowest risk)	 4/10	15%	Cut from 5. Bear case now costs 45.5%; the Fed has begun tightening
Technical Setup	 7/10	5%	Raised from 5. Cleared the full average stack; MACD positive on above-average volume
Investment Score	69 / 100	100%	Weighted sum of the factor scores above; was 73 on 4 September

Scored 1-10, where 10 is always best, including Risk. A long bar is always the favourable outcome. The 4 September scorecard used this same scale and direction, so its scores are directly comparable and no restatement was required. Three scores moved. The composite was computed in code and matches the figure printed here.

8. Recommendation

Verdict: Hold, downgraded from Buy. The downgrade is not a change of mind about the company. It is the previous report's own rule being applied. That note published a first target at \$540 and listed, among the developments that

would change the view, a sustained further rise in long-end Treasury yields alongside a Federal Reserve that follows through on tightening. Both conditions have now occurred inside eight sessions: the target was met at \$545.09 and the Committee raised rates on 16 September with the ten-year sixteen basis points higher. A rating that survives its own stated downgrade trigger is not a rating, it is a preference.

The substance behind that is simple arithmetic. At \$545.09 the stock trades 2.5% above a probability-weighted fair value of \$531, and that value has already been calculated on probabilities revised in the bull case's favour. The base case sits at \$540, below the market. The bear case now costs 45.5% rather than 37.8%. Buying here means paying above the analysis's own central estimate for the privilege of carrying a downside that has grown while the upside shrank. The thesis is intact and the business is performing; the price has simply arrived at the value before the value arrived at the price.

Item	Level	Basis
Verdict	Hold	Downgraded from Buy. Target 1 met; price above weighted fair value
Where it becomes interesting again	\$484 or below	The recomputed hundred-day average is \$484.27, and \$482.92 is the price at which a 10% margin to the \$531 weighted fair value is restored. Two independent anchors within \$1.40 of each other
Take-profit / cut-loss	Not stated	A Hold carries no position, so neither a stop nor a profit target has anything to act on
Upside to the bull case \$672	+23.3%	Requires the Helios ramp ahead of plan and margin above 57%
Downside to the bear case \$297	-45.5%	AI digestion or a Helios slip. The dominant risk in the distribution
Horizon	12-24 months	Unchanged. The case is settled by the 2027 data centre ramp, not by the next quarter

What would change the view

Development	Direction	Why it matters
A retreat to the mid-\$480s with the ramp intact	Upgrade	Restores the margin to weighted fair value that the rating is missing, at an average that has held as support
The November quarter confirming the data centre step-up	Upgrade	Would move the 2027 build from an estimate to a reported trajectory and justify a higher fair value, not merely a higher price
A named gigawatt customer moving to a competitor	Downgrade	Turns the competitive gap from a scale question into a structural one
A further sustained rise in long-end yields as the Committee follows through	Downgrade	Compresses the multiple on 2027 earnings independently of anything the company executes
Insider selling broadening to the executive team ahead of the ramp	Downgrade	Diversification by individuals reads differently from distribution by the group closest to the schedule

9. Scenario analysis

The three fair values are carried forward unchanged, because no estimate in this report has been revised. One point of weight moves from the bear case to the bull case, on the Nebius rate card, which is direct evidence that compute demand is firm enough to support price increases at the cloud layer and therefore argues against the digestion scenario. The adjustment is deliberately small, because a third party's rate card is weaker evidence than a reported quarter. It is shown rather than buried because it works against the conclusion: even after revising the probabilities in the stock's favour, the weighted value sits below the market.

Case	2027E EPS	Conditions	Fair value	vs \$545.09	Prob.
Bull	~\$14.00	Helios ramps ahead of plan, Anthropic and Microsoft volumes land early, margin above 57%; ~48x	\$672	+23.3%	32%
Base	~\$12.00	Data centre roughly doubles as guided, PC softness contained, gaming stabilises; ~45x	\$540	-0.9%	47%
Bear	~\$9.00	AI digestion or a Helios slip, memory costs compress margin, PC and gaming weakness deepens; ~33x	\$297	-45.5%	21%

Probability-weighted fair value: $\$531.21 = 0.32 \times \$672 + 0.47 \times \$540 + 0.21 \times \$297$, which is 2.5% below the \$545.09 price. On the previous 31/47/22 weighting the same fair values give \$527.46, or 3.2% below. Probabilities sum to 100%. Earnings figures are non-GAAP and are estimates built by this analysis from company guidance, not company forecasts. Computed in code; the stated weighted value matches its inputs.

10. Investment memo

Would an investor commit fresh money to AMD today? No, and the reason is unusually clean. Eight sessions ago this report argued for a small position scaled across \$445 to \$478 with a stop below \$424, on a weighted fair value of \$527. The position worked. The stock is 14.1% higher, the first target has been met, and the analysis that recommended it now values the business at \$531 against a market price of \$545. Nothing the company has said or done in the interval changes that number, because the company has said and done nothing: there has been no filing of substance, no guidance update and no quarter, and the next report is seven weeks away.

What did change is the cost of money. The Committee that the previous note flagged as the largest event inside the window raised rates on 16 September and signalled more, and the ten-year moved sixteen basis points higher. For a business whose value sits almost entirely in 2027 and beyond, a higher discount rate and a higher multiple arriving together is the least comfortable combination available. The market spent those eight sessions paying more for a stream it should, on the arithmetic, have been paying slightly less for.

The bull case has not been abandoned and the rating is Hold rather than anything colder for three reasons. The ramp genuinely could run ahead of plan, which is what the \$672 case describes and what still offers 23.3%. The technical picture is the best it has been in this coverage, with the full average stack cleared on above-average volume and relative strength still neutral. And the demand evidence continues to arrive on the constructive side, from Nvidia's October guide to a cloud operator raising the price of AMD silicon by a quarter. An investor already holding from the entry band has a working position, a met first target and no reason on this analysis to buy more at these levels.

The single biggest concern is unchanged and now costs more: the entire premium above the two-hundred-day average rests on a data centre ramp that has never appeared in a reported quarter, and the people closest to that schedule have sold stock in each of the last four fortnights. The level at which this becomes interesting again is the mid-\$480s, where the hundred-day average sits and where a normal margin to fair value is restored. That is 11% below the market, which is one ordinary pullback in a stock whose average true range is 4.5% a day.

Disclaimer. This report is for informational and educational purposes only and does not constitute investment advice, a recommendation, or an offer to buy or sell any security. It was prepared from public sources believed to be reliable, but accuracy and completeness are not guaranteed. The 2027 earnings estimates are built by this analysis from company guidance and are not company forecasts; scenario fair values are carried forward from the previous report. Figures are as of 17 September 2026 unless stated. The author may hold positions in securities mentioned. Readers should conduct their own research and consider their own circumstances before making any investment decision.