

Amazon.com, Inc.

Consumer Discretionary / Cloud Infrastructure · NASDAQ: AMZN · USD

WATCHLIST

Investment Score 68 / 100

Last close (28 Jul 2026)	Market cap	Prob-weighted fair value	Consensus target
\$230.86 -0.23%	\$2.46T EV \$2.58T	\$235 +1.7%	\$313.07 65 analysts, +36.9%
Reported P/E (TTM)	Core P/E (ex-Anthropic)	TTM free cash flow	Next catalyst
27.6x EPS \$8.36	37.1x EPS ~\$6.22	-\$2.5B from +\$32.9B FY24	Q2 print 30 Jul after close

Price is the Alpha Vantage GLOBAL_QUOTE close for 28 July 2026 and is treated as authoritative. Market cap, multiples and balance-sheet figures are as of 29 July 2026 per S&P Global Market Intelligence via StockAnalysis; fundamentals are trailing twelve months to 31 March 2026.

Investment view

Amazon is a high-quality franchise trading at a price that does not obviously compensate for the risk it is currently carrying. The operating businesses are performing well: AWS grew 28% in Q1 2026, its fastest in fifteen quarters, and advertising compounded 24% to a \$72bn annual run-rate at incremental margins few businesses in the index can match. The problem sits below the revenue line. Capital expenditure guided to roughly \$200bn for 2026 has pushed trailing free cash flow to **negative \$2.5bn**, from \$32.9bn two years ago, and roughly a quarter of trailing net income is a non-cash mark on the Anthropic stake rather than anything the operating business earned.

Strip that mark out and the headline 27.6x earnings multiple becomes approximately **37x core earnings**, the most expensive of the three large hyperscalers on a like-for-like basis, against Microsoft at roughly 21x forward and Alphabet at 24x. On a scenario-weighted basis the shares are worth about **\$235**, some 2% above the current price. That is not a thesis. The consensus \$313 target embeds the bull case at close to full confidence and, at 37% above spot, looks less like a forecast than an expression of faith in the capital cycle.

The rating is **Watchlist**, not Avoid. Nothing in the franchise is broken and the \$364bn AWS backlog is real. But with the stock below every major moving average, MACD negative and widening, a binary Q2 print in roughly 48 hours, and the depreciation from three years of accelerating capex only now beginning to land in the P&L, there is no reason to pay up ahead of the disclosure that resolves the central question. Levels and conditions that would change this view are specified in section 12.

1. Analytical framework

Amazon is three businesses fused by one balance sheet: a low-margin retail and logistics network, a cloud infrastructure utility, and an advertising platform bolted onto the retail demand funnel. Consolidated revenue growth is close to irrelevant to the equity value, because the segments carry radically different economics. Retail turns roughly \$300bn of first-party sales at single-digit margins; AWS turns \$137bn at 37.7%; advertising turns \$72bn at a margin Amazon does not disclose but which is almost certainly the highest in the group. The great majority of the enterprise value sits in the latter two.

Over a one-to-two-year horizon, five variables determine whether the shares work. They are stated here before the analysis so the conclusions can be tested against them.

#	Driver	Why it decides the outcome	Test applied
1	AWS revenue growth	AWS is the single largest contributor to incremental operating profit and sets the multiple the whole company receives. Every point of AWS growth is worth roughly \$1.4bn of revenue at ~38% incremental margin.	Does growth hold at or above 28% through 2027, or fade toward 20%?

#	Driver	Why it decides the outcome	Test applied
2	AWS operating margin under depreciation load	Capex is already spent; the depreciation arrives regardless of whether demand shows up. Q1 margin fell 140bp year on year on year to 37.7% on the first tranche alone.	Does segment margin stabilise near 36-38%, or compress below 33%?
3	Advertising growth and mix	The highest-quality earnings stream in the company and the one least exposed to the AI capital cycle. It quietly funds the cloud build.	Can 20%+ growth persist as the base approaches \$80bn?
4	Free cash flow inflection	Negative FCF forces reliance on debt markets and removes the valuation floor that FCF yield normally provides. Net borrowing ran \$62.5bn over the trailing year.	Does capex plateau in 2027, or step up again as management has hinted?
5	North America retail margin	Robotics and cost-to-serve reduction are the self-help lever that can offset cloud depreciation. Q1 delivered 8.0% segment margin.	Does NA margin push toward 9-10%, or stall?

Segment figures are Q1 2026 (quarter ended 31 March 2026) unless stated. Source: Amazon Q1 2026 earnings release and 10-Q.

2. Business and industry position

Revenue of \$742.8bn over the trailing twelve months breaks into online stores at \$276.1bn, third-party seller services at \$177.2bn, AWS at \$137.0bn, advertising at \$72.0bn, subscriptions at \$51.3bn and physical stores at \$22.8bn. The important structural fact is the mix shift: over five years online stores grew 24% cumulatively while AWS grew 120% and advertising grew 131%. That mix shift, not volume, is what took consolidated gross margin from 42.0% in 2021 to 50.6% today and operating margin from 5.3% to 11.5%.

In cloud, AWS holds roughly 28% of global infrastructure spending against Azure at 21% and Google Cloud at 14%, on Synergy Research data for Q1 2026. Share is drifting down even as revenue accelerates, because the market itself grew 35% to \$129bn in the quarter. The more uncomfortable comparison is growth: Google Cloud posted 63% and Azure 40% in Q1 against AWS at 28%. Amazon is the largest player growing slowest, which is normal for an incumbent but is not what a 37x core multiple prices.

The offsetting argument is custom silicon. Trainium2 is effectively sold out, Trainium3 began shipping at the start of 2026 with a claimed 30-40% price-performance improvement and is close to fully subscribed, and Trainium4 is largely reserved eighteen months ahead of broad availability. If Amazon can serve a meaningful share of AI training and inference on its own silicon rather than purchased GPUs, the gross margin on AI workloads is structurally better than competitors renting Nvidia capacity. That is the strongest single argument for the bull case, and it is not yet visible in reported segment margin.

3. Financial analysis

\$m unless noted	TTM Mar-26	FY2025	FY2024	FY2023	Read-through
Revenue	742,776	716,924	637,959	574,785	Growth accelerating: 11.0% to 12.4% to 14.2%
Gross profit	375,875	360,510	311,671	270,046	Margin 50.6% vs 47.0% in FY23; mix-driven
Operating income	85,422	79,975	68,593	36,852	Margin 11.5%; the clean profit measure
Pre-tax income	114,890	97,290	68,637	37,557	\$29.5bn above operating income
Net income	90,798	77,670	59,248	30,425	Flattered by investment marks
Diluted EPS (\$)	8.36	7.17	5.53	2.90	Core EPS approximately \$6.22

\$m unless noted	TTM Mar-26	FY2025	FY2024	FY2023	Read-through
Operating cash flow	148,531	139,514	115,877	84,946	Genuinely excellent and still compounding
Capital expenditure	(151,003)	(131,819)	(82,999)	(52,729)	Up 186% in three years; guided ~\$200bn 2026
Free cash flow	(2,472)	7,695	32,878	32,217	Negative for the first time since 2022
Cash & investments	143,089	123,029	101,202	86,780	Ample near-term liquidity
Total debt	209,888	152,987	130,900	135,611	+37% in one year to fund the build

Fiscal year ends 31 December. Total debt per the balance-sheet series excludes finance leases; the statistics page reports \$235.5bn including them. Both figures are cited; the \$25.7bn difference is lease capitalisation, not a data error. Source: StockAnalysis / Fiscal.ai, retrieved 29 July 2026.

The earnings-quality problem

Trailing pre-tax income of \$114.9bn sits \$29.5bn above operating income of \$85.4bn. Net interest is roughly neutral, so substantially all of that gap is non-operating investment gains, dominated by mark-to-market on the Anthropic stake. Q1 2026 alone carried a **\$16.8bn pre-tax gain** from Anthropic, which took reported EPS to \$2.78 against a \$1.63 consensus. The mark was triggered by Anthropic's Series G round and the conversion of Amazon convertible notes into preferred stock. It is a real economic gain on an \$8bn investment now carried above \$70bn. It is not cash, it is not recurring, and it can reverse.

Taxing the \$29.5bn at the 21.0% effective rate gives \$23.3bn of after-tax non-operating income, implying core net income near \$67.5bn and core EPS of roughly **\$6.22**. At \$230.86 that is 37.1x core earnings, against a headline 27.6x. EV/EBIT of 30.2x corroborates: on an operating basis Amazon is priced as a 30-times-EBIT business. Any valuation work anchored on the reported P/E is anchored on the wrong number, and a good deal of published research appears to be.

The depreciation arithmetic

This is the part of the story that has not yet happened, and it is the reason a 37x core multiple is uncomfortable. Capex of \$132bn in 2025 and roughly \$200bn guided for 2026 will, on the six-year server life the hyperscalers now use, add approximately \$22bn and \$33bn of annual depreciation respectively. Trailing D&A is \$70.4bn today. By 2027 it plausibly reaches \$110-120bn. To carry that at unchanged margin, AWS revenue has to grow from \$137bn to roughly \$220bn.

At 30% compound growth AWS reaches \$232bn in 2027 and the arithmetic works comfortably. At 20% it reaches \$197bn and it does not: the roughly \$35bn revenue shortfall costs something like \$13bn of operating income at incremental margins, close to 14% of consolidated operating profit. That single sensitivity, and nothing about the retail business, is the investment case. Note also that the six-year life assumption is itself a judgement; shortening it toward four years would add tens of billions of annual expense without changing a dollar of cash economics.

4. Competitive comparison

Company	Cloud share Q1-26	Cloud growth Q1-26	Forward P/E	EV/EBITDA	Assessment
Amazon / AWS	~28%	28%	27.5x	16.5x	Largest, slowest-growing, most expensive on core earnings. Only one of the three with negative free cash flow.
Microsoft / Azure	~21%	40%	21.0x	15.3x	Cheaper and growing faster. The clearest relative-value alternative for the same AI thesis.

Company	Cloud share Q1-26	Cloud growth Q1-26	Forward P/E	EV/EBITDA	Assessment
Alphabet / Google Cloud	~14%	63%	24.1x	22.4x	Fastest growth off the smallest base; richest on EV/EBITDA. Also holds an Anthropic stake with the same accounting effect.

Cloud share and growth per Synergy Research Group, Q1 2026. Multiples per StockAnalysis, 29 July 2026. Amazon forward P/E of 27.5x is calculated on consensus EPS that includes the realised Q1 Anthropic gain; on core operating earnings the comparable figure is closer to 35x.

The moat itself is not in question. Prime, the third-party marketplace flywheel, same-day logistics density and now custom silicon are genuinely difficult to replicate, and AWS switching costs remain high. What the table shows is narrower and more actionable: an investor who wants exposure to hyperscale AI infrastructure can currently buy faster growth at a lower multiple with positive free cash flow elsewhere. Amazon has to be bought for the retail and advertising optionality on top, not for the cloud exposure alone.

5. Management and capital allocation

Andy Jassy's operating record since 2022 is strong and should be credited. Operating margin went from 2.4% to 11.5%, the cost-to-serve reduction in North America was executed rather than promised, and the advertising business was scaled without visibly degrading the customer experience. Guidance has generally been conservative and beaten; Q1 revenue of \$181.5bn came in above the \$177.2bn consensus.

Capital allocation is where judgement is being tested. Amazon pays no dividend and is a net issuer of shares, with count up 0.89% year on year, so shareholder yield is negative 0.89%. Every dollar of internally generated cash and \$62.5bn of net new borrowing is going into the AI build. Management's defence is specific and checkable: Jassy states that a substantial portion of 2026 AWS capex is already covered by customer commitments, that the \$364bn backlog excludes an Anthropic agreement valued above \$100bn, and that spend converts to revenue on a six-to-twenty-four-month lag. He has also said he would not hesitate to raise capex further. Insider ownership of 8.97% is high for a company of this size, though Jassy has been a consistent seller under a 10b5-1 plan, including 31,352 shares in May 2026 at around \$275.

6. Growth drivers

Driver	Likelihood	Impact	Detail
AWS backlog conversion	High	Very high	\$364bn contracted backlog at Q1 2026, excluding an Anthropic agreement above \$100bn. Converts over roughly two to four years and underwrites the near-term growth rate even if new bookings soften.
Advertising compounding	High	High	\$17.2bn in Q1, up 24%, crossing \$70bn trailing. Agentic commerce, Rufus and AI creative tools are broadening the small-business advertiser base. Highest-margin dollar in the company.
Trainium adoption	Medium	High	Trainium2 sold out, Trainium3 shipping and near fully subscribed at 30-40% better price-performance. Sales of full racks to external customers would open a new revenue line and improve AI gross margin versus renting GPUs.
North America margin expansion	Med-high	Medium	8.0% segment margin in Q1 on \$104.1bn of revenue. Robotics and same-day network density remain the clearest self-help lever to offset cloud depreciation.
Capex plateau and FCF recovery	Low-medium	Very high	The re-rating catalyst if it happens. Management commentary and UBS point the other way, toward higher spend in 2027 and beyond, so this is the driver least within investors' control.

Driver	Likelihood	Impact	Detail
Amazon Leo satellite	Medium	Low	Commercial launch planned for Q3 2026; approximately \$1bn of incremental cost sits in Q2 guidance. An FCC request to launch 5,000 direct-to-device satellites signals ambition. A cash consumer before it is a contributor.

7. Risk assessment

Risk	Probability	Severity	Detail
AI capex fails to earn its cost of capital	Medium	Severe	The central risk. ROIC is 13.5% against a WACC of 11.3%, a spread of only 220bp before roughly \$200bn of new capital lands. If incremental returns fall below cost, the build destroys value at enormous scale.
Depreciation compresses AWS margin	High	High	Already visible: Q1 AWS margin 37.7%, down 140bp year on year. The expense is contractually certain; the offsetting revenue is not.
Anthropic mark reverses	Medium	Medium	An \$8bn stake carried above \$70bn on private-round reference prices. A down round or a broader AI valuation reset would run through net income with no cash consequence but considerable headline damage.
Negative free cash flow persists	High	Medium	TTM FCF of negative \$2.5bn removes the FCF-yield valuation floor and forces continued reliance on debt markets. Interest coverage of 33.7x and an Altman Z-score of 4.54 mean this is a valuation risk, not a solvency risk.
Cloud share erosion	Medium	Medium	Azure at 40% and Google Cloud at 63% growth are both taking share. Sustained underperformance would compress the multiple independently of absolute growth.
Regulatory and antitrust	Medium	Medium	A Senate inquiry into the marketplace contributed to the July selloff. Marketplace-conduct and self-preferencing cases remain a persistent overhang across jurisdictions.
Valuation and positioning	Med-high	High	37x core earnings with 65 analysts at Strong Buy and short interest at 0.99% of shares out. Positioning is one-sided; there is little scepticism left to convert into buying.
Event risk: Q2 print	Certain	Medium	Results 30 July after close. ATR is 3.0% of price and 495,570 option contracts traded on 28 July against 4.48m open interest. A high-single-digit move in either direction is the base expectation.

8. Valuation

Discounted cash flow is close to meaningless here: trailing free cash flow is negative, and any DCF becomes a bet on a terminal-year capex assumption chosen by the analyst. Multiples are used instead, on core operating earnings rather than reported, cross-checked against EV/EBIT and the segment sum. The results are consistent and unexciting.

Method	Current	5-yr context	Signal	Comment
P/E, reported	27.6x	32.2x / 39.7x / 52.4x	Cheap	Lowest in five years, which is the bull case in one line. It is also the wrong denominator.
P/E, core	37.1x	n/a	Expensive	Strips \$23.3bn of after-tax investment gains. The honest multiple, and above both large peers.
EV / EBIT	30.2x	n/a	Expensive	Independent corroboration of the core P/E. Capital-structure neutral.

Method	Current	5-yr context	Signal	Comment
EV / EBITDA	16.5x	vs MSFT 15.3x, GOOGL 22.4x	Fair	Flattered by the D&A add-back, which is precisely the cost under scrutiny. Least useful metric for this company today.
P / FCF	n/m	321.9x FY25, 70.7x FY24	No support	Not meaningful on negative FCF. FCF yield of -0.10% offers no valuation floor.
PEG	1.26	EPS CAGR 20.8% (3y cons.)	Fair	Reasonable, but the growth input relies on consensus EPS that carries the same investment-gain contamination.
P / Book	5.6x	Book value \$41.09/sh	Neutral	Rising book from capitalised capex mechanically depresses this ratio. Not informative.

Triangulating: on 37x core earnings against 21x for Microsoft and 24x for Alphabet, Amazon carries roughly a 55% premium to the cheaper peer while growing its cloud business at less than three-quarters the rate and generating no free cash flow. That premium is defensible only if retail margin expansion and advertising compounding are worth it, which is a real argument but not a large one. **Conclusion: modestly overvalued to fairly valued**, with the scenario-weighted fair value of \$235 sitting almost exactly at the current price.

9. Sentiment and positioning

Indicator	Reading	Interpretation
Analyst consensus	Strong Buy, 65 analysts	Average target \$313.07, 36.9% above spot. Recent revisions are mixed: UBS cut to \$305 from \$333 and Mizuho to \$320 from \$325 ahead of the print, while BMO raised to \$360 and KeyBanc to \$335. The direction of travel among the most engaged analysts is downward.
Target dispersion	\$207 to \$370	A 79% spread between low and high is unusually wide for a mega-cap and reflects genuine disagreement about the capex return, not about the business.
Institutional ownership	67.1% of shares	Dominated by index funds. Q1 2026 13F activity was two-way, with ShawSpring adding 9.4% and Egerton cutting 9.3%. No clear directional signal.
Insider activity	Consistent selling	Insiders hold 8.97%, high for the size. Jassy sold 31,352 shares in May 2026 at roughly \$275 and 20,000 in May, all under Rule 10b5-1 plans. Scheduled and pre-arranged, so low signal value, but no offsetting open-market buying.
Short interest	0.99% of shares out	106.6m shares, up from 100.4m the prior month. Short ratio 1.78 days. Almost no bearish positioning, which means no squeeze fuel and no cushion of scepticism to convert into buying.
News flow (moomoo digest)	Neutral, tilting cautious	Directionally mixed. Constructive: a \$410m AWS agreement with Recursive, Morgan Stanley defending the \$1.4tn hyperscaler capex programme, PayPal instalments in Germany and Austria, reports of Amazon curbing AI costs by cutting reliance on external models. Adverse: UBS and Mizuho target cuts, UBS flagging higher 2027 capex, a Senate marketplace inquiry, and UPS describing the Amazon volume glide-down. The cross-check against Reuters and CNBC coverage supports neutral rather than the bullish read the volume of positive headlines might suggest.

10. Technical position

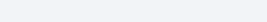
Indicators below are computed from the daily OHLCV series, not read from third-party summaries. The series covers 100 sessions from 5 March to 28 July 2026, so the 200-day average is cited from market data rather than computed.

Indicator	Value	Reading
Price vs moving averages	Below all	Close \$230.86 against SMA20 \$243.31, SMA50 \$247.72, SMA100 \$241.76 and SMA200 \$234.67. Trading beneath every major average is an unambiguous downtrend, and the 50-day is rolling over toward the 200-day.

Indicator	Value	Reading
MACD (12,26,9)	-2.95 / -1.27	Line below signal with the histogram at -1.68 and widening. Momentum is deteriorating rather than stabilising.
RSI (14)	36.5	Weak but not oversold. There is room to fall further before any mechanical bounce condition is met.
ATR (14)	\$6.91 (3.0%)	Elevated. Position sizing should assume roughly 3% daily range, and considerably more around the print.
Volume	20d 40.2m / 50d 48.8m	Declining volume into the decline is mildly constructive, suggesting distribution rather than panic. The 248m-share session on 26 June marks a significant capitulation level near \$232.
Support	\$228 / \$199-207	Immediate support at the 20-day low of \$228.10. Below that the March consolidation at \$199-207 and the 52-week low of \$196 are the meaningful shelves.
Resistance	\$248 / \$258 / \$278	The 50-day at \$247.72 is first resistance, then the July range high of \$258.08 and the all-time area near \$278.56 set on 5 May.
Trend summary	Bearish	Down 17.1% from the May high of \$278.56 and 1.5% over 52 weeks, against an index that rose. The chart offers no support for buying today; it argues for patience.

SMA200 of \$234.67 and RSI of 35.33 as reported by StockAnalysis for 29 July 2026; all other values computed from the Alpha Vantage daily series through 28 July 2026. Technicals inform entry timing only and do not override the fundamental assessment.

11. Scorecard

Criterion	Score	Weight	Rationale
Business Quality	 9	15%	Three dominant franchises; advertising is a top-tier asset
Financial Strength	 6	12%	Superb operating cash flow, negative FCF, \$62.5bn net new borrowing
Competitive Advantage	 9	15%	Prime, logistics density, marketplace flywheel, custom silicon
Management	 7	8%	Excellent operator; capital allocation bet still unproven
Growth Potential	 8	15%	\$364bn backlog, advertising at 24%, Trainium subscribed
Valuation	 5	20%	37x core earnings, most expensive hyperscaler, no FCF support
Risk (higher = safer)	 5	10%	Capex return risk, depreciation cliff, earnings quality, beta 1.46
Technical Setup	 3	5%	Below all moving averages, MACD negative, binary event in 48 hours
Overall investment score	68 / 100	100%	Quality business, unattractive risk/reward at today's price and timing

Bars are scaled to the column width, not to the score value. Weighting emphasises valuation at 20% because the business quality is not in dispute; the price is.

12. Recommendation: Watchlist

Amazon does not qualify as a buy today, and the reason is arithmetic rather than pessimism. The scenario-weighted fair value of \$235 is 1.7% above the \$230.86 close. For a stock with a beta of 1.46, a 3.0% average daily range, negative free cash flow and a binary earnings event in roughly 48 hours, 1.7% of modelled upside is not compensation for risk. A Buy rating here would be an act of faith in the \$313 consensus, and that consensus rests on the reported P/E rather

than the core one.

Equally, this is not an Avoid. The franchise is excellent, the backlog is contracted, advertising compounds at 24%, and the capital cycle that is currently suppressing free cash flow is the same cycle that could produce the next leg of earnings power if Trainium and the backlog deliver. The correct posture is to hold fire and let the company resolve the question it has created, at a price that pays for being wrong.

What would change the view

Trigger	Level / test	Action implied
Price reaches value support	\$196 - \$210	The March consolidation and 52-week low. At \$205 the base-case \$246 offers roughly 20% upside against a bear case of \$143, a risk/reward near 1.8:1. That is a Buy. Build in thirds and size at 3-4% of a diversified portfolio.
Q2 print de-risks the capex question	30 July, after close	Upgrade to Buy on AWS growth of 30% or better with segment margin held at 36% or above and no capex increase beyond \$200bn. Guidance is \$194-199bn revenue and \$20-24bn operating income; note the operating income midpoint is below Q1's \$23.9bn despite higher revenue, which is the depreciation already showing.
Free cash flow inflects	FY2027 guidance	Any credible path back to positive FCF restores the valuation floor and would justify paying up. Watch for a capex plateau signal on the call.
Downgrade to Avoid	AWS below 22%	If AWS growth decelerates below the low twenties while depreciation steps up, or if the Anthropic carrying value is written down materially, the bear case moves from 25% to the base case and fair value falls toward \$175.
Technical confirmation	Reclaim \$248	A close above the 50-day with the MACD histogram turning positive would signal the correction has ended. Useful as a timing filter, never as the reason to buy.

13. Scenario analysis

Case	Prob.	Operating assumptions	FY27 core EPS	Multiple	Fair value
Bull	25%	AWS holds 30%+ through 2027 to roughly \$232bn as backlog and the Anthropic agreement convert. Segment margin defended at 36-38% because Trainium displaces purchased GPU cost. Advertising sustains 22%. North America margin reaches 9.5%. Capex plateaus in 2027 and FCF turns positive.	\$9.50	32x	\$304 +32%
Base	50%	AWS decelerates to the mid-twenties by late 2027, reaching roughly \$214bn. Depreciation compresses segment margin to 33-35%. Advertising moderates to 18%. Retail margin grinds toward 9%. Capex stays near \$200-220bn and FCF hovers around breakeven. Multiple holds on franchise quality.	\$8.20	30x	\$246 +7%
Bear	25%	Enterprise AI budgets enter a digestion cycle and AWS growth halves toward 15%, reaching roughly \$181bn. Depreciation lands regardless because the capital is sunk, taking segment margin to 28-30%. The Anthropic mark partially reverses. FCF stays negative into 2028 and the multiple derates as the AI trade unwinds.	\$6.50	22x	\$143 -38%
Weighted	100%	Probability-weighted across the three cases.	—	—	\$235 +1.7%

Core EPS excludes non-operating investment gains. Multiples reflect the quality of earnings in each state rather than a single terminal assumption. Probabilities sum to 100%.

14. Investment memo

Would a disciplined investor put fresh capital into Amazon at \$230.86 today? No, and the reason is timing and price rather than any doubt about the business.

The single biggest concern is that the market is valuing Amazon on an earnings number, a quarter of which the operating business did not produce. Reported trailing EPS of \$8.36 includes roughly \$2.14 of after-tax mark-to-market on the Anthropic stake, an \$8bn investment now carried above \$70bn on private-round reference prices. Correct for it and the multiple is 37x, not 27.6x, which makes Amazon the most expensive of the three hyperscalers while growing its cloud business slowest and generating negative free cash flow. The 65 analysts sitting at Strong Buy with a \$313 average target are, in aggregate, anchored on the wrong denominator.

The second concern compounds the first. Roughly \$330bn of capex across 2025 and 2026 will add something like \$55bn of annual depreciation on six-year lives, taking D&A from \$70bn toward \$110-120bn by 2027. That expense is now contractually certain; the revenue meant to absorb it is a forecast. At 30% AWS growth the arithmetic works and the bull case is right. At 20% it costs roughly \$13bn of operating income, close to 14% of the total. The entire equity case reduces to that one sensitivity, and the Q1 print already showed the first 140 basis points of margin compression. Amazon's own Q2 guidance of \$20-24bn operating income, below Q1's \$23.9bn on higher revenue, says the same thing more quietly.

What must change to make this a buy: either the price, or the disclosure. In the \$196-210 area the bear case is largely discounted and the risk/reward turns clearly favourable at roughly 1.8:1, which would justify a 3-4% position built in thirds with a stop below the 52-week low. Alternatively, a Q2 print on 30 July showing AWS at 30% or better with segment margin defended above 36% and no upward capex revision would resolve the central question and justify paying up around \$240-250. Buying on 29 July does neither: it pays a full price for an unresolved question two days before the answer arrives.

The thesis is invalidated on the other side too. If AWS growth is still accelerating in 2027 while Trainium meaningfully displaces GPU cost, the depreciation gets absorbed, free cash flow inflects sharply, and \$304 or better is achievable. That outcome is assigned 25% probability, not zero. The judgement here is not that Amazon is a bad investment. It is that at \$230.86, two days before the print, an investor is being asked to take the bull case on trust and is being paid 1.7% to do it.

Sources

All data retrieved 28-29 July 2026. Where aggregators disagreed with primary filings, the filing was used and the discrepancy noted in the relevant footnote.

Category	Source
Price and daily series	Alpha Vantage GLOBAL_QUOTE and TIME_SERIES_DAILY (AMZN), 28 July 2026 close. Technical indicators computed from this series.
Fundamentals and multiples	stockanalysis.com/stocks/amzn/statistics/ and /financials/ (S&P Global Market Intelligence; Fiscal.ai), retrieved 29 July 2026
Q1 2026 results and guidance	Amazon Q1 2026 earnings release and Form 10-Q (ir.aboutamazon.com; sec.gov/edgar CIK 1018724); Q1 2026 earnings call transcript
Anthropic gain and earnings quality	Amazon Q1 2026 10-Q; Fortune, "Half of Google's and Amazon's blowout AI profits came from a stake in Anthropic", 30 April 2026; TNW
Cloud market share and growth	Synergy Research Group Q1 2026 cloud infrastructure data, via CloudZero and industry summaries
AWS backlog and Trainium	Investing.com AWS AI outlook; SemiAnalysis Trainium3 deep dive; Amazon Q1 2026 call
Analyst ratings and targets	moomoo research feed (UBS, Mizuho, BMO, KeyBanc, Wells Fargo, RBC, Jefferies, BofA, Wedbush, Citizens); StockAnalysis consensus; S&P Global
News digest	moomoo news search API (ai-news-search.moomoo.com), 20 most recent items to 29 July 2026, cross-checked against CNBC, Reuters and Yahoo Finance coverage

Category	Source
Insider and institutional	SEC Form 4 filings via StockTitan and MarketBeat; 13F summaries via Fintel and Quiver Quantitative; Yahoo Finance holders
Peer multiples	stockanalysis.com statistics pages for MSFT and GOOGL, 29 July 2026
Capex and depreciation debate	Amazon capex guidance (Q4 2025 and Q1 2026 calls); CNBC and industry analysis on hyperscaler server useful-life assumptions

Disclosure. This report is produced for informational and educational purposes only and does not constitute investment advice, a recommendation, or an offer to buy or sell any security. It reflects publicly available information as of 29 July 2026 and makes no allowance for the objectives, financial situation or needs of any particular person. Amazon reports Q2 2026 results on 30 July 2026 after the close, and every figure here may be superseded by that disclosure. Readers should conduct their own research and consult a licensed financial adviser before acting.