

Broadcom Inc.

NASDAQ: AVGO | Semiconductors and infrastructure software | Coverage update | 5 October 2026

Last close (2 Oct 2026)	\$355.14	Recommendation	WATCHLIST (unchanged)
Previous report (2 Oct)	\$343.64, Watchlist	Investment score	77.5 / 100 (prior 77.0)
Structural low	\$335.81 (16 Sep); price 5.8% above	Weighted fair value	\$406 (prior \$406); +14.3%
10-year Treasury	5.28% (2 Oct close)	Re-entry level	Close above \$368, the 200-day average (\$367.50)
FY2027E P/E (base)	19.2x	Buy range, stop, targets	Not published under this rating
FY2028 P/E on mgmt figure	11.8x	Next results	Expected mid-December, date not yet announced

Halfway Back, and the Line Has Not Moved

Broadcom stays on the Watchlist, and the price that would return it to Buy is unchanged: a close above \$368. That level is tied to the 200-day simple average, which recomputes at \$367.50 from \$367.42 three sessions ago, so the round figure still describes the structure it was set against. The shares rose 3.3% on 2 October to \$355.14, recovering the whole of the previous day's fall and moving back above the 20-day average. They now sit 5.8% above the \$335.81 September low and need a further 3.6% to reach the re-entry level. The rebound narrows the gap; it does not close it.

Two things lifted the stock on Friday, and neither changes the company's earnings. The September payroll report showed only 29,000 jobs added and unemployment at 4.2%, and markets cut the odds of a second rate increase at the 27-28 October Federal Reserve meeting to roughly one in six, from close to two in three a week earlier. Long-duration technology shares led, and the Nasdaq Composite touched a record during the session. The same day, the \$60bn financing package for Anthropic's chip leases was reported to be moving into syndication with Broadcom arranging it, which the market read as evidence that outside lenders will carry much of the load. Neither the 10-year yield, which rose to 5.28%, nor the disclosed contingent ceilings of about \$29bn and \$42bn, has moved in Broadcom's favour.

The analysis below therefore reaffirms rather than revises. Fair value stays at \$406, 14.3% above the price, because no scenario input has changed. One score moves: Technical Setup rises from 3 to 4 as the price recovers its 20-day average, lifting the composite from 77.0 to 77.5. The verdict is the same with or without the financing development; it rests on a long-term trend that has not yet been repaired.

What Changed Since 2 October

Development	Date	Effect on the case
Shares rose 3.3% to \$355.14, back above the 20-day average, on volume of 24.6m	2 Oct	Partial repair; still 3.4% below the 200-day average
September payrolls +29,000, unemployment 4.2%, wages +0.1%; October hike odds fell to about 16-18%	2 Oct	Lower expected policy path helps long-duration earnings; the 10-year still rose to 5.28%
The \$60bn package was reported to be heading to syndication with Broadcom as arranger; no change to the \$42bn class A and \$18bn class B structure	2 Oct (reported)	Consistent with outside lenders carrying the risk; Broadcom's retained share still unknown
Anthropic's listing reported to target mid-November, with investor meetings from 14 October	1 Oct (reported)	Brings forward the point at which the borrower gains public equity
UBS maintained Buy with a \$470 target	2 Oct	No new information on the case
200-day average recomputed at \$367.50	2 Oct	Re-entry level stays at \$368

Syndication details as reported by Bloomberg, 2 Oct 2026; listing timing as reported 1 Oct 2026; neither confirmed by Broadcom. Payroll and rate-expectation figures from the Beating The Bull economic data post covering 2 Oct 2026.

Company developments

Items from 25 September to 5 October 2026 that bear on what Broadcom earns or how it competes. No new product, pricing, service or research announcement appeared in the period; the items below are the open threads carried from the previous edition, each with its current status. Ratings and price moves appear under Sentiment.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Convertible-note commitment to Anthropic and the related financing package	Filed 10 Sep (10-Q); package heading to syndication 2 Oct (reported)	10-Q: notes up to \$42bn aggregate principal may be issued to Broadcom if needed; backstop ceiling about \$29bn; no amounts paid. Reported: \$42bn class A senior secured and \$18bn class B junior tranches; Broadcom arranging; notes convertible into Anthropic equity; a financing partner may be designated	Broadcom expects Anthropic to be its largest XPU customer in fiscal 2027 (management, 2 Sep). Our loss sizing is below	High
Anthropic IPO	Draft prospectus reported 1 Oct; listing reported for mid-November, investor meetings from 14 Oct	Reported: 2025 revenue \$4.6bn, operating loss above \$8bn; prospectus not yet public	Timing and valuation are reported, not announced	Medium
AST FC-BGA substrate plant, Singapore	Opened 30 Sep (company release)	Broadcom-TOPPAN joint venture; about 95,000 square metres; high-value production targeted for late 2026	Supply relief is management's expectation; capacity not disclosed	Medium
China survey of Broadcom switches in state-backed data centres	Reported 23 Sep; no update as of 5 Oct	Regulator reportedly surveyed usage; no Broadcom comment	Revenue at stake is not disclosed	Medium
European Commission inquiry into VMware licensing	Preliminary; no formal case as of 5 Oct	Information gathering since July	A formal case or interim measures remain possible; no date set	Medium
Registered exchange offer, \$654m 4.926% notes due 2037	Expires 19 Oct	Swaps privately placed notes for registered ones; no new debt	None	Low

Sources: Broadcom 10-Q and company releases first; reported items from Reuters (1 Oct) and Bloomberg (2 Oct). Reported items are unconfirmed by the company.

The \$42bn note commitment, three sessions on

What is known. Broadcom's filing discloses a backstop with a maximum potential liability of about \$29bn and a commitment under which a customer may, if needed, issue Broadcom convertible notes of up to \$42bn. No amounts have been paid. As reported on 1 October, the customer is Anthropic, the notes would fund roughly a third of a \$125.2bn five-year TPU lease commitment, and Broadcom may designate a financing partner. As reported on 2 October, the funding sits in a \$60bn package of a \$42bn senior secured class A tranche and an \$18bn junior class B tranche, which Broadcom is arranging and which is going to outside lenders. Broadcom has not commented. Nothing in the terms has changed since the previous edition.

Why it matters here. Artificial intelligence silicon was 56% of third-quarter revenue and underpins the approximately \$115bn fiscal 2027 and \$230bn fiscal 2028 lines that management has described. Anthropic is expected to be the largest customer within them. The lease commitment is the strongest evidence of demand on record; the note commitment ties part of the equity to that customer's credit.

What success and failure look like, and when. Success is both tranches placing with outside investors, the Anthropic listing completing in November and no notes being drawn. Failure is a package that does not syndicate, Broadcom funding most of the senior tranche itself, or a delayed listing. The first hard evidence will come from the syndication, from the public

prospectus when it is filed, and from Broadcom's fiscal 2026 10-K in December, which must describe material guarantees and commitments.

Sizing (our calculation), unchanged. The \$42bn is treated as fully funded by Broadcom, the conservative case. At a 25% loss rate in the bear case, it costs \$2.20 a share on 4.77bn shares, on top of \$1.52 for the backstop, a total of \$3.72.

Input	Value	Basis
Shares outstanding	4.77bn	10-Q cover, 28 Aug 2026
Backstop ceiling	~\$29bn	10-Q, undiscounted, on full rack deployment
Convertible-note ceiling	\$42bn	10-Q aggregate principal
Loss rate in the bear case	25%	Unchanged; our assumption
Bear-case loss per share	\$3.72	\$1.52 backstop plus \$2.20 notes (unchanged)
Weighted fair value with / without the notes	\$405.99 / \$406.52	Computed in code from the scenario table

All sizing is this report's calculation. Ceilings are company-disclosed; loss rate and funding share are assumptions.

What the price assumes. On earnings, the difference between fair value with and without the notes is about \$0.53 a share, because a 25% loss on \$42bn is \$10.5bn against a company worth about \$1.70tn. The risk sits in the multiple instead: a market that prices Broadcom partly as a lender to a loss-making customer pays less for the same earnings. The 3.3% gain on 2 October came on a day when the whole semiconductor group rose on the payroll report, so how much of it reflects the syndication news cannot be separated.

What is still unknown. How much of the senior tranche Broadcom keeps or guarantees, the conversion terms, and the recovery value of leased accelerators in a default. **Effect on this report:** the item keeps the bear-case deduction and holds Risk at 3. It does not move the verdict, the watch price or any other score.

Growth drivers

Driver	Status and date	Fact versus forecast	Likelihood / impact
Anthropic TPU deployments: 1GW in 2026, about 5GW in 2027; \$125.2bn five-year lease commitment	Announced; lease commitment reported 1 Oct	Lease figure reported from the draft prospectus; gigawatt plans are management's	High / High
OpenAI custom accelerator: 1.3GW planned for 2027, over 5GW line of sight in 2028	Announced 24 Jun; on track per 2 Sep call	Chip is fact; volumes are management forecasts	Medium-high / High
Google TPU agreement and Meta MTIA through 2029	Announced	Agreements are fact; annual values are management characterisations	High / High
Fourth-quarter guidance: revenue ~\$34.8bn, AI revenue \$21.7bn	Guided 2 Sep; results expected mid-December	Management guidance	High / Medium
AST substrate supply in Singapore	Opened 30 Sep; production late 2026	Opening is fact; supply relief is management's expectation	Medium / Medium

The Variables That Decide It

Broadcom runs two engines. Infrastructure software built on CA, Symantec and VMware produced \$8.75bn of third-quarter revenue at roughly 94% gross margin; semiconductors produced \$20.84bn, of which \$16.7bn was artificial intelligence silicon, up 221%. Third-quarter revenue was \$29.59bn, non-GAAP earnings per share \$3.32 and free cash flow \$13.67bn. Gross margin was 75.0% and is guided to about 73% in the fourth quarter as memory-heavy custom accelerators dominate the mix.

Variable	Why it decides the outcome	Where it stands on 5 October
Conversion of the \$115bn and \$230bn lines	They are the valuation; at 11.8x the fiscal 2028 figure the price assumes material slippage	Unchanged. The largest customer has a \$125.2bn lease commitment on record

Variable	Why it decides the outcome	Where it stands on 5 October
Customer financing	Determines whether the equity carries credit risk on its customers	Bounded by \$29bn and \$42bn ceilings; the package is being placed, Broadcom's retained share unknown
Gross margin through the mix shift	The fiscal 2028 figure assumes dilution stabilises	Unchanged; next evidence at fourth-quarter results
The discount rate	Value concentrated in 2027-2028 is discounted harder as the long end rises	Mixed. Hike odds fell after weak payrolls, but the 10-year rose to 5.28%
Software pricing and regulators	Software funds the growth engine	Unchanged. Commission inquiry still preliminary

Valuation

Measure	At \$355.14	At \$343.64 (1 Oct)	Comment
P/E on FY2026E consensus EPS of \$11.66	30.5x	29.5x	Consensus of 50 analysts
P/E on FY2027E base EPS of \$18.45	19.2x	18.6x	Base case unchanged; consensus \$19.38 gives 18.3x
P/E on management's fiscal 2028 figure of \$30	11.8x	11.5x	Management expects to exceed \$30
Market capitalisation	\$1.70tn	\$1.64tn	4.77bn shares
Net debt	\$35.4bn	\$35.4bn	\$59.4bn debt less \$24.0bn cash at the third quarter
Contingent ceilings	\$71bn	\$71bn	Backstop ~\$29bn plus notes \$42bn; not additive in practice
Probability-weighted fair value	\$406	\$406	No scenario input changed
Implied upside	+14.3%	+18.1%	Narrower because the price rose

Multiples are this report's calculations from the stated inputs. Consensus EPS via StockAnalysis.com (S&P Global), 21 Sep 2026; analyst count and mean target checked 5 Oct 2026.

The macro variables that matter here. The first is the cost of long-dated capital. The deployments behind fiscal 2027 and 2028 are increasingly debt-funded, and Broadcom now stands behind part of that debt as backstop provider and potential lender. The September payroll report was weak on every line: 29,000 jobs, unemployment at 4.2% and wages up 0.1%, with earlier months revised lower. Futures pricing for an October increase fell to roughly 16% to 18%, from about 64% a week before, with the Federal Reserve at 3.75% to 4.00% after its 16 September move. Yet the 10-year yield rose four basis points to 5.28%, and ISM manufacturing prices had jumped to 77.9 the day before. The policy path has eased; the long end, which is what discounts 2028 earnings, has not. The second variable is physical: power, grid interconnection and construction capacity, which management named as the binding limit on deployment and which is largely insensitive to the policy rate over two years.

Sentiment and Positioning

Input	Reading	Interpretation
Analyst consensus	Strong Buy across 50 analysts; mean target \$531.85	Has not been a timing signal through the de-rating
Recent actions	UBS maintained Buy and a \$470 target on 2 Oct; Bernstein Buy and \$575 on 22 Sep; no downgrades	Supportive, no new information
Insiders	No Form 4 since Director Henry Samueli's 10b5-1 sale of about \$250m filed 25 Sep	Pre-arranged selling; not read as a signal
Options	486,170 contracts on 2 Oct against 2.37m open interest, up from 287,580 the day before; option pricing reported near its lowest in about a year	Activity rose on the rebound while protection cheapened

Input	Reading	Interpretation
Institutional positioning	Mixed, moderate confidence. As of 30 June 2026, filings through 19 August 2026	Leans cautious; see note below
News flow	Financing package and the payroll-driven rally in chip shares; tone constructive on the day	Read as risk being shared with outside lenders

Consensus via StockAnalysis.com (5 Oct); rating actions and options activity from the moomoo research and news channels; Form 4 and Rule 144 notices from SEC filings.

Institutional positioning reads Mixed, leaning cautious, as of 30 June 2026 with filings through 19 August 2026. Reported holdings show a net reduction of about 1.7% of reported shares over four quarters and 0.3% in the latest quarter, with 36 managers adding and 51 cutting; the four-quarter reduction comes from a single large holder, and five of the last six quarters were slightly negative. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

Technicals

Indicator	Value	Reading	At 2 Oct report
Price of record (2 Oct)	\$355.14	Up 3.3% since the previous report; 5.8% above the 16 Sep low	\$343.64
SMA 20 / EMA 20	\$354.10 / \$355.89	Price 0.3% above and 0.2% below	\$354.20 / \$355.97
SMA 50 / EMA 50	\$373.22 / \$367.16	Price 4.8% below and 3.3% below	\$373.97 / \$367.65
SMA 100 / EMA 100	\$386.66 / \$373.26	Price 8.2% below and 4.9% below	\$387.39 / \$373.61
SMA 200 / EMA 200	\$367.50 / \$367.37	Price 3.4% below and 3.3% below; the re-entry anchor	\$367.42 / \$367.55
RSI (14)	47.6	Neutral, recovering	39.5
MACD (12,26,9)	-5.52, signal -6.45, hist. +0.93	Line negative but above signal; histogram widening	Hist. +0.50
ATR (14)	\$10.88, 3.1% of price	Volatility steady	\$10.66, 3.1%
Volume, 20-day vs 50-day	25.0m vs 23.0m, +8.7%	Participation still above average; 2 Oct volume 24.6m on the rise	+17.5%
100-session range	\$335.81 - \$495.00	Close 5.8% above the low, 28.3% below the high	Same range

Computed in code from a 300-session Twelve Data daily series to 2 October 2026, all averages from that one series; distances against the \$355.14 price of record.

Every average the previous edition cited has been recomputed. The 200-day moved up by eight cents to \$367.50, so the \$368 trigger still sits within a dollar of it and needs no restatement. The 50-day has eased to \$373.22 and the 100-day to \$386.66, and both remain overhead. The rebound has now recovered the 20-day average, but the late-September highs of \$366.55 and \$361.86 both failed beneath the 200-day, and that band is the test the price faces next. Should the name return to Buy, a stop beneath \$335.81 would sit about 3.0 times the current ATR of \$10.88 below the \$368 trigger. That standoff comes from the recomputed ATR and the unchanged structural low; it was not adjusted to fit. A close below \$335.81 would make a third successive lower low.

Risk Register

Risk	Probability	Severity	Assessment
Customer-financing exposure	Medium	Severe	Ceilings of about \$29bn (backstop) and \$42bn (convertible notes) to a loss-making customer; Broadcom's retained share of the package undisclosed
Discount rate	High	Moderate	10-year at 5.28%, Fed at 3.75%-4.00%; hike odds lower, long end higher

Risk	Probability	Severity	Assessment
Deployment delay rather than demand loss	Medium	Severe	Power, grid, permitting and construction push revenue right
Customer concentration in frontier labs	Medium	Severe	Anthropic becomes the largest customer in fiscal 2027 and is also a borrower
Gross margin dilution	High	Moderate	Guided to about 73% from 75.0%; structural
European Commission action on VMware	Medium	Moderate	Still preliminary; interim measures available
China substitution of networking silicon	Medium	Low-moderate	Reported survey; exposure not disclosed

Probability and severity are this report's assessments. The Risk score of 3/10 below denotes a high-risk profile, consistent with this register.

Scorecard

Criterion	Weight	Score		Prior	Rationale and what moved
Business Quality	15%		9/10	9/10	Unchanged. Software at roughly 94% gross margin funds the semiconductor franchise; free cash flow was 46% of third-quarter revenue.
Financial Strength	15%		9/10	9/10	Unchanged: net debt \$35.4bn against \$13.67bn of quarterly free cash flow. The \$42bn note commitment is contingent and is scored under Risk.
Competitive Advantage	15%		9/10	9/10	Unchanged. The reported \$125.2bn five-year TPU lease commitment by the largest prospective customer anchors the Google-Broadcom TPU position.
Management	10%		8/10	8/10	Unchanged. Both ceilings are disclosed in the 10-Q; the company has still not commented on the package now being placed.
Growth Potential	15%		9/10	9/10	Unchanged. Nothing since 2 October alters the fiscal 2027 or 2028 lines.
Valuation	15%		7/10	7/10	Unchanged. 19.2x fiscal 2027 base earnings and 11.8x the fiscal 2028 figure, against a 10-year yield of 5.28%.
Risk (10 = lowest risk)	10%		3/10	3/10	Held at 3. Ceilings of \$29bn and \$42bn to a loss-making customer; how much of the senior tranche Broadcom keeps is still undisclosed.
Technical Setup	5%		4/10	3/10	Up one. Back above the 20-day average and 5.8% above the \$335.81 low, MACD histogram widening; still below the 50-, 100- and 200-day averages.

Scored 1-10, where 10 is always best, including Risk. The 2 October report used the same direction, so no restatement was required. Weighted total computed in code: 77.5 out of 100, against 77.0.

Overall Investment Score: 77.5 / 100

One score moved. Technical Setup rises from 3 to 4: the price has recovered its 20-day average and the MACD histogram is widening, but it remains below the 50-, 100- and 200-day averages, which keeps the score in the lower half. The High development moved no score in this edition, since its terms and sizing are unchanged. A Risk score of 3 still matches a register in which three of seven risks are severe and the largest is a credit exposure to one customer.

Recommendation

Rating: WATCHLIST, unchanged, on the same grounds. The 2 October edition said the financing exposure, now sized, no longer argued for waiting on its own, and that the chart and the discount rate did. Both still apply. The price has recovered some ground, from \$343.64 to \$355.14, but it is below the 200-day average and below the two failed September highs, and the 10-year yield is higher, not lower, than three sessions ago. Tested without the financing development, the verdict is the same.

The published level still holds. A **close above \$368**, 3.6% above the market, returns Broadcom to Buy. At that price the shares would trade near 20 times fiscal 2027 base earnings, and the weighted fair value of \$406 would sit about 10% higher. A Buy at that point would carry a stop beneath \$335.81 and fresh targets set at the time. No entry range, stop or target is published now, because no position is held. Fourth-quarter results, expected in mid-December, remain the alternative route: AI revenue near the guided \$21.7bn with margin at or above about 73% would justify revisiting the rating whatever the chart is doing.

Condition	Direction	Why it changes the view
A close above \$368, the 200-day simple average	Back to Buy	Repairs the long-term trend
Fourth-quarter results, expected mid-December (not yet announced), confirm AI revenue near \$21.7bn with gross margin at or above ~73%	Toward Buy	Completes the margin test
The \$60bn package syndicates fully to outside investors and the Anthropic listing completes	Toward Buy	Moves the credit risk off Broadcom
Broadcom funds or guarantees most of the \$42bn senior tranche, or notes are drawn before the listing	Toward Avoid	Makes the equity partly a credit instrument on one customer
A close below \$335.81	Toward Avoid	A third lower low; extends the downtrend
The fiscal 2027 or 2028 AI lines are trimmed, or the \$30 fiscal 2028 figure withdrawn	Toward Avoid	Those figures are the valuation case
The Commission opens a formal VMware case or imposes interim measures	Toward Avoid	Attacks the software cash engine
Evidence of deployments slipping on power, grid or permitting	Toward Avoid	Pushes revenue right
Long-dated yields follow short-term rate expectations lower	Toward Buy	The compression was mechanical and can reverse

Macro rows are directional. Numeric levels are computed averages, company figures and company guidance.

Scenario Analysis

Case	Prob.	FY2027E revenue	FY2027E adj. EPS	Multiple	Fair value	vs \$355.14
Bull	26%	~\$178bn	~\$19.60	27x	\$529	+49.0%
Base	50%	~\$168.5bn	~\$18.45	23x	\$424	+19.5%
Bear	24%	~\$138bn	~\$14.00	17x	\$234	-34.0%
Weighted	100%				\$406	+14.3%

Probabilities sum to 100%. The bear value is 17 times \$14.00 less \$3.72 a share of modelled loss (\$1.52 backstop, \$2.20 notes), giving \$234.28. Weighted value \$405.99, computed in code; without the note commitment \$406.52.

Each case names the financing outcome it assumes. Bull: deployments run ahead of secured supply, margin holds near 73%, the package places with outside lenders and the notes are never drawn. Base: the guided path is delivered, the listing completes and no backstop or note loss arises. Bear: power and construction delays push deployment right or Anthropic's funding falters, gross margin falls toward 62%, and a quarter of both ceilings is lost. Probabilities are unchanged. Reports that the package is going to outside lenders point toward the bull and base financing outcomes, but a syndication that has not closed is not evidence enough to move them.

Final Verdict

Would this report's author own Broadcom today? Not yet, though the answer is closer than it was on Thursday. The case for the business has not changed in three sessions: a reported \$125.2bn lease commitment from the largest prospective customer, set against up to \$42bn of lending to that same customer and a \$29bn backstop. At 19.2 times fiscal 2027 base earnings the valuation absorbs that, and the weighted fair value sits about 14% above the price.

The single biggest concern is still who ends up carrying the Anthropic financing, and the syndication and the November listing will answer most of it. What keeps the rating at Watchlist is the trend: Friday's rally recovered the 20-day average but left the price 3.6% short of the 200-day line, with the long-dated yield higher. A close above \$368, or a December quarter that confirms the AI line and margin, brings the name back to Buy with fresh levels. The financing development informed this answer but did not decide it.

Sources

- Company: Broadcom Form 10-Q for the quarter ended 2 August 2026 (filed 10 September 2026); fiscal third-quarter 2026 results release of 2 September 2026; AST Singapore substrate facility release, 30 September 2026 (investors.broadcom.com); 424B3 prospectus of 18 September 2026 (sec.gov)
- Financing package: Bloomberg, 2 October 2026, via Yahoo Finance; Anthropic prospectus details: Reuters, 1 October 2026; listing timing: Bloomberg and Yahoo Finance, 1 October 2026
- Price of record: Alpha Vantage global quote, 2 October 2026 close. Technicals: Twelve Data daily series of 300 completed sessions to 2 October 2026, computed in code
- Consensus and targets: StockAnalysis.com (S&P Global), 21 September and 5 October 2026. Ratings, notices and options activity: moomoo news, notice and research channels, 5 October 2026
- Macro: Beating The Bull economic data posts of 29 and 30 September and 1 and 2 October 2026; Federal Reserve statement of 16 September 2026
- Institutional positioning: Q2 2026 13F holdings read, quarter ended 30 June 2026, filings through 19 August 2026
- Earnings call of 2 September 2026: as reviewed for the 3 September report; no call has taken place since

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